IGI Holdings

IGI Holdings Limited

greater than itself

Annual Report 2018

“The creation of a thousand forests is in one acorn”

Ralph Waldo Emerson

The Oak Tree is a living metaphor for IGI Holdings. The next great forest of mighty Oaks will rise from the fruits of one sturdy, firmly rooted, well nourished and carefully tended tree.

The Acorns that fall to take root from this Oak have the assurance that the trees that will rise from it will be firm rooted, sturdy and fruitful too.

Nurtured by IGI Holdings, subsidiary companies within the group will further rise to continued success.

Promise in Each Acorn

Successful companies don't simply emerge. They germinate from a well planned idea, well executed.

Planted in a fertile and conducive environment enabling them to grow and flourish. From a single tree and its many acorns will rise a forest of profitable business ventures.

Nurturing Growth

IGI Holdings, being the parent company nurtures and supports its subsidiaries by providing strategic direction to achieve success in their respective lines of business.

IGI Holdings strengthen its subsidiaries through adequate resourcing, enabling them to achieve sustainable and profitable growth.

This support to the subsidiaries is paid back by them in the form of dividends to the IGI Holdings thus creating value for its shareholders.

Contents

Vision

IGI Holdings Limited is a Company built on a culture of ethics, transparency and professionalism.

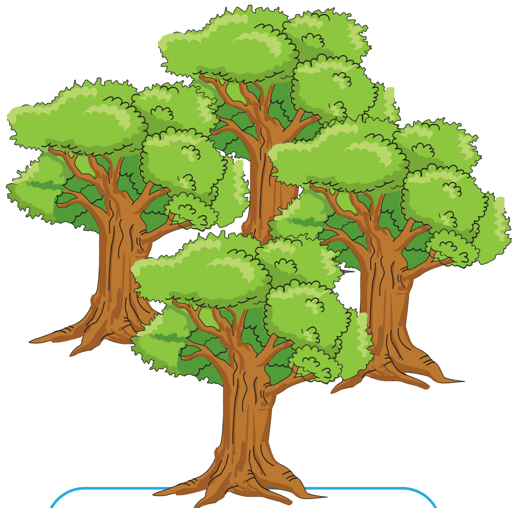
Mission

Shareholders:
Consistently delivering above market average return on capital.

Employees:
Providing the environment necessary to be employer of choice.

Community:
Compliance with the highest ethical and moral standards.

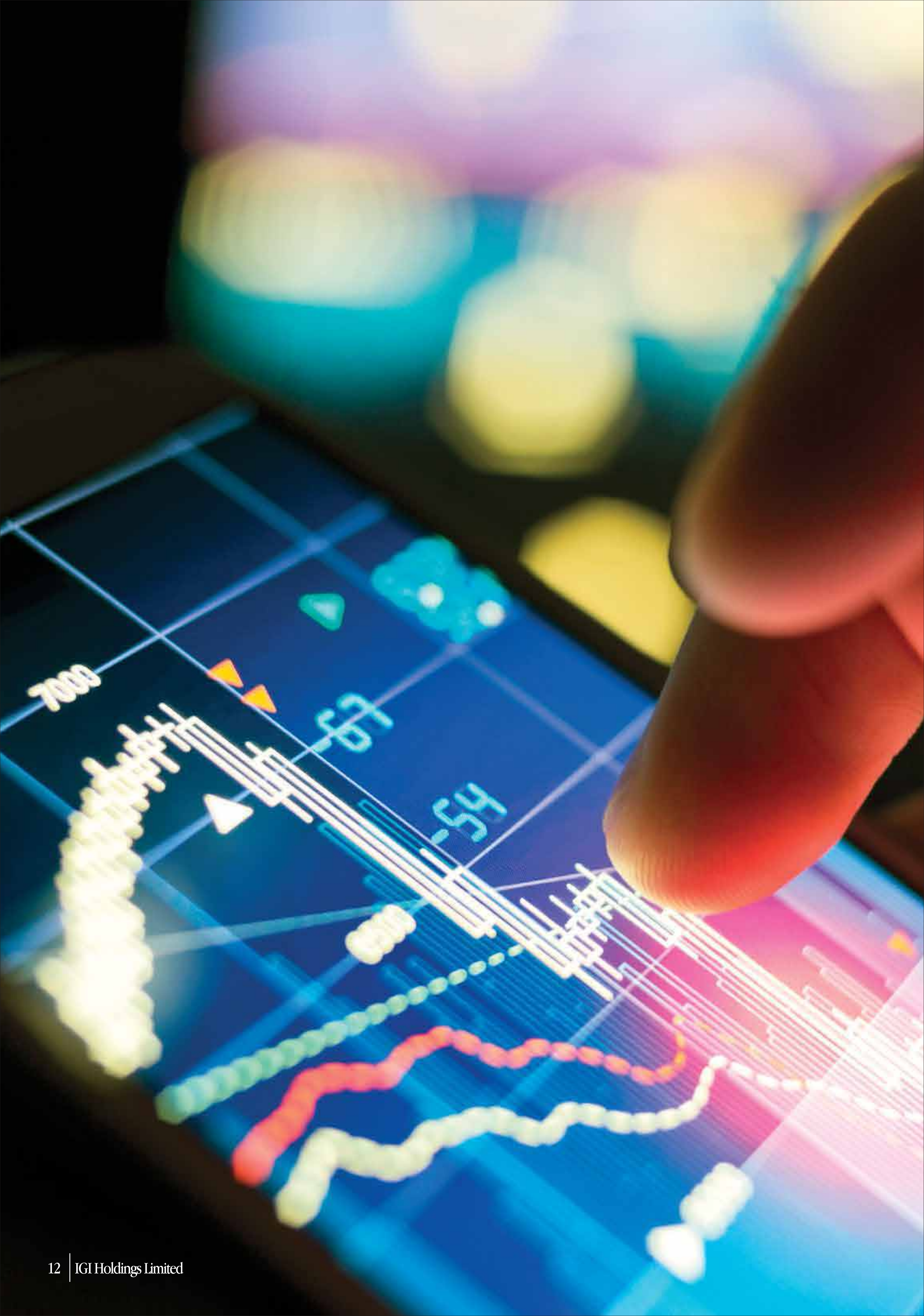
Group Structure



IGI Holdings Limited

Subsidiaries

100%	100%	81.97%	100%
IGI General Insurance Limited	IGI Investments (Private) Limited	IGI Life Insurance Limited	IGI Finex Securities Limited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Credit Rating (PACRA)

AA

Long Term

A1+

Short Term

Rating Type	Rating	Rating Comments
Long Term	AA (Double A)	Very high credit rating. AA Rating denote a very low expectation of credit risk. This indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Short Term	A1+ (A One Plus)	Obligations supported by the highest capacity for timely repayment.

Core Values

Underlying everything we do and everything we believe in is a set of core values. Values are reasons which we regard as higher than our self-interest. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an organization.

Care

a) We provide care through empathy, fairness, trust and openness;
b) We care for the communities in which we exist; we are conscious of the impact of our activities on our environment;
c) We strive to improve our lives and the lives of others; we care for and grow people; and
d) We care for all our customers; we succeed when our customer succeeds.

Respect

a) We treat others the way we want to be treated ;
b) We value legitimate relationships based on mutual trust and respect;
c) We are humble in all our dealings; and
d) We respect our organization.

Lead

a) We believe in possibilities; nothing is impossible;
b) We take leadership position in all our markets;
c) We aspire to build authentic leaders who say what they mean and mean what they say;
d) We live by our values and, appreciate and recognise the same in others; and
e) We add value daily and look for future. We are committed to making a great organization.

Honesty

a) Our actions are ethical and credible. We ensure transparency and fairnessin all our dealings;
b) We are respectful in our interactions with others and maintain the highest moral standards even in the most difficult situations;
c) Our commitment to honesty is evident in our appreciation and welcoming attitude towards candid feedback; and
d) We remain thankful with ourselves, our people, our organization, our customers and our community in all of our dealings.

Courage

a) We are passionate and courageous in pursuing our dreams;
b) The other side of fear is freedom; we value freedom;
c) We have the audacity to look at new challenges adjust our sails accordingly ; and
d) We stress upon suspending self-interest for the greater good.

Values to us:

They are:
1) Fundamental beliefs of our organization;
2) Not to be compromised by any individual at Packages Limited;
3) Principals that direct our relationship with our customers and stakeholders;
4) Basic elements of how we go on about our work;
5) Operating philosophies that guide our internal conduct; and
6) Helpful in distinguishing wrong behaviors from the right ones.

They are not:
1) Description of the work we do;
2) Strategies we employ;
3) Just to be hung on the walls; and
4) Cosmetic.

Company Information

Board of Directors
Syed Babar Ali (Chairman)
Mr. Shamim Ahmad Khan
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Ms. Faryal Jooma
Mr. Osman Khalid Waheed
Mr. Tahir Masaud

Chief Executive Officer
Mr. Tahir Masaud

Chief Financial Officer
Syed Awais Amjad

Company Secretary
Mr. Yasir Ali Quraishi

Audit Committee
Ms. Faryal Jooma (Chairperson)
Mr. Shamim Ahmad Khan
Syed Yawar Ali
Syed Hyder Ali
Mr. Yasir Ali Quraishi (Secretary)

Human Resources & Remuneration Committee
Mr. Osman Khalid Waheed (Chairman)
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Mr. Tahir Masaud
Mr. Muhammad Adnan (Secretary)

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank
State Bank of Pakistan
United Bank Limited

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors
Hassan & Hassan
Access World Law Company
Chaudhary Abdul Rauf & Co.
S. & B. Durrani Law Advocates
Haidermota & Co.
Jurists & Arbitrators Advocates & Consultants
Lexicon Law Firm
Mian Law Associates
Mohsin Tayebaly & Co.
Mughees Law Associates
Orr, Dignam & Co.
Fazleghani Advocates
SMGD Law Associates
Ijaz Ahmed & Associates

Share Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S
Shahrah-e-Faisal, Karachi.

Registered & Head Office
7th Floor, The Forum,
Suite Nos.701-713,
G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
www.igi.com.pk/holdings

Contact
UAN: 111-234-234
Fax: 92-21-35301706

Code of Conduct

The "Values" and "Principles" that the IGI Holdings Limited [IGI] has developed over the years are adhered to by all employees within IGI and its subsidiary companies. Following are some salient features of the code of conduct:

The Company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.

In conducting its business IGI is inspired by acts in accordance with the principles of loyalty, fairness, transparency and efficiency.

All employees of IGI shall avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company's information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

All employees of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company's shares or influence a person's investment decisions.

IGI has a culture of zero tolerance towards fraud and maintains the highest standards of prevention, detection and remediation. All IGI staff members are responsible for ensuring strong, robust and effective fraud control.

Employees of IGI shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.

It is the responsibility of all the employees at IGI that while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.

Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person's race, color, ethnic or national origin, age, gender or religion.

IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoff and leaves are carried out by all managers without regard to race, color, ethnic and national origin, age, gender or religion.

All employees are responsible for the security of authorized access to and proper use of IGI physical and intangible assets any third party assets in custody with an employee.

Corporate Sustainability at IGI

IGI is conscious of its responsibility towards the society and the environment.

Since Corporate Social Responsibility (CSR) is a continuous process, we have strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

- Corporate Social Responsibility;
- Compliance; and
- Optimization of Resources.

Corporate Social Responsibility

IGI believes in giving the youth of Pakistan confidence, opportunities for learning and success. Our subsidiaries offered paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at IGI but in the external job market as well.

We take our contribution towards national economy seriously and have always discharged our obligations in a transparent, accurate and timely manner.

Environmental Sustainability

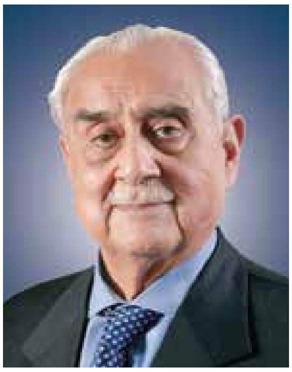
Pollution reduction and waste management measures have been defined and are implemented to ensure that it has a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

IGI gives due care to energy conservation. All departments and employees of subsidiaries are conscious and implement power conservation measures, not only during, but after business hours as well.

Business Sustainability

IGI has built a reputation for conducting business with integrity, in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. IGI carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures as required.

Board of Directors



Syed Babar Ali
(Chairman) Director since 1954

Other Engagements

Ali Institute of Education

Babar Ali Foundation

Coca Cola Beverages Pakistan Limited

Gurmani Foundation

Industrial Technical & Educational Institute

National Management Foundation

Nestle Pakistan Limited

Sanofi-Aventis Pakistan Limited

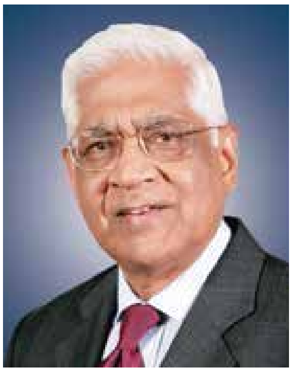
Syed Maratib Ali Religious & Charitable Trust Society

Tetra Pak Pakistan Limited

Tri-Pack Films Limited

Pro Chancellor

Lahore University of Management Sciences (LUMS)



Shamim Ahmad Khan
Director since 2000

Other Engagements

Abbott Laboratories Pakistan Limited

Attock Refinery Ltd

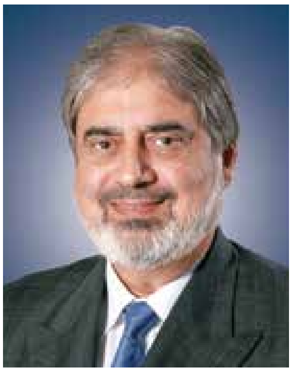
IGI General Insurance Limited

IGI Life Insurance Limited

Karandaaz (PVT.) Limited

Packages Limited

Sustainable Development Policy Institute
(Member Board of Governors, SDPI)



Syed Yawar Ali
Director since 1999

Other Engagements

Amjad & Afzal Foundation (NGO)

Dairy & Rural Development Foundation (NGO)

HY Enterprises (Pvt.) Ltd Company

IGI Investments (Pvt.) Limited

IGI Life Insurance Limited

LEAD Pakistan

Nestle Pakistan Limited

Pak Afghan Joint Business Council

Pakistan Business Council

Pakistan Dairy Association

Pakistan Expo Centers (Pvt.) Ltd

Pakistan India Joint Business Forum

Prime Genetics (Pvt.) Limited

Punjab Board of Investment & Trade

Technical Education Vocational Training Authority (TEVTA)

Wazir Ali Industries Ltd

Wazir Ali Ventures (Pvt.) Ltd

Syed Shahid Ali
Director since 1980

Other Engagements

First Treet Manufacturing Modaraba

Global Arts Limited

Global Assets (Private) Limited

Hi-Tech Alloy Wheels Limited

Liaquat National Hospital

Loads Limited

Multiple Autoparts Industries (Private) Limited

Packages Limited

Renacon Pharma Limited

Specialized Autoparts Industries (Private) Limited

Specialized Motorcycle (Private) Limited

Treet Corporation Limited

Treet Holdings Limited

Treet Power Limited

Syed Hyder Ali
Director since 1989

Other Engagements
Babar Ali Foundation

Bulleh Shah Packaging (Private) Limited

Flexible Packages Convertors (Pty) Limited

IGI General Insurance Limited

IGI Investments (Pvt.) Limited

IGI Life Insurance Limited

National Management Foundation

Nestle Pakistan Limited

Packages Lanka (Pvt.) Limited

Packages Limited

Packages Real Estate (Private) Limited (Formerly Packages Construction (Private) Limited)

Pakistan Centre for Philanthropy

Sanofi-Aventis Pakistan Limited

Syed Maratib Ali Religious & Charitable Trust Society

Tetra Pak Pakistan Limited

Tri-Pack Films Limited

World Wide Fund for Nature

Member & Trustee
Ali Institute of Education

International Chamber of Commerce Pakistan

Lahore University of Management Sciences (LUMS)

Packages Foundation

Faryal Jooma
Director since 2015

Other Engagements
Jooma Law Associates

Osman Khalid Waheed
Director since 2015

Other Engagements
BF Biosciences Limited

Ferozsons Laboratories Limited

Lahore Biennale Foundation

Lahore University of Management Science (LUMS)

Nestle Pakistan Limited

Tahir Masaud
Chief Executive since 2014

Other Engagements
IGI General Insurance Limited

Systems Limited

Key Financial Data (Ten Years at a Glance)

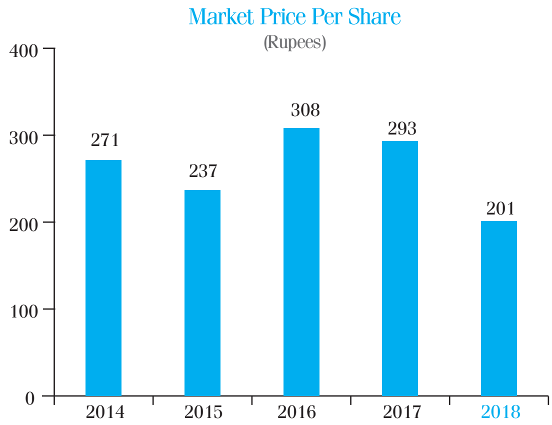
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(Rupees in '000)									
Dividend Income	2,180,501	82,385	1,898,895	1,041,828	882,904	680,328	230,192	272,247	319,064	243,183
Gross Premium *	-	530,782	2,820,043	2,343,705	2,139,673	2,035,289	1,846,856	1,747,015	1,296,765	1,151,797
Balance Sheet										
Paid Up Capital	1,426,305	1,226,895	1,226,895	1,226,895	1,226,895	1,115,359	1,115,359	1,115,359	718,427	598,689
General & Capital Reserves	7,764,863	7,366,574	7,366,574	8,102,711	8,470,780	8,749,620	8,972,692	9,530,371	10,264,964	10,534,374
Shareholders Equity	13,305,805	13,366,157	13,612,551	12,260,735	11,579,146	10,928,233	10,673,722	11,179,366	11,575,854	10,960,813
Investments-at Book Value	14,820,667	14,977,048	15,658,683	12,325,078	12,196,544	11,252,448	11,246,453	11,517,573	11,905,802	11,235,758
Investments-at Market Value	16,686,398	19,388,017	72,865,651	54,774,293	57,483,450	41,428,682	25,732,615	18,578,665	14,367,621	9,393,620
Fixed Assets	2,044	2,981	262,298	220,743	240,178	222,085	163,797	165,115	270,822	282,545
Total Assets-at Book Value	15,186,697	15,468,504	19,449,039	14,650,626	14,490,090	13,227,423	12,942,307	13,470,805	12,960,451	12,366,066
Underwriting Provisions *	-	-	1,990,067	1,464,778	1,361,433	1,278,317	1,207,028	1,363,873	701,366	699,522
Profit and Loss Account										
Underwriting Profit *	-	22,923	323,137	256,411	208,195	104,616	232,399	207,782	205,095	253,103
Investment Income	2,180,501	83,803	2,128,713	1,445,480	940,878	691,351	559,231	378,402	937,663	(380,793)
Profit / (Loss) Before Tax	1,839,889	(248,776)	2,067,126	1,531,753	942,101	555,232	613,856	440,385	995,369	(322,655)
Taxation	39,842	(2,382)	633,251	238,707	119,300	74,165	11,326	6,929	84,215	100,800
Profit / (Loss) After Tax	1,800,047	(246,394)	1,433,875	1,293,046	822,801	481,067	602,530	433,456	836,556	263,966
Cash Flow Summary										
Operating Activities	(141,518)	78,043	(186,179)	34,479	232	155,276	177,039	(18,106)	278,667	126,941
Investing Activities	2,254,779	(914,846)	(1,048,288)	1,277,366	(134,210)	667,840	268,042	266,935	175,741	768,554
Financing Activities	(2,538,206)	1,480,620	393,808	(1,328,060)	444,856	(260,305)	(616,604)	(319,720)	(369,442)	(587,100)
Cash & Cash Equivalents at The Year End	(402,633)	22,312	(621,505)	219,154	235,369	(75,509)	(638,320)	(466,797)	(395,906)	(480,872)

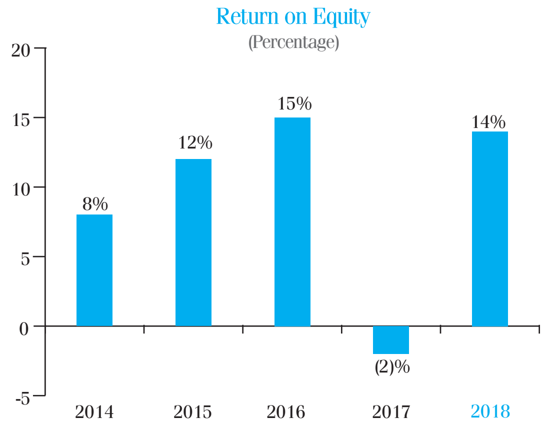
* This represents numbers pertaining to insurance business previously carried out by the Company which has been transferred to IGI General Insurance Limited (its wholly owned subsidiary) through court sanctioned Scheme of Arrangment w.e.f. January 31, 2017.

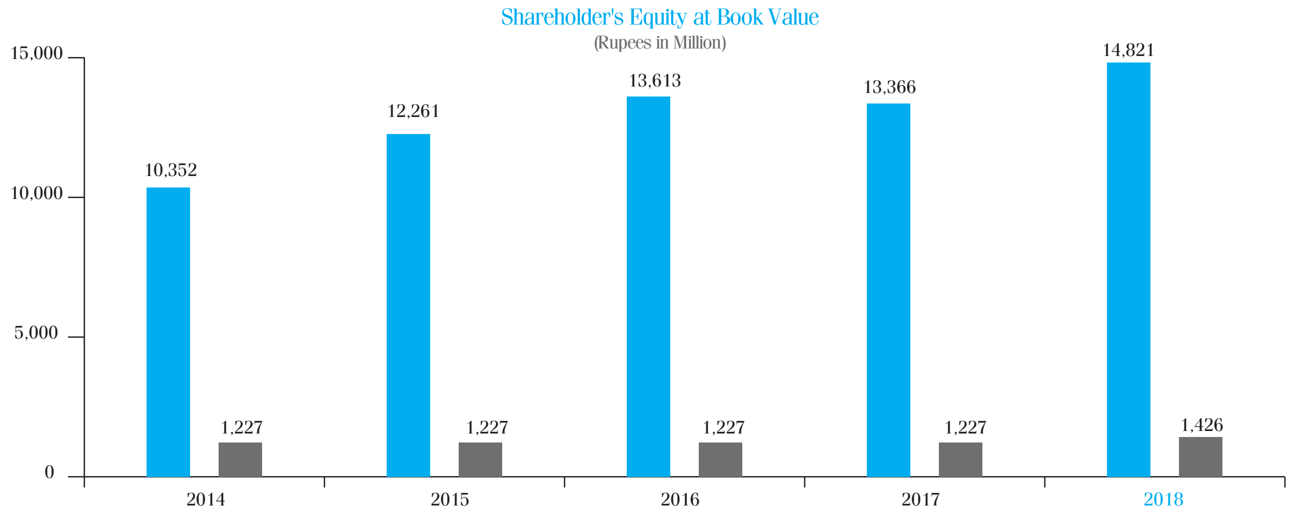
Key Financial Data (Ten Years at a Glance)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(Rupees in '000)									
Investment / Market Ratios										
Earnings per share (Rs.)	12.63	(2.01)	11.69	10.54	6.71	4.31	5.40	3.89	11.64	4.41
Market value per share (Rs.)	201.18	292.89	307.89	236.57	270.58	164.38	96.28	44.00	97.00	87.89
Break up value per share (Rs.)	93.29	108.94	110.95	99.93	94.38	97.98	95.70	100.23	161.13	183.08
Price earning ratio (Times)	15.93	(145.84)	26.34	22.45	40.35	38.11	17.82	11.32	8.33	19.93
Price to book ratio (Times)	2.16	2.69	2.78	2.37	2.87	1.68	1.01	0.44	0.60	0.48
Dividend yield (%)	2.98	1.37	2.60	2.54	1.11	1.52	3.12	11.36	3.09	3.98
Dividend payout (%)	47.51	-	68.45	56.93	44.73	57.96	55.53	128.66	25.76	79.38
Dividend cover (Times)	2.11	-	1.46	1.76	2.24	1.73	1.80	0.78	3.88	1.26
Investment yield (%)	13.07	0.43	2.92	2.64	1.64	1.67	2.17	2.04	6.53	(4.05)
Market capitalization (Rs. M)	28,694	35,935	37,775	29,025	33,197	18,334	10,739	4,908	6,969	5,262
Cash dividend per share (Rs.)	6	4	8	6.00	3.00	2.50	3.00	5.00	3.00	3.50
Cash dividend (%)	60	40	80	60.00	30.00	25.00	30.00	50.00	30.00	35.00
Stock Dividend per share (Rs.)	1.5	-	-	-	-	1.00	-	1.50	5.50	-
Stock dividend (%)	15	-	-	-	-	10.00	-	15.00	55.00	-
Profitability Ratios										
Return on equity (%)	13.83	(1.86)	15.19	12.49	8.14	5.08	5.75	3.94	8.60	(2.94)
Return on assets (%)	11.85	(1.59)	7.37	8.83	5.66	3.64	4.66	3.22	6.45	2.13
EBITDA to gross premium (Times) *	-	-	0.77	0.69	0.50	0.49	(0.19)	0.08	0.79	0.46
Underwriting profit to gross premium (%) *	-	4.32	11.46	10.94	9.73	5.14	12.58	11.89	15.82	21.97
Profit before tax to gross premium (%) *	-	-	73.30	65.36	44.03	27.28	33.24	25.21	76.76	(28.01)
Profit after tax to gross premium (%) *	-	-	50.85	55.17	38.45	23.64	32.62	24.81	64.51	22.92
Cost / income ratios (Times)	0.09	0.85	0.41	0.36	0.56	1.01	0.94	0.56	0.30	(0.73)
Liquidity / Performance Ratios										
Equity / Total assets (%)	87.61	86.41	69.99	83.69	79.69	82.62	82.47	82.99	89.32	88.64
Financial leverage	0.12	0.13	0.20	0.01	0.07	0.03	0.06	0.05	0.03	0.05
Paid up capital / Total assets (%)	9.39	7.93	6.31	8.37	8.44	8.43	8.62	8.28	5.54	4.84
Incurred loss ratio (%)	-	-	50.54	52.27	56.84	71.87	62.08	62.24	50.56	41.83
Total liabilities / Equity (Times)	0.14	0.16	0.43	0.19	0.25	0.21	0.22	0.20	0.12	0.13
Cash flow from operations to gross premium (Times) *	-	-	(0.07)	0.01	0.00	0.08	0.10	(0.01)	0.21	0.11
Total assets turnover (Times)	-	-	0.14	0.16	0.15	0.15	0.14	0.13	0.10	0.09
Fixed assets turnover (Times)	-	-	10.75	10.62	8.91	9.16	11.28	10.58	4.79	4.08

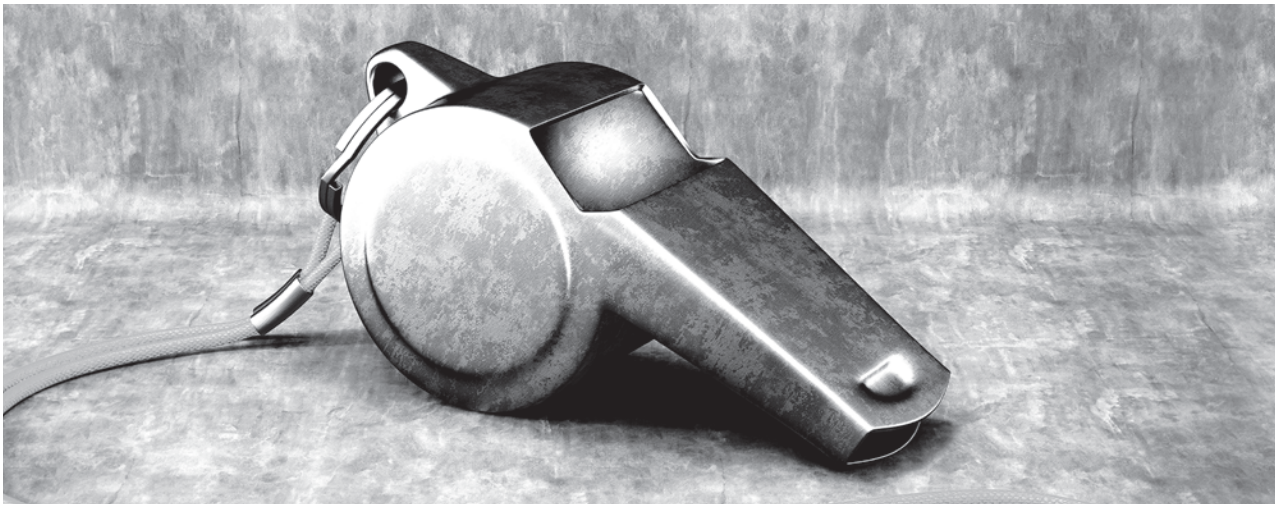
Key Financial Data







Whistle Blowing Policy



IGI Holdings Limited and its subsidiary companies (the Group) are committed to high standards of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, the Whistle-blowing policy of the Group encourages its employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle-blowing, to improve the Group's policies, controls and working environment.

Risk Management Policy

As a holding company, IGI Holdings Limited enhances the corporate value of the Group by aligning risk management with Group wide strategic objectives and management policies, while tailoring operating subsidiaries' risk management to the types of risk inherent in their respective lines of business.

IGI Holdings adopts all necessary supplemental measures to ensure effective risk management, after confirming each operating subsidiary has independently and responsibly established its own risk management structure to achieve its own management objectives.

IGI Holdings has control over IGI General Insurance Limited, IGI Investments (Pvt) Limited, IGI Life Insurance Limited and IGI Finex Securities Limited, subsidiaries in which IGI Holdings has direct investment, while IGI Investments oversee its affiliates in which itself has investment positions.

Board Committees

The Board has formed the following sub-committees to comply with the relevant provisions of the applicable Code of Corporate Governance.

- Audit Committee
- Human Resources and Remuneration Committee (HR&RC)

Audit Committee

The terms of reference of the Committee are aligned with the applicable Code of Corporate Governance. The Committee shall meet at least four times a year.

The names of current members are:

1. Faryal Jooma (Independent Director and Chairperson)
2. Shamim Ahmad Khan (Member)
3. Syed Yawar Ali (Member)
4. Syed Hyder Ali (Member)
5. Yasir Ali Quraishi (Secretary to the Committee)

The terms of reference of the Audit Committee are as follows:

i) To recommend to the Board of Directors which would seek onward approval from the Shareholders of the Company at the General Meeting, the appointment of external auditors and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
ii) To review the quarterly, half-yearly and annual financial statements of the Company and recommend the same to the Board of Directors for approval at the Board meetings.
iii) To facilitate the external audit and discussion with external auditors the major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
iv) To review the management letter issued by external auditors and management's response thereto;
v) To ensure coordination between the internal and external auditors of the Company;
vi) To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and skills sets to carry out the function;
vii) To consider the major findings of internal audit investigations and management's response thereto;
viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
ix) To determine compliance with relevant statutory requirements; and
x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

Human Resources & Remuneration Committee (HR&RC)

The HR&RC assists the Board in fulfilling its obligations relating to human resources, establishing succession planning and to develop the senior management of the Company.

HR&RC meets at least once a year.
The names of current members are:

1. Mr. Osman Khalid Waheed (Independent Director and Chairman)
2. Syed Yawar Ali (Member)
3. Syed Shahid Ali (Member)
4. Syed Hyder Ali (Member)
5. Tahir Masaud (Member and Chief Executive)
6. Muhammad Adnan (Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) To review and recommend the organizational structure of the Company;
ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
iii) To review and recommend to the Board, the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report to the Board on the implementation of these strategies;
iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentive and other benefits;
vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentive calculation; and
vii) To review and recommend the CEO's compensation, including incentives and other benefits, to the Board for approval.

Shareholders Information

Registered Office
7th Floor, The Forum,
Suite No.701-713, G-20,
Block-9, Khayaban-e-Jami
Clifton, Karachi-75600
Pakistan.
Tel # 111-234-234
Fax # 92-21-35301772
Web site: www.igi.com.pk/holdings

Share Registrar Office
FAMCO Associates (Pvt.) Ltd.
8-F, Block-6, P.E.C.H.S
Near Hotel Faran, Nursery,
Shahrah-e-Faisal
Karachi.
Tel # 92-21-34380101-5
92-21-34384621-3
Fax# 92-21-34380106

Listing on Stock Exchanges

The equity shares of IGI Holdings Limited are listed on Pakistan Stock Exchange (PSX).

Listing Fees and SECP Supervisory Fee

The Annual Listing Fee and SECP Supervisory Fee for the financial year 2018-2019 has been paid to the stock exchange within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of shares of IGI Holdings Limited is IGIHL.

Investor Service Centre

The shares department of IGI Holdings Limited is operated by FAMCO Associates (Pvt.) Ltd., Share Registrar. It also functions as an Investor Service Centre and has been servicing nearly 3,638 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Yasir Ali Quraishi, Company Secretary at the Registered Office of the Company.

The shares department of IGI Holdings Limited has online connectivity with Central Depository Company of Pakistan Limited. The shares department undertakes activities pertaining to dematerialization of shares, share transfers and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Yasir Ali Quraishi
Phone: 111-234-234
Email: yasir.quraishi@igi.com.pk

Mr. Salman Rauf
Phone: 92-21-34380101-5
92-21-34384621-3

Services Standards

IGI Holdings Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	15 days after receipt	15 days after receipt
Transmission of shares	15 days after receipt	15 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
After updation of IBAN No	15 working days after receipt	15 working days after receipt
Change of address	2 working days after receipt	2 working days after receipt

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations of Pakistan Stock Exchange (PSX).

Dematerialization of Shares

The equity shares of the Company are under the compulsory dematerialize category. As at December 31, 2018, 30.40% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders who hold shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 30% (Rs.3/- per share). This is in addition to the interim dividend of of Rs. 3/- per share (30%) already paid to the members during the year, making a total of 60% cash dividend, Rs.6/- per share (2017: 40% cash dividend i.e., Rs. 4/- per share) subject to approval by the shareholders of the Company at the Annual General Meeting (AGM).

Book Closure Dates

The Register of Members and share transfer books of the Company will remain closed from April 19, 2019 to April 26, 2019 both days inclusive.

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 26, 2019, but within the statutory time limit of 15 working days:

(i) For shares held in physical form: shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic form: shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

Increase in withholding tax on dividend income for Non-Filers and dividend mandate

Shareholders are hereby informed that the SECP vide Circular No. 19/2014 dated October 24, 2014 communicated that the Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act-2015, whereby 15% and 20% rates were prescribed for deduction of withholding tax on the amount of dividend for filers and non-filers of income tax returns respectively.

The shareholders who have their shares in physical form are requested to submit a copy of their National Tax Number (NTN) Certificate/Computerized National Identity Card (CNIC) to our Share Registrar as well as respective brokers/Central Depository Company of Pakistan Limited (CDC) in this regard. Those shareholders who do not provide copy of their NTN Certificate will be subject to 20% withholding tax deduction on dividend amount.

Those shareholders who did not provide their CNIC to the Company/Registrar are requested to provide the same in order to enable the Company/Registrar to comply with directions issued by the Commission vide SRO 831 (1) 2012 dated July 5, 2012 read with SRO 19(1)2014 dated January 10, 2014.

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay the cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive your dividends directly into your Bank account, please complete the particulars in E-Credit Dividend Mandate Form which is enclosed with this Annual Accounts and also return the same duly signed along with a copy of your Computerized National Identity Card (CNIC) to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

Zakat has already been deducted on the payment of Interim Dividend (D-40) for the Financial Year ended 2018 being the first payment of dividend after the current valuation i.e. May 17, 2018. No Zakat is to be deducted on the Final Dividend now being paid.

Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/ refund.

General Meetings & Voting Rights

Section 132 of the Companies Act, 2017, IGI Holdings Limited holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having nation-wide circulation in the Country.

Shareholder having a holding of at least 10% or more above of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

Video Conference Facility

Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) “The company may provide video conference facility to its members for attending the general meeting at place other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that its members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city”.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of “One Member-One Vote”. If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in the Company is “One Share-One Vote”, voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, has to be duly signed by the shareholder and that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at Company's website, www.igi.com.pk/holdings

The website contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

Circulation of annual financial through email

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated 8th September, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors report along with notice of annual general meeting to its members through e mail. Members who wish to avail this facility can give their consent to Company Secretary at his email address.

Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Extraordinary General Meeting held on October 8, 2018.

Accordingly, Annual Report of the Company for the year ended December 31, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website www.igi.com.pk/holdings

Categories of Shareholding

As at December 31, 2018

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	27	42,556,048	29.84
2	Associated Companies, Undertakings and related Parties	5	53,689,842	37.64
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	12	6,162,390	4.32
5	Insurance Companies	11	2,123,649	1.49
6	Modarabas and Mutual Funds	8	89,926	0.06
7	Shareholders holding 10%	7	80,903,480	56.72
8	General Public :			
	a. local	3,431	24,434,721	17.13
	b .Foreign			
9	Others	144	13,573,974	9.52
	Total (excluding: shareholders holding 10%)	3,638	142,630,550	100.00

Information as Required
Under the Code of Corporate Governance
As At December 31, 2018

Shareholder's category	Number of shareholders	Number of shares held
Associated Companies, Undertaking and Related Parties (name wise details)		
BABAR ALI FOUNDATION	2	14,674,741
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	23,982,060
PACKAGES LIMITED	2	15,033,041
TOTAL >>	5	53,689,842
Mutual Funds (name wise details)		
UNICAP MODARABA	1	1
GUARDIAN LEASING MODARABA	1	3
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	7,816
CDC - TRUSTEE FAYSAL STOCK FUND	1	4,600
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	2,300
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	62,556
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	4,025
CDC-TRUSTEE NITPF EQUITY SUB-FUND	1	8,625
TOTAL	8	89,926
Directors and their spouse		
CHAUDHRY TAHIR MASAUD	1	115
FARYAL JOOMA	1	115
MRS. AMINA HYDER ALI	2	340,325
MRS. PERWIN BABAR ALI	4	3,199,238
OSMAN KHALID WAHEED	1	115
SHAMIM AHMED KHAN	1	7,251
SYED BABAR ALI	2	27,213,638
SYED HYDER ALI	5	8,637,102
SYED SHAHID ALI	6	1,341,527
SYED YAWAR ALI	3	1,440,057
SYEDA NIGHAT ALI	1	376,565
TOTAL	27	42,556,048
Public Sector Companies and Corporations		
TOTAL	1	1,409,902
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL	33	8,175,654
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
BABAR ALI FOUNDATION	2	14,674,741
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	23,982,060
PACKAGES LIMITED	2	15,033,041
SYED BABAR ALI	2	27,213,638
SYED HYDER ALI	5	8,637,102
TOTAL	12	89,540,582

Pattern of Shareholding (CDC)

As at December 31, 2018

Shareholdings			
No. of Shareholder	From	To	Total Number of Shareholders
1,277	1	100	35,885
514	101	500	116,781
178	501	1,000	122,692
354	1,001	5,000	790,491
116	5,001	10,000	821,569
69	10,001	15,000	831,716
24	15,001	20,000	413,257
21	20,001	25,000	468,191
10	25,001	30,000	271,960
18	30,001	35,000	588,297
5	35,001	40,000	185,820
6	40,001	45,000	246,296
2	45,001	50,000	96,623
8	50,001	55,000	424,221
7	55,001	60,000	404,805
6	60,001	65,000	379,506
2	65,001	70,000	135,154
2	70,001	75,000	148,542
2	75,001	80,000	152,882
5	80,001	85,000	414,330
2	90,001	95,000	188,370
1	95,001	100,000	95,450
1	100,001	105,000	102,700
1	110,001	115,000	115,000
1	115,001	120,000	119,140
1	125,001	130,000	125,331
2	130,001	135,000	265,632
3	135,001	140,000	413,298
1	145,001	150,000	149,500
2	155,001	160,000	312,435
1	185,001	190,000	189,579
1	195,001	200,000	199,870
2	225,001	230,000	460,000
3	250,001	255,000	761,268
1	255,001	260,000	258,750
1	280,001	285,000	282,785
1	285,001	290,000	286,700
1	290,001	295,000	294,480
1	335,001	340,000	338,905
2	345,001	350,000	696,977
1	365,001	370,000	365,125
1	375,001	380,000	376,565
1	490,001	495,000	493,655
1	605,001	610,000	606,350
1	665,001	670,000	667,202
1	730,001	735,000	730,480
1	745,001	750,000	747,500
1	765,001	770,000	767,383
1	870,001	875,000	872,850
1	1,110,001	1,115,000	1,110,927
1	1,145,001	1,150,000	1,147,378
1	1,310,001	1,315,000	1,313,875
1	1,340,001	1,345,000	1,343,103
1	1,405,001	1,410,000	1,409,902
1	1,410,001	1,415,000	1,412,377
1	1,445,001	1,450,000	1,445,228
1	1,930,001	1,935,000	1,932,000
1	4,485,001	4,490,000	4,489,830
1	9,415,001	9,420,000	9,419,494
2,674			43,356,412

Pattern of Shareholding (Total)

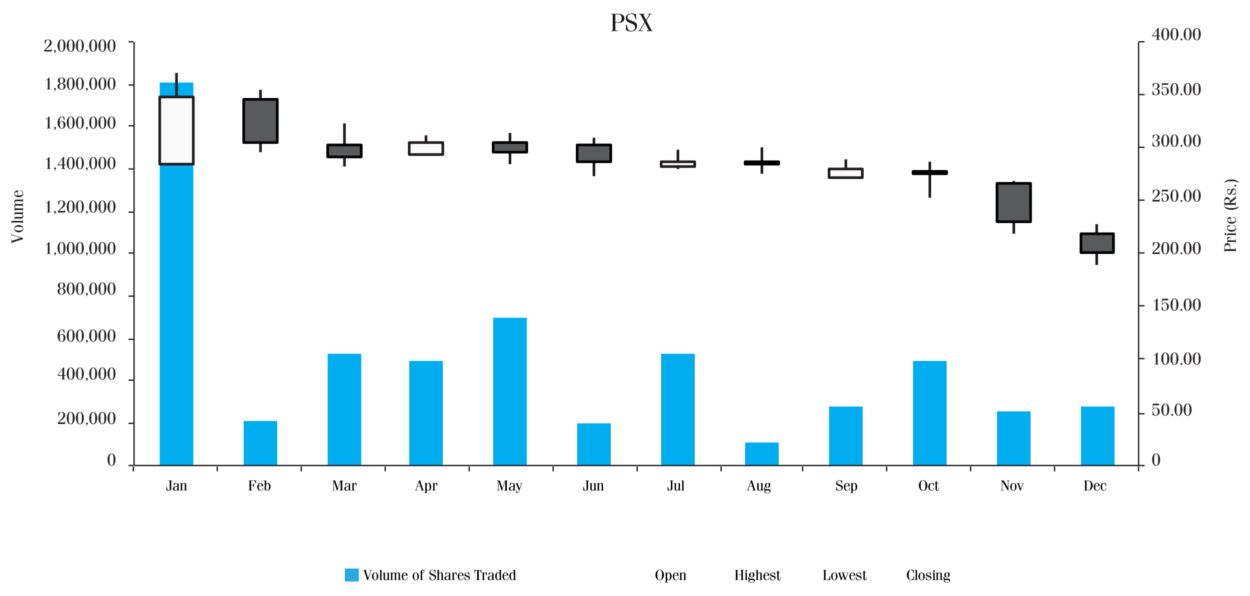
As at December 31, 2018

Shareholdings			
No. of Shareholder	**From**	**To**	**Total Number of Shareholders**
1,865	1	100	45,694
626	101	500	143,213
236	501	1,000	163,420
447	1,001	5,000	1,010,838
151	5,001	10,000	1,074,346
91	10,001	15,000	1,076,468
29	15,001	20,000	503,809
21	20,001	25,000	468,191
14	25,001	30,000	377,422
22	30,001	35,000	716,338
5	35,001	40,000	185,820
9	40,001	45,000	373,018
2	45,001	50,000	96,623
11	50,001	55,000	578,243
8	55,001	60,000	459,964
6	60,001	65,000	379,506
3	65,001	70,000	203,668
2	70,001	75,000	148,542
2	75,001	80,000	152,882
6	80,001	85,000	494,928
1	85,001	90,000	85,447
3	90,001	95,000	280,895
2	95,001	100,000	192,698
2	100,001	105,000	204,590
6	115,000	120,000	694,140
1	125,001	130,000	125,331
2	130,001	135,000	265,632
3	135,001	140,000	413,298
1	145,001	150,000	149,500
3	155,001	160,000	470,704
2	170,001	175,000	344,669
1	185,001	190,000	189,579
3	195,001	200,000	591,124
2	230,000	235,000	460,000
3	250,001	255,000	761,268
2	255,001	260,000	517,006
1	260,001	265,000	260,170
1	280,001	285,000	282,785
1	285,001	290,000	286,700
2	290,001	295,000	586,905
1	325,001	330,000	328,312
2	335,001	340,000	678,360
2	345,001	350,000	696,977
1	365,001	370,000	365,125
1	375,001	380,000	376,565
1	380,001	385,000	384,729
1	490,001	495,000	493,655
1	605,001	610,000	606,350
2	630,001	635,000	1,266,722
1	665,001	670,000	667,202
1	670,001	675,000	673,275
2	715,001	720,000	1,437,495
1	730,001	735,000	730,480
1	745,001	750,000	747,500
1	765,001	770,000	767,383
1	825,001	830,000	826,505
1	870,001	875,000	872,850
1	1,110,001	1,115,000	1,110,927
1	1,145,001	1,150,000	1,147,378
1	1,220,001	1,225,000	1,222,688
1	1,310,001	1,315,000	1,313,875
1	1,340,001	1,345,000	1,343,103
1	1,405,001	1,410,000	1,409,902
1	1,410,001	1,415,000	1,412,377
1	1,445,001	1,450,000	1,445,228
1	1,930,001	1,935,000	1,932,000
1	2,235,001	2,240,000	2,238,318
1	2,265,001	2,270,000	2,268,693
1	4,485,001	4,490,000	4,489,830
1	5,255,001	5,260,000	5,255,247
1	5,570,001	5,575,000	5,573,737
1	7,160,001	7,165,000	7,164,636
1	9,415,001	9,420,000	9,419,494
1	14,975,001	14,980,000	14,975,406
1	23,980,001	23,985,000	23,982,060
1	27,190,001	27,195,000	27,190,792
3,638			142,630,550

Share Price / Volume

Month	Volume of shares traded	Share price on PSX (Rs.)			
		Opening	Highest	Lowest	Closing
January	1,804,600	285.00	369.95	285.00	348.31
February	205,800	344.98	354.00	295.00	305.67
March	533,000	303.30	324.00	282.01	291.97
April	491,800	294.00	312.90	293.00	305.00
May	694,900	305.00	314.99	285.00	295.36
June	201,000	303.90	309.00	273.00	288.00
July	529,900	282.00	297.75	279.99	286.00
August	109,500	286.01	300.99	275.01	284.00
September	280,200	272.01	289.89	271.58	280.60
October	499,500	279.01	286.94	253.27	274.99
November	253,700	266.00	270.00	219.00	229.39
December	273,400	218.10	228.50	189.05	201.18

Pakistan Stock Exchange



Corporate Calendar 2018

January

22nd
Change of name of Company to IGI Holdings Limited.

30th
Audit Committee and BOD meetings to consider quarterly and half yearly accounts of the Company for the period ended March 31, 2017, June 30, 2018 and September 30, 2018.

March

2nd
Annual General Meeting of shareholders to consider and approve annual accounts of the Company for the year ended December 31, 2016 and dividend announcement.

21st
Audit Committee and BOD meetings to consider annual accounts of the Company for the year ended December 31, 2017.

April

19th
Change of symbol of Company to "IGIHL" in Pakistan Stock Exchange.

27th
Annual General Meeting of shareholders to consider and approve annual accounts of the Company for the year ended December 31, 2017 and dividend announcement.

27th
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2018.

August

28th
Audit Committee and BOD meetings to consider half yearly accounts of the Company for the half year ended June 30, 2018.

October

8th
Extra Ordinary General Meeting of shareholders to approve amendments in Memorandum and Articles of Association of the Company.

26th
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended September 30, 2018 declaration of interim cash dividend and bonus shares.

Chairman's Review Report

I am pleased by the performance of IGI Holdings Limited for the year ended December 31, 2018. The Company is operating as a holding company and drives value for its shareholders from its subsidiaries namely; IGI Investments (Private) Limited, IGI General Insurance Limited, IGI Life Insurance Limited and IGI Finex Securities Limited.

Dividend income constitutes major source of income of the Company and as a result, its income pattern follows dividend distribution pattern of the subsidiaries.

The composition of the Board of Directors is a mix of varied backgrounds and rich experience in the fields of business, finance, insurance and regulations. The Board provides strategic direction as well as guidance to the management. The Board ensures compliance of regulatory requirements by the Management. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it, while the Chairman evaluates the performance of each director.

The Board is assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The board has also constituted a Human Resource and Remuneration committee which handles human resource and remuneration. Each subsidiary has its own board of directors and respective committees.

I pray to Allah that the Company and its subsidiaries continue momentum of growth in the future.

Syed Babar Ali
Chairman
Lahore: March 29, 2019

Directors' Report to the Shareholders

The Directors of IGI Holdings Limited ("IGI Holdings") take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2018.

The Company is operating as a holding company and derives value for its shareholders from its subsidiaries namely IGI General Insurance Limited, IGI Life Insurance Limited, IGI Investments (Private) Limited and IGI Finex Securities Limited. Dividend income constitutes major source of income of the Company and as a result, its income pattern follows dividend distribution pattern of the subsidiaries.

COMPANY PERFORMANCE REVIEW

	2018	2017
	(Rupees in '000)	
Operating revenue	2,182,664	229,019
Operating income	1,992,145	27,927
Profit / (Loss) before taxation	1,839,889	(248,776)
Taxation	(39,842)	2,382
Profit / (Loss) after taxation	1,800,047	(246,394)
Earnings / (Loss) per share (in rupees)-basic / diluted	12.63	(1.75)

The Company has earned operating income of Rs. 1,992 million during the year against Rs. 28 million earned during 2017 with profit after taxation of Rs. 1,800 million against loss after tax of Rs. 246 million during 2017.

While the Company earned overall profit during the year under review, it recognized non-cash loss of Rs. 156 million (2017: Rs 244 million) resulting from the impairment of investment portfolio. The Company has re-assessed recoverable amount of the Company's investment in IGI Finex and recognized impairment loss of Rs. 153 million mainly due to sharp increase in interest rates and persistent low volumes in Pakistan Stock Exchange which has impacted profitability of IGI Finex.

APPROPRIATIONS

The Company has generated a profit of Rs. 1,800 million during the year 2018, accordingly, the directors have recommended cash dividend of 30% (i.e. Rs. 3 per share) (2017: 40%, Rs 4 per share). Therefore, the Company has appropriated Rs. 427.9 million (2017: Rs 496 million) for the payment of final cash dividend. This is in addition to the interim cash dividend of Rs 3.00 per share (Rs 372 million) and bonus shares at the rate of 15% i.e. 15 shares for every 100 shares.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review risks faced by the Company in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continually assess market conditions and its timely response enables the Company to manage risks effectively.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors matching of its asset positions against its commitments, together with diversification and credit quality of its investments.

Being a holding company, dividend income is a major source of income of the Company. It will be utilized for creation of value for shareholders through future investments and maintaining reasonable payouts to shareholders after meeting financial commitments.

INTEREST RATE RISK

Variable rate long term financing is hedged against interest rate risk by holding "prepayment option", which can be exercised upon any adverse movement in the underlying interest rates.

RELATED PARTY TRANSACTIONS

In accordance with provisions of section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018, your Company has:

1) established a policy of related party transactions duly approved by the Board;
2) set up conditions for the transactions with related parties to be categorized as “arm’s length transactions”; and
3) submitted details of related party transactions to the Directors for approval.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by Securities and Exchange Commission of Pakistan is applicable on the Company and its provisions have been fully complied with. A Statement to this effect is annexed.

MATERIAL CHANGES

There have been no material change since December 31, 2018 and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended December 31, 2018.

BOARD OF DIRECTORS

IGI Holdings Board of Directors comprises eight directors including Chairman and CEO.

Name of Director	Category
Syed Babar Ali	Chairman
Mr. Shamim Ahmad Khan	Director
Syed Yawar Ali	Director
Syed Shahid Ali	Director
Syed Hyder Ali	Director
Ms. Faryal Jooma	Director Independent
Mr. Osman Khalid Waheed	Director Independent
Mr. Tahir Masaud	Director and Chief Executive Officer

DIRECTORS’ REMUNERATION

The Company has approved Directors’ remuneration policy. The objective of this policy is to have a transparent procedure for fixing the remuneration of the Directors including remuneration for extra / technical services provided by non-executive Directors. Revision in the remuneration shall, from time to time be determined by the Board of Directors on recommendation by the Human Resource and Remuneration (HR&R) Committee.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that the Company is compliant with provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP)

The directors of your Company state that:

a) The financial statements prepared by the management of the Company fairly present the state of affairs of the Company, the results of its operations, cash flows and changes in equity;

b) Proper books of account of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) The financial statements have been prepared in accordance with the requirement of the Companies Act 2017 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There is no doubt about the Company's ability to continue as a going concern;

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

h) Significant deviations from last year's operating results of the Company has been highlighted and reasons have been explained in the Directors report;

i) Summary of key operational and financial data for the last six years is annexed in this annual report;

j) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;

k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been disclosed along with future prospects, risks and uncertainties, if any;

l) At present, out of eight members on the board, four Directors have undergone formal Directors training program and four of them have been exempted from Directors training program by SECP;

m) Trades in the shares of the Company carried out by the Directors and their spouses are mentioned below:

Directors & spouses

Syed Babar Ali, Director purchased 1,117,500 shares.
Syed Babar Ali, Director donated (4,961,718) shares to Babar Ali Foundation
Mrs. Perwin Babar Ali purchased 296,100 shares.
Syed Hyder Ali, Director purchased 476,200 shares
Mrs. Syed Yawar Ali purchased 25,000 shares

The CEO, CFO, Company Secretary and Executives have not traded in the shares of the Company during the year.

n) Information about taxes and levies is given in the notes to the financial statements.

o) The Board held five meetings during the year, attendance by each director was as follows:

Director Name	Attendance
Syed Babar Ali	4
Mr. Shamim Ahmad Khan	5
Syed Yawar Ali	4
Syed Shahid Ali	5
Syed Hyder Ali	4
Ms. Faryal Jooma	5
Mr. Osman Khalid Waheed	1
Mr. Tahir Masaud	5

The Board granted leave of absence to those directors who could not attend the Board meetings.

The Audit Committee held five meetings during the year and attendance by each member was as follows:

Director Name	Attendance
Mr. Shamim Ahmad Khan	5
Syed Yawar Ali	4
Syed Hyder Ali	4
Ms. Faryal Jooma	5

The HR Committee held one meeting during the year. Attendance by each member was as follows:

Director Name	Attendance
Syed Yawar Ali	1
Syed Shahid Ali	1
Syed Hyder Ali	1
Ms. Faryal Jooma	1
Mr. Tahir Masaud	1

AUDITORS

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 65th Annual General Meeting. Being eligible, they have offered themselves for re-appointment and the Board based on the recommendation of Audit Committee has endorsed their re-appointment.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2018, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

FUTURE OUTLOOK

After restructuring, IGI Holdings is operating as a holding company and derives value for its shareholders from its subsidiaries operating in financial services namely IGI General Insurance Limited, IGI Life Insurance Limited, IGI Investments (Private) Limited and IGI Finex Securities Limited.

Dividend income constitutes major source of income of IGI Holdings. As a result, its income pattern will follow dividend distribution pattern of the subsidiaries. The operating performance of the subsidiaries has resulted in better dividend payout to the holding company.

ACKNOWLEDGEMENT

We would like to thank all of our stakeholders for their faith in us, which has helped us to achieve progress.

For and on behalf of the Board

Syed Babar Ali
Chairman
Lahore: March 29, 2019

Tahir Masaud
Chief Executive Officer
Lahore: March 29, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

IGI Holdings Limited
For the year ended December 31, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (8) as per the following:

Gender	Number
Male	7
Female	1

2. The composition of Board is as follows:

Category	Names
Independent Directors	Ms. Faryal Jooma - Member Osman Khalid Waheed - Member
Non-Executive Directors	Syed Babar Ali - Chairman Syed Yawar Ali - Member Syed Shahid Ali - Member Syed Hyder Ali - Member Shamim Ahmad Khan - Member
Executive Director	Tahir Masaud - Member

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. At present, out of eight (8) Directors on the Board, four (4) Directors have acquired the Directors Training Program Certifications, whilst four (4) remaining Directors have obtained exemption on the Directors Training Program from Securities and Exchange Commission of Pakistan (SECP) based upon having sufficient education and experience on Board of a Listed Company as prescribed in the applicable Code of Corporate Governance.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The board has formed committees comprising of members given below:

a) Audit Committee:

Name of the Member	Category
Faryal Jooma	Chairperson/ Independent Director
Shamim Ahmad Khan	Member/ Non-executive Director
Syed Yawar Ali	Member/ Non-executive Director
Syed Hyder Ali	Member/ Non-executive Director

b) HR and Remuneration Committee:

Name of the Member	Category
Osman Khalid Waheed	Chairman/ Independent Director
Syed Yawar Ali	Member/ Non-executive Director
Syed Shahid Ali	Member/ Non-executive Director
Syed Hyder Ali	Member/ Non-executive Director
Tahir Masaud	Member/ Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a)	Audit Committee	Quarterly
b)	HR and Remuneration Committee (HR&RC)	Yearly

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Syed Babar Ali
Chairman
Lahore: March 29, 2019

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IGI Holdings Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **IGI Holdings Limited** for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

A.F.Ferguson & Co

Chartered Accountants
Karachi
Date: April 2, 2019

A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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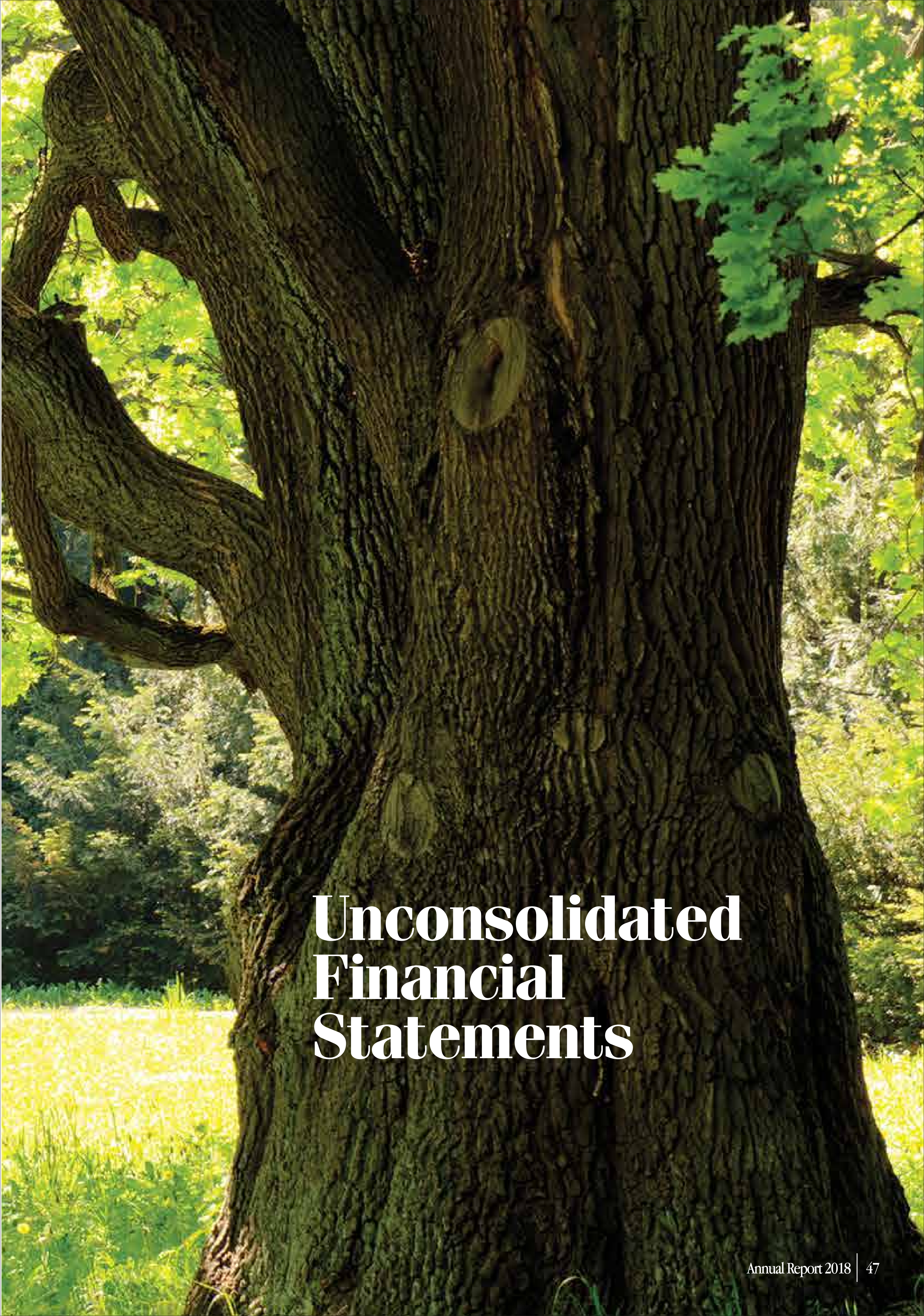

Unconsolidated Financial Statements

Auditor's Report to the Members

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Holdings Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **IGI Holdings Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Following are the Key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	**Impairment on investment in IGI Finex Securities Limited** (Refer note 7.1.3 to the annexed unconsolidated financial statements) In respect of the Company's investment in IGI Finex Securities Limited, a wholly owned subsidiary of the Company, the management has recognised an impairment loss of Rs. 152.871 million as at December 31, 2018. In determining the recoverable amount, the management has used certain key assumptions. Key assumptions include trading volumes handled by IGI Finex Securities Limited, average commission rate, growth in trading volumes, cost to income ratios, returns on funds deployed, discount rate, terminal growth rate etc. A significant change in the assumptions used may impact the value of investment. The determination of recoverable amount of investment in IGI Finex Securities Limited remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations, we considered the area of impairment as a key audit matter.	Our audit procedures included the following: • Understood and reviewed the management's process for identification of indicators of impairment. • Involved our valuation specialists to assist us in performing our audit procedures in this area. • Reviewed the impairment indicators such as low trading volumes in Pakistan Stock Exchange, increase in interest rates and reduction in net assets of IGI Finex Securities Limited identified by the management and assessed their reasonableness. • Assessed whether the impairment testing process is appropriately designed and captures relevant valuation inputs. • Tested the completeness and accuracy of the data used in the valuation model. • Assessed the reasonableness of the key assumptions used by the management such as trading volumes handled by IGI Finex Securities Limited, average commission rate, growth in trading volumes, cost to income ratios, returns on funds deployed, discount rate, terminal growth rate etc. • Checked that the disclosures relating to the impairment assessment were in accordance with the applicable financial reporting framework.

S.No.	Key Audit Matters	How the matter was addressed in our audit
2	**First time application of fourth schedule to the Companies Act, 2017** (Refer note 2.4 to the annexed unconsolidated financial statements) The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of the annexed unconsolidated financial statements. The Companies Act, 2017 has introduced certain changes with regard to preparation and presentation of the annual unconsolidated financial statements of the Company. As part of this transition to the requirements of the Companies Act, 2017, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed unconsolidated financial statements. In view of the extensive impacts in the annexed unconsolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Company's annexed unconsolidated financial statements. • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.

AF Ferguson & Co

Chartered Accountants
Karachi
Date: April 2, 2019

Unconsolidated Statement of Financial Position

As at December 31, 2018

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	2,044	2,981
- Intangible asset	6	-	4
Investments	7	14,820,667	14,977,048
Long-term deposits		4,461	4,414
Deferred tax asset-net	8	55,485	3,421
		14,882,657	14,987,868
Current assets			
Loans and advances	9	10,200	19,684
Deposits and prepayments		5,644	5,748
Other receivables	10	226,512	295,990
Taxation recoverable		54,694	136,902
Cash and bank balances	11	6,990	22,312
		304,040	480,636
TOTAL ASSETS		15,186,697	15,468,504
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
200,000,000 ordinary shares of Rs. 10 each			
(2017: 200,000,000 ordinary shares of Rs. 10 each)		2,000,000	2,000,000
Issued, subscribed and paid up share capital	12	1,426,305	1,226,895
Proposed shares to be issued on amalgamation		-	411,659
Unappropriated profit		4,114,637	4,361,029
Reserves		7,764,863	7,366,574
		13,305,805	13,366,157
Non-current liabilities			
Long term loan	13	900,000	1,426,000
Current liabilities			
Short term loan	14	409,623	-
Current portion of long-term loan - secured	13	300,000	369,860
Unclaimed dividend		32,748	13,821
Trade and other payables	15	238,521	292,666
		980,892	676,347
TOTAL LIABILITIES		1,880,892	2,102,347
TOTAL EQUITY AND LIABILITIES		15,186,697	15,468,504
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 32 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

Unconsolidated Statement of Profit or Loss
For The Year Ended December 31, 2018

	Note	2018	2017
		(Rupees in '000)	
Operating revenue	17	2,182,664	229,019
Operating expenses	18	-	(119,982)
		2,182,664	109,037
Other income	19	9,943	7,400
Total income		2,192,607	116,437
General and administrative expenses	20	(100,904)	(66,894)
Finance costs	21	(99,558)	(21,616)
		(200,462)	(88,510)
		1,992,145	27,927
Provision against investments - net	7.1.1 & 7.2.3	(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		1,839,889	(248,776)
Taxation	22	(39,842)	2,382
Profit / (loss) after taxation		1,800,047	(246,394)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	23	12.63	(1.75)

The annexed notes from 1 to 32 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2018

	2018	2017
	(Rupees in '000)	
Profit / (loss) after taxation	1,800,047	(246,394)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	1,800,047	(246,394)

The annexed notes from 1 to 32 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Changes in Equity

For The Year Ended December 31, 2018

	Issued, subscribed and paid-up share capital	Proposed shares to be issued on amalgamation	Reserves			Unappropriated profit	Total
			Capital Reserves		Revenue reserves		
			Premium on issue of shares	Other capital reserves	General reserve		
	(Rupees in '000)						
Balance as at January 1, 2017	1,226,895	411,659	35,762	33,267	7,297,545	4,607,423	13,612,551
Loss after taxation for the year ended December 31, 2017	-	-	-	-	-	(246,394)	(246,394)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(246,394)	(246,394)
Balance as at December 31, 2017	1,226,895	411,659	35,762	33,267	7,297,545	4,361,029	13,366,157
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	1,800,047	1,800,047
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	1,800,047	1,800,047
Transactions with owners directly recorded in equity							
Issuance of shares under scheme of amalgamation	13,370	(411,659)	398,289	-	-	-	-
Final dividend for the year ended December 31, 2016 at the rate of Rs. 8 per share approved on March 02, 2018	-	-	-	-	-	(992,213)	(992,213)
Final dividend for the year ended December 31, 2017 at the rate of Rs. 4 per share approved on April 27, 2018	-	-	-	-	-	(496,106)	(496,106)
Interim dividend for the year ending December 31, 2018 at the rate of Rs. 3 per share declared on October 26, 2018	-	-	-	-	-	(372,080)	(372,080)
Issuance of bonus shares at the rate of 15% for the year ended December 31, 2018 declared on October 26, 2018	186,040	-	-	-	-	(186,040)	-
Balance as at December 31, 2018	1,426,305	-	434,051	33,267	7,297,545	4,114,637	13,305,805

The annexed notes from 1 to 32 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

Unconsolidated Statement of Cash Flows

For The Year Ended December 31, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,839,889	(248,776)
Adjustments for:			
Depreciation and amortisation		596	5,575
Finance costs	21	99,558	21,615
Interest, mark-up and profit income		-	(415)
Gain on disposal of property and equipment		(835)	(1,371)
Provision against investments - net	7.1.1 & 7.2.3	156,381	176,596
Impairment of goodwill		-	107,998
Recovery against bad and doubtful loans and advances / lease losses		(4,125)	(7,891)
Return on bank balances		(8,603)	(3,604)
Return on government securities		-	(1,418)
Dividend income	17	(2,180,501)	(82,385)
		(1,937,529)	214,699
		(97,640)	(34,077)
Changes in working capital			
(Increase) / decrease in current assets			
Long term deposits, deposits and prepayments, other receivables		51	(464,773)
Increase/ (decrease) in current liabilities			
Trade and other payables other than certificate of deposits		(52,829)	552,733
		(150,418)	53,883
Net recovery from long term loans and advances		17,024	13,711
Net recovery from finance leases		1,574	1,396
Tax (paid) / received - net		(9,698)	9,053
Net cash (used in) / generated from operating activities		(141,518)	78,043
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(3,715)
Return on government securities		-	9,295
Proceeds on disposal of property and equipment		1,180	1,423
Proceeds on disposal of short term investments		-	6,500
Purchase of investments		-	(45)
Dividend received		2,244,996	272
Profit / return received		8,603	448
Investment in subsidiary company		-	(1,500,000)
Cash and bank balance transferred to IGI Investments (Pvt.) Limited under scheme of arrangement		-	1,299,936
Cash and bank balance transferred to IGI General Insurance Limited under scheme of arrangement		-	(728,960)
Net cash generated from / (used in) investing activities		2,254,779	(914,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,841,472)	(283)
Repayment of certificate of deposits		(4,699)	(769)
Long term loan obtained		-	1,500,000
Loan repayments		(595,860)	(5,000)
Financial charges paid		(96,175)	(12,764)
Repayment of liability against assets subject to finance lease		-	(564)
Net cash (used in) / generated from financing activities		(2,538,206)	1,480,620
Net (decrease) / increase in cash and cash equivalents		(424,945)	643,817
Cash and cash equivalent at beginning of the year		22,312	(621,505)
Cash and cash equivalents at end of the year	11.2	(402,633)	22,312

The annexed notes from 1 to 32 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to and Forming Part of the Unconsolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

1.1 IGI Holdings Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 (now Companies act, 2017) and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objects of the Company include to act as an investment holding company and for that purpose invest, acquire, sell and hold the securities and financial instruments subject to compliance by relevant laws prevailing in Pakistan from time to time.

1.2 These financial statements are the separate unconsolidated financial statements of IGI Holdings Limited. In addition to these unconsolidated financial statements, consolidated financial statements of IGI Holdings Limited and its subsidiary companies, IGI Finex Securities Limited, IGI General Insurance Limited, IGI Life Insurance Limited and IGI Investments (Pvt.) Limited (the Group) have also been prepared. As required by International Financial Reporting Standards (IFRSs), segment information is presented only in the consolidated financial statements of the Group.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh through its order dated December 16, 2017 with effect from January 31, 2017, the Insurance segment of the Company had been transferred to IGI General Insurance Limited along with its associated license to carry out the business of general insurance. Accordingly, the requirements of the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 were applicable on IGI Holdings Limited until close of business on January 31, 2017.

2.3 Basis of presentation

These financial statements have been prepared under the historical cost convention except of certain financial assets which are carried at fair value.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these unconsolidated financial statements. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Accordingly, disclosure in these unconsolidated financial statements have been aligned with the fourth schedule of the Companies Act, 2017.

There are certain other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

2.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (accounting periods ending on or after)
- IFRS 9 - Financial Instruments	June 30, 2019
	Effective date (accounting periods beginning on or after)
- IFRS 15 - Revenue from contracts	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

The management is in the process of assessing the impact of these standards on the unconsolidated financial statements of the Company.

There are certain other new standards and interpretations that are mandatory for the Company's accounting year beginning on or after 1 January 2019 but are not considered to be relevant or do not have any significant effect on the Company's operations and, therefore, not detailed in these unconsolidated financial statements.

2.6 Summary of significant transactions and events that have affected the Company's financial position and performance during the year

Following is the summary of significant transactions and events affecting the Group's financial position and performance during the year:

- During the year, the Company received dividend of Rs. 1,960 million and Rs.163.062 million from IGI Investments (Pvt.) Limited and IGI General Insurance Limited (Subsidiary Companies).
- During the year the Company repaid loan to sponsor and subsidiary company amounting to Rs. 295.86 million as disclosed in note 13.
- During the year, the management taking cognizance of the indicators for impairment has recognised an impairment loss of Rs. 152.871 million against the Company's investment in IGI Finex Securities Limited at December 31, 2018.
- For a detailed discussions about the Company's performance please refer Directors Report.

2.7 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency and has been rounded off to the nearest thousand of rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preceding years.

3.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

3.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3.3 Fixed Assets - Tangible

These are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of profit or loss.

Depreciation is charged to the statement of profit or loss using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 5. Depreciation on addition is charged from the month in which the asset is available for use while in case of assets disposed of, no depreciation is charged in the month of disposal.

The residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at each reporting date.

3.4 Intangible

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Amortisation on intangible assets is charged to statement of profit or loss using the straight line method after taking into account residual amount, if any. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate at each reporting date.

Amortisation on all additions to intangible assets having a finite useful life is charged from the month in which the asset is available for use, while in case of assets disposed of, no amortisation is charged in the month of disposal.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.5 Investments

3.5.1 All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to the statement of profit or loss. These are classified into the following categories:

- Loans and receivables
- Held to maturity
- Investments in subsidiaries
- Available for sale

3.5.1.1 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.5.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield.

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

3.5.1.3 Investment in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

3.5.1.4 Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of profit or loss and other comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any, on available for sale investments are recognised directly in the statement of profit or loss.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of available for sale investments are recognised in the statement of profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash in hand and balances with banks in current accounts, savings accounts and short-term running finances.

3.7 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Exchange gains or losses are included in statement of profit or loss currently.

3.8 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

3.10 Trade and other payables and provisions

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.12 Impairment

The carrying values of the Company's assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the statement of profit or loss.

The Company considers that a decline in the recoverable value of its investments in subsidiaries below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable amount falls below the carrying value and is charged to the statement of profit or loss. Any subsequent reversal of an impairment loss, up to the cost of the investment in subsidiaries and associates is credited to the statement of profit or loss.

3.13 Taxation

Income tax expense comprises current and deferred tax. The Securities and Exchange Commission of Pakistan vide its letter dated March 05, 2018 has designated the Company and its wholly-owned subsidiaries IGI Investments (Pvt.) Limited, IGI General Insurance Limited (together the 'Group') as a Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisibility of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to unconsolidated statement of profit or loss in the year in which they arise.

3.14 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4 SIGNIFICANT ESTIMATES AND JUDGMENT

The preparation of the financial statements requires management to make judgments, 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.

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty are as follows:

i) Determination and measurement of useful life and residual value of property and equipment (notes 3.3 and 5)

ii) Amortisation of intangible assets (notes 3.4 and 6)

iii) Classification and valuation of investments (notes 3.5 and 7)

iv) Impairment of assets (notes 3.5.1.4, 3.11, 7.1.1, 7.2.3)

v) Impairment of goodwill (notes 3.2, 3.11 and 7.1.3)

vi) Provision for taxation and deferred tax (notes 3.12, 12 and 22)

5 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Office equipment	Computer equipment	Buildings / Leasehold improvements	Motor vehicle owned	Motor vehicle leased	Total
	(Rupees in '000)						
As at January 1, 2017							
Cost	33,210	45,245	40,562	217,666	100,904	47,485	485,072
Accumulated depreciation	(12,453)	(26,174)	(33,658)	(96,225)	(50,853)	(3,411)	(222,774)
Net book value as at January 1, 2017	20,757	19,071	6,904	121,441	50,051	44,074	262,298
Year ended December 31, 2017							
Opening net book value	20,757	19,071	6,904	121,441	50,051	44,074	262,298
Additions during the year	13	130	280	2,000	62	1,432	3,917
Disposals - note 5.1							
- Cost	-	-	-	-	(3,120)	-	(3,120)
- Accumulated depreciation	-	-	-	-	3,068	-	3,068
	-	-	-	-	(52)	-	(52)
Assets transferred under scheme of arrangement	(20,229)	(18,840)	(6,728)	(121,697)	(46,161)	(44,897)	(258,552)
Depreciation charge for the year	(348)	(335)	(421)	(1,218)	(1,699)	(609)	(4,630)
Closing net book value	193	26	35	526	2,201	-	2,981
As at December 31, 2017							
Cost	3,158	3,541	4,316	9,377	7,513	-	27,905
Accumulated depreciation	(2,965)	(3,515)	(4,281)	(8,851)	(5,312)	-	(24,924)
Net book value	193	26	35	526	2,201	-	2,981
Year ended December 31, 2018							
Opening net book value	193	26	35	526	2,201	-	2,981
Additions during the year	-	-	-	-	-	-	-
Disposals							
- Cost	67	107	21	-	1,705	-	1,900
- Accumulated depreciation	(63)	(107)	(21)	-	(1,364)	-	(1,555)
	4	-	-	-	341	-	345
Depreciation charge for the year	(86)	(12)	(16)	(174)	(304)	-	(592)
Closing net book value	103	14	19	352	1,556	-	2,044
As at December 31, 2018							
Cost	3,091	3,434	4,295	9,377	5,808	-	26,005
Accumulated depreciation	(2,988)	(3,420)	(4,276)	(9,025)	(4,252)	-	(23,961)
Net book value	103	14	19	352	1,556	-	2,044
Depreciation rate % per annum	10%	20%	20%	10%	20%	20%	

5.1 Disposal of property and equipment

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Motor Vehicles-owned						
Suzuki Cultus	768	615	153	593	Negotation	Javed Hashmi
Suzuki Alto	415	332	83	420	Negotation	Mohammad Omer
Suzuki Alto	522	417	105	125	Company policy	Muhammad Aqeel Bashir
	1,705	1,364	341	1,138		(ex-employee)
Furniture and Fixtures						
Sofa set	13	12	1	3	Negotation	Scrap dealer
Executive chair-medium	12	11	1	2	Negotation	Scrap dealer
Visitor chair	7	6	1	2	Negotation	Scrap dealer
Executive chair-high	6	5	1	3	Negotation	Scrap dealer
Office table	29	29	-	29	Negotation	Scrap dealer
	67	63	4	39		
Office equipment	107	107	-	2	Negotation	Scrap dealer
Computer equipment	21	21	-	1	Negotation	Scrap dealer
	1,900	1,555	345	1,180		

5.2 The cost of fully depreciated property and equipment still in use amounts to Rs. 15.4 million (2017: Rs. 14.877 million).

6 INTANGIBLE ASSETS

	2018							
	Cost			Accumulated Amortisation / Impairment			Written down value as at Dec 31, 2018	Useful life
	As at Jan 01, 2018	Additions	As at Dec 31, 2018	As at Jan 01, 2018	For the year	As at Dec 31, 2018		
	(Rupees in '000)							
Computer software	4	-	4	-	4	4	-	5 years
	4	-	4	-	4	4	-	

	2017									
	Cost				Accumulated Amortisation / Impairment				Written down value as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Additions	Transferred under scheme of arrangement	As at Dec 31, 2017	As at Jan 01, 2017	For the year	Transferred under scheme of arrangement	As at Dec 31, 2017		
	(Rupees in '000)									
Goodwill	107,998	-	-	107,998	-	107,998	-	107,998	-	Indefinite
Computer Software	15,104	-	(15,100)	4	12,937	53	(12,990)	-	4	5 years
	123,102	-	(15,100)	108,002	12,937	108,051	(12,990)	107,998	4	

7 INVESTMENTS

	Note	2018	2017
		(Rupees in '000)	
- Investments in subsidiaries	7.1	14,811,590	14,964,461
- Available for sale investments	7.2	9,077	12,587
		14,820,667	14,977,048

7.1 Investments in subsidiaries

	2018				2017			
	Number of shares	Cost	Impairment / provision note 7.1.1	Carrying amount	Number of shares	Cost	Impairment / provision note 7.1.1	Carrying amount
	(Rupees in '000)				(Rupees in '000)			
Quoted								
IGI Life Insurance Limited (note 7.1.2)	57,846,319	858,831	-	858,831	57,846,319	858,831	-	858,831
Unquoted								
IGI Finex Securities Limited (note 7.1.3)	52,000,000	441,883	(289,603)	152,280	52,000,000	441,883	(136,732)	305,151
IGI General Insurance Limited (note 7.1.4)	191,838,400	1,918,384	-	1,918,384	100,000	1,918,384	-	1,918,384
IGI Investments (Pvt.) Limited (note 7.1.5)	118,820,950	11,882,095	-	11,882,095	10,000	11,882,095	-	11,882,095
Total		15,101,193	(289,603)	14,811,590		15,101,193	(136,732)	14,964,461

7.1.1 Movement in provision

		2018	2017
		(Rupees in '000)	
Opening balance		136,732	-
Charge for the year	7.1.3	152,871	136,732
Closing balance		289,603	136,732

7.1.2 This represents 81.967% (2017: 81.967%) holding in IGI Life Insurance Limited having market value of Rs 47.10 (2017: Rs 84.5) per share.

During the year ended December 31, 2017, 824,910 shares were withheld by IGI Life Insurance Limited in respect of issuance of bonus as issuance of bonus shares had been made taxable through Finance Act, 2014.

The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withheld bonus shares at the rate of 5 percent. In accordance with the requirements of the Ordinance these shares shall only be released if the Company deposits tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure. In this regard, a constitutional petition has been filed by the Company in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by the Company, which is pending adjudication. A stay order has been granted by the High Court of Sindh in favour of the Company.

The Company has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the Company.

7.1.3 This represents 100% (2017: 100%) holding in IGI Finex Securities Limited having break - up value of Rs 5.10 (2017: Rs 7.87) per share on the basis of audited financial statements for the year ended December 31, 2018.

During the year, the management assessed the future profitability / recoverable amount of the Company's investment in IGI Finex Securities Limited. As a result of this exercise, the management has recognised an impairment loss of Rs. 152.871 million against the Company's investment in IGI Finex Securities Limited at December 31, 2018.

7.1.3.1 In determining the recoverable amount, the management has used certain key assumptions regarding the future business, economic and market conditions. Key assumptions include market share of IGI Finex Securuties Limited, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write-offs, discount rate, terminal growth rate etc. A significant change in the assumptions used may impact the value of investment.

The growth rates and margins used to estimate future profitability are based on past performance, market trends and the management experience of growth rates and margins achievable. The management believes that the assumptions used in estimating the future profitability are consistent with past performance and trends. The discount rates and growth rates used in the valuation and impairment exercise are as follows:

	2018	2017
Discount rate	23.7%	17.5%
Terminal growth rate	9%	6%

7.1.4 This represents 100% (2017: 100%) holding in IGI General Insurance Limited having break - up value of Rs 11.70 (2017: Rs 13.93) per share on the basis of audited financial statements for the year ended December 31, 2018.

The Company incorporated a wholly owned subsidiary namely IGI General Insurance Limited on 18 November, 2016. The objective of this company is to carry on general insurance business (excluding life insurance) and General Takaful (Islamic Insurance) as Window Takaful Operator. During the year, IGI General Insurance Limited has issued 191,738,400 shares under the Scheme of Arrangement.

7.1.5 This represents 100% (2017: 100%) holding in IGI Investments (Pvt.) Ltd having break - up value of Rs 399.44 (2017: 503.80) per share on the basis of audited financial statements for the year ended December 31, 2018.

The Company incorporated a wholly owned subsidiary namely IGI Investments (Pvt.) Limited on 31 October, 2016. The objective of this company is to act as an investment holding Company and to invest, acquire, sell and hold investments. During the year, IGI Investments (Pvt.) Limited has issued 118,810,950 shares under Scheme of Arrangement.

7.2 Available for sale

	Note	2018	2017
		(Rupees in '000)	
Debt instrument - term finance certificates	7.2.1	-	3,280
Equity instruments	7.2.2	9,077	9,307
		9,077	12,587

7.2.1 Debt instrument - term finance certificates

Number of certificates		Particulars	Issue date	Note	2018	2017
2018	2017				(Rupees in '000)	
		Listed term finance certificates				
5,000	5,000	Azgard Nine Limited II*	September 20, 2005	7.2.1.2	-	-
		Unlisted term finance certificates				
4,000	4,000	Agritech Limited I*	November 30, 2007	7.2.1.2	-	-
861	861	Agritech Limited IV*	July 01, 2011	7.2.1.2	-	-
13,000	13,000	Azgard Nine Limited IV*	December 04, 2007	7.2.1.2	-	-
5,348	5,348	Azgard Nine Limited V*	March 31, 2012	7.2.1.2	-	-
10,000	10,000	Eden Housing Limited*	December 31, 2007	7.2.1.2	3,280	3,280
10,000	10,000	New Allied Electronics Industries (Private) Limited *	December 03, 2007	7.2.1.2	-	-
					3,280	3,280
					3,280	3,280
		Less: Provision for impairment		7.2.1.1 & 7.2.3	(3,280)	-
					-	3,280

7.2.1.1 Thses term finance certificates have been fully impaired.

7.2.1.2 Significant terms and conditions relating to Term finance certificates are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
Listed Term Finance Certificates					
Azgard Nine Limited II	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	September 20, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.699 million), 2016-2017: 53% (Rs.799 million).
Unlisted Term Finance Certificates					
Agritech Limited I	5,000	Average ask rate of six months KIBOR plus 1.75%	Semi-annually	November 29, 2019	12 semi-annual installments with stepped up repayment plan, 2012-2014: 35% (Rs.524,580,000), 2015-2017: 65% (Rs.974,220,000).
Agritech Limited IV	5,000	Zero Coupon	-	January 01, 2015	Principal to be repaid in 6 semi-annual installments as per schedule, commencing from July 01, 2012.

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
Azgard Nine Limited IV	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	December 04, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.1,166 million), 2016-2017: 53% (Rs.1,332 million).
Azgard Nine Limited V	5,000	Zero Coupon	-	March 31, 2017	Principal to be repaid in 7 semi-annual installments as per schedule, commencing from March 31, 2014.
Eden Housing Limited	5,000	Average ask rate of three months KIBOR plus 2.5% per annum from December 31, 2007 to June 29, 2013 (floor 7% and cap 20%) Average ask rate of three months KIBOR plus 3% per annum from June 30, 2013 to June 29, 2014 (floor 7% and cap 20%)	Quarterly	June 29, 2014	Principal to be redeemed in unequal quarterly installments as per schedule.
New Allied Electronics Industries (Private) Limited	5,000	Average ask rate of three months KIBOR plus 2.2% (floor 7% and cap 20%)	Semi-annually	December 03, 2012	Principal redemption will take place in six equal semi annual installments. This will commence from the 30th month of the date of public subscription after a grace period of 24 months.

7.2.2 Equity instruments

	2018				2017			
	Number of shares	Cost	Impairment / provision - note 7.2.3	Market/ Carrying value	Number of shares	Cost	Impairment / provision - note 7.2.3	Market/ Carrying value
	(Rupees in '000)				(Rupees in '000)			
Quoted								
Agritech Limited	1,352,992	17,156	(10,797)	6,359	1,352,992	17,156	(10,567)	6,589
Unquoted								
DHA Cogen Limited	7,600,000	-	-		7,600,000	-	-	-
Techlogix International Limited (note 7.2.4)	1,123,318	2,718	-	2,718	1,123,318	2,718	-	2,718
		2,718	-	2,718		2,718	-	2,718
		19,874	(10,797)	9,077		19,874	(10,567)	9,307

7.2.3 Movement in provision

	2018	2017
	(Rupees in '000)	
Opening balance	10,567	-
Transferred under scheme of arrangement	-	(29,297)
Charge for the year		
- Agritech Limited	230	10,567
- term finance certificate	3,280	-
Charge under scheme of arrangement	-	29,297
Closing balance	14,077	10,567

7.2.4 Techlogix International Limited is a company registered in Bermuda. This investment has been made since 2005. Return on investment is in the form of dividend received as reflected in these financial statements. Based on the information available there are no material litigations against the investee company in foreign jurisdictions.

8 DEFERRED TAX ASSET - NET

	Note	2018	2017
		(Rupees in '000)	
Deferred tax asset arising on deductible temporary difference:			
- Accelerated tax depreciation		1,184	1,400
- Leased assets including deposits under lease contracts		-	104,045
- Impairment of investment in IGI Finex Securities Limited		54,301	-
		55,485	105,445
Deferred tax liabilities arising on taxable temporary differences:			
- Net investment in finance lease		-	73,379
- Fair value of long term loans and advances		-	5,905
- Impairment / fair value adjustments on investment in IGI Finex Securities Limited		-	22,740
		-	(102,024)
		55,485	3,421

9 LOANS AND ADVANCES

	Note	2018	2017
		(Rupees in '000)	
Considered doubtful			
Loans and advances	9.1	10,200	19,684

9.1 These loans pertain to Ex. IGI investment bank which had been transferred to the Company under scheme of amalgamation.

10 OTHER RECEIVABLES

	Note	2018	2017
		(Rupees in '000)	
Dividend receivable		-	64,495
Net investment in finance lease	10.1	219,982	231,495
Withholding tax on bonus shares	10.2	6,530	-
		226,512	295,990

10.1 This also includes residual values amounting to Rs 200.583 million relating to net investment in finance lease.

10.2 This represents 50% of the amount paid by the Company to revenue authority in relation to the charge and collection of income tax on issuance of bonus shares by IGI Life Insurance Limited (as more fully explained in note 7.1.2 to these unconsolidated financial statements). Constitutional petition has already been filed by the Company on this matter and the management believes that the decision of the constitutional petition will be in favour of the Company.

11 CASH AND BANK BALANCES

	Note	2018	2017
		(Rupees in '000)	
Cash at bank			
Savings accounts	11.1	6,438	1,154
Current accounts		552	21,158
		6,990	22,312

11.1 These savings accounts carry mark-up ranging from 3% to 5% (2017: 3% to 4%) per annum.

11.2 Cash and cash equivalents for the purpose of statement of cash flows:

	Note	2018	2017
		(Rupees in '000)	
Cash and bank balances		6,990	22,312
Short term loan	14	(409,623)	-
		(402,633)	22,312

12 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018	2017		2018	2017
(Number of shares)			(Rupees in '000)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
139,351,330	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,393,513	1,207,473
1,337,033	-	Issued for consideration other than cash under scheme of amalgamation	13,370	-
142,630,550	122,689,532		1,426,305	1,226,895

12.1 Movement of issued, subscribed and paid-up share capital

	2018	2017
	(Number of shares)	
At January 1	122,689,532	122,689,532
Bonus shares issued during the year	18,603,985	-
Shares issued for consideration other than cash under scheme of amalgamation	1,337,033	-
At December 31	142,630,550	122,689,532

12.2 Ordinary shares of the Company held by associated undertakings are as follows:

	2018	2017	2018	2017
	(% of shareholding)		(Number of shares)	
Packages Limited	10.54%	10.61%	15,033,041	13,022,093
Babar Ali Foundation	10.29%	6.77%	14,674,741	8,302,939
Industrial Technical and Educational Institute	16.81%	17.00%	23,982,060	20,853,966
	37.64%	34.38%	53,689,842	42,178,998

13 LONG TERM LOAN

	Note	2018	2017
		(Rupees in '000)	
Secured			
Long term loan	13.1	1,200,000	1,500,000
Current maturity of long term loan		(300,000)	(300,000)
		900,000	1,200,000
Unsecured			
Loan from sponsor	13.2	-	226,000
Loan from subsidiary	13.3	-	69,860
Current maturity of loan from subsidiary		-	(69,860)
		900,000	1,426,000

13.1 The Company obtained a long term loan amounting to Rs. 1,500 million from Habib Bank Limited during 2017 for the purpose of injecting equity in its subsidiary IGI General Insurance Limited. The loan carries markup rate at 6 month KIBOR + 0.03% per annum. Principal repayment is to be made in 10 equal semi-annual installments starting from the 6th month after the disbursement and subsequently, every six months thereafter. During the current year, two installments of Rs. 150 million each have been paid. The facility is secured against pledge of shares held by IGI Investment (Pvt) Limited one of the subsidiary of the Company against a commission which has been disclosed in note 20.3.

13.2 This represents long term loan acquired by the Company as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from December 31, 2016 that has been retained by the Company as part of the scheme of arrangement.

During 2013-2014, IGI Investment Bank Limited (the Investment Bank) received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali had entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposit issued by the Investment Bank have been completely and finally settled. The outstanding balance has been settled by the Company in September 2018.

13.2.1 The maximum aggregate balance was Rs. 226 million in respect of interest free loan provided by Syed Babar Ali, Chairman, which was fully repaid during the year.

13.3 This represents long term loan acquired by the Company as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited as at December 31, 2016 that had subsequently been retained by the Company as part of the Scheme of Arrangement.

During 2015, IGI Investment Bank Limited (the Investment Bank) had entered into a long term loan agreement with its wholly owned subsidiary (IGI Finex Securities Limited) for Rs.85 million. Under the terms of the loan agreement, the loan was to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and is repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the due date. As at January 31, 2016, the Investment Bank had received Rs.69.860 million out of the total amount of the loan i.e. Rs.85 million. The loan term matured on November 10, 2017. Hence, the shareholders of IGI Finex Securities Limited in their extraordinary general meeting held on April 02, 2018, had approved extension in repayment of this loan alongwith mark-up till April 30, 2018. The outstanding balance has been repaid by the Company in April 2018.

13.3.1 The maximum aggregate balance was Rs. 69.860 million in respect of loan provided by IGI Finex Securities Limited (wholly owned subsidiary) which was fully repaid during the year.

14 SHORT TERM LOAN

Short term credit facility available from Habib Bank Limited under mark-up arrangement amounts to Rs. 500 million. Unutilised amount as at December 31, 2018 amounts to Rs. 90.377 million. The rate of mark-up on this facility is 1-month Kibor + 0.25% per annum. This facility is secured against pledge of shares held by its wholly owned subsidiary IGI Investments (Pvt.) Limited against a commission which has been disclosed in note 20.3.

15 TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Certificates of deposit	15.1	614	5,313
Deposits under lease contracts	15.2	200,583	207,107
Accrued expenses		23,844	44,221
Others		13,480	36,025
		238,521	292,666

15.1 This represents certificates of deposit acquired by the Company as part of the amalgamation of IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited as at December 31, 2016 that has been retained by the Company as part of the Scheme of Arrangement.

During the year, the Company has made repayment of deposits amounting to Rs. 4.699 million along with mark-up, except for three depositors with aggregate deposits amounting to Rs. 0.614 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.041 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Company has placed this amount in a money market fund of NAFA with authority to Central Depository Company (CDC) to operate the said account on its behalf and to pay the depositors as and when traced in accordance with the directions of Securities and Exchange Commission of Pakistan (SECP).

15.2 This represents security deposits under lease contracts acquired as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from December 31, 2016 that has subsequently been retained by the Company as part of the Scheme of Arrangement, against which an equivalent amount of residual value is receivable.

16 CONTINGENCIES AND COMMITMENTS

The following contingencies were acquired by the Company as part of amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from December 31, 2016 that has been retained by the Company as part of scheme of arrangement.

16.1 Income tax returns for the tax years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been filed by the IGI Investment Bank Limited / IGI Holdings Limited on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

Matters that are being contested mainly include the following:

(a) The rate of tax applied in computing the tax liability of the Investment Bank was the one applicable to a banking company instead of the rate applicable for a public company (Assessment years 1991-92 to 2000-01). The Lahore High Court vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98 had decided this issue in favour of the Investment Bank by rejecting the Reference Application filed by the tax department.

(b) The tax payer company is a non banking finance company in accordance with the provisions of section 2(10) of Income Tax Ordinance,1979 read with Section 5(b) & 5(c) of the Banking Companies Ordinance ,1962. In light of said provisions the taxpayer company is an investment finance company, so its dividend income should be taxed as a separate block of income at reduced rate. The above mentioned issue is decided in favour of the taxpayer Company by The Lahore High Court, Lahore vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98.

(c) Addition on account of depreciation as a result of restricting the claim of accounting depreciation upto net income from leased assets (Tax year 2003).

(d) Disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years (assessment years 1995-96 to 2000-01).

(e) Charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime (Tax years 2008 and 2010).

(f) Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007).

(g) Addition as a result of proration of expenses between exempt income (capital gains), dividend income and business income (Assessment / Tax years 2002-03, 2003, 2004, 2005, 2006 and 2007).

(h) Addition on account of allocation of finance cost to brokerage and commission income amounting to Rs.18.445 million (Tax Year 2009).

(i) Addition on account of specific provisions of Rs.117.639 million (Tax Year 2009).

The management and its tax advisor are confident that all above matters will eventually be decided in favor of the Company.

16.2 A suit had been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, markup in connection with the transaction of asset backed securitisation between the parties. Issues had been framed for determination by the Court and the matter is at the stage of the evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Company.

16.3 A suit had been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Investment Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Company.

16.4 Income tax return for the tax year 2017 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. The Company received notice from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to amendment in assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

Matters requiring explanation as explained in the notice mainly include the following:

- Tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001;
- Admissibility of Tax losses of formerly IGI Investment Bank Limited claimed in the tax return;
- Charge of super tax under section 4B of the Income Tax Ordinance, 2001; and
- Admissibility of deductions claimed on account of write-offs under section 29 of the Income Tax Ordinance, 2001.

The Company has filed constitutional petitions for the matters pertaining to levy of tax on undistributed reserves and super tax and obtained stay order against any adverse action in relation thereto and has also submitted its response / explanations to ACIR regarding the above matters. The management, based on the advice of its tax advisor, is confident of favourable outcome of the proceedings.

16.5 There are no material commitments as at December 31, 2018 and 2017.

17 OPERATING REVENUE

	Note	2018	2017
		(Rupees in '000)	
Net premium revenue		-	142,905
Dividend income	17.1	2,180,501	82,385
Return on government securities		-	1,418
Advisory fee	17.2	2,163	2,311
		2,182,664	229,019

17.1 Dividend income

	2018	2017
	(Rupees in '000)	
Subsidiary Companies		
- IGI Life Insurance Limited	56,893	73,709
- IGI General Insurance Limited	163,062	-
- IGI Investments (Pvt.) Limited	1,960,546	-
Techlogix International Limited	-	272
Siemens Pakistan Engineering Company Limited	-	8,404
	2,180,501	82,385

17.2 This includes Rs. 2 million (2017: Rs. 1 million) in respect of annual trustee fee of Worldcall Telecom Limited TFC-III Trust Deed dated March 3, 2008.

18 OPERATING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Net claims		-	53,705
Commission expense - net		-	32,071
Management expenses		-	34,206
		-	119,982

19 OTHER INCOME

	Note	2018	2017
From financial assets			
Profit on saving accounts and term deposits		8,603	3,604
Exchange gain		438	-
		9,041	3,604
From non-financial assets			
Rental income		-	2,308
Gain on disposal of property and equipment		835	1,371
Others		67	117
		902	3,796
		9,943	7,400

20 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries, allowances and benefits	20.1	46,216	14,123
Depreciation and amortisation	5 & 6	596	5,573
Auditors' remuneration	20.2	10,285	13,466
Rent, rates and taxes		1,013	1,476
Travelling and entertainment		754	3,250
Telephone, lighting, telex and fax		1,145	615
Printing, postage and stationery		4,179	1,160
Insurance		378	1,272
Repairs and maintenance		142	1,167
IT related expenses		833	716
Commission expense	20.3	5,814	1
Legal and professional fees		24,411	18,782
Subscriptions		3,182	2,079
Advertisement		425	2,604
Other expenses		1,531	610
		100,904	66,894

20.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and IT related expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts, in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company and its group companies.

20.2 Auditors' remuneration

	2018	2017
	(Rupees in '000)	
Fee for statutory audit	750	750
Fee for interim review	300	300
Fee for audit of consolidated financial statements	800	800
Special certifications and sundry services	8,000	11,366
Out of pocket expenses	435	250
	10,285	13,466

20.3 This represents commission paid to IGI Investments (Pvt.) Limited (Subsidiary Company) at the rate of 0.2% of market value of pledged shares which have been placed in order to obtain long and short term loan as disclosed in notes 13.1 and 14 respectively.

21 FINANCE COSTS

	2018	2017
	(Rupees in '000)	
Markup on long term loan	97,179	8,464
Markup on short term loan	2,340	12,906
Markup on lease vehicles	-	141
Bank charges	39	105
	99,558	21,616

22 TAXATION

	2018	2017
For the year		
- Current tax	376,279	12,763
- Group adjustments	(350,112)	-
	26,167	12,763
- Deferred tax	(52,064)	(15,145)
Prior year	65,739	-
	39,842	(2,382)

22.1 The Company carries tax provisioin its unconslidated financial statements of Rs. 177.676 million, 584.932 million, 12.763 million, respectively, for the years ended 2015, 2016 and 2017, whilst the tax assessed for these years is Rs. 233.784 million, Rs. 584.932 million and Rs. 78.502 million, respectively. Management has assessed that the tax provisions in the unconsolidated financial statements are sufficient.

22.2 Tax charge reconciliation

	2018	2017
	(Rupees in '000)	
Profit before tax	1,839,889	(248,776)
Tax calculation at the rate of 29% / 30%	533,568	(74,633)
Effect of items taxable under lower rates	(305,270)	(13,138)
Effect of group taxation	(350,112)	-
Effect of super tax	43,971	-
Effect of permanent differences	57,813	67,305
Prior year tax	65,739	-
Impairment on investments	45,351	17,950
Effect of reversal of deferred tax	(52,064)	-
Others	846	134
	39,842	(2,382)

23 EARNINGS PER SHARE

	2018	2017
Basic / diluted earnings per share		
Profit / (loss) for the year	1,800,047	(246,394)
	(Number of shares)	
Weighted average number of ordinary shares	142,478,897	141,092,962
	(Rupees)	
Earnings / (loss) per share	12.63	(1.75)

24 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Fee for attending board meeting	-	-	1,950	-	-	-	1,950	-
Managerial remuneration	-	889	-	180	945	8,396	945	9,465
Bonus	-	268	-	-	1,092	-	1,092	268
Retirement benefits (including provident fund)	-	154	-	-	95	901	95	1,055
Housing and utilities	-	492	-	-	520	3,950	520	4,442
Medical expenses	-	89	-	-	95	254	95	343
Conveyance allowance	-	-	-	-	126	567	126	567
Others	-	129	-	-	1,646	299	1,646	428
	-	2,021	1,950	180	4,519	14,367	6,469	16,568
Number of persons	1	1	8	8	1	5	10	14

24.1 The Chief Executive Officer is not drawing any remuneration from the Company. Amount reported in last year represents remuneration of one month before transfer of insurance business to IGI General Insurance Limited w.e.f. January 31, 2017.

25 NUMBER OF EMPLOYEES

All the employees are on the payroll of group companies and their cost is charged to the Company under group shared services agreement.

26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associates, related group companies, directors of the Company, key management personnel, major shareholders, post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these unconsolidated financial statements, are as follows:

	Subsidiaries		Associates		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)									
Transactions										
Premium underwritten	-	509	-	37,762	-	-	-	38	-	42,063
Premium collected	-	380	-	10,073	-	-	-	38	-	5,041
Claims expense	-	110	-	90	-	-	-	-	-	718
Commission expense / paid	5,814	-	-	1,919	-	-	-	-	-	4,912
Rental income	-	2,232	-	-	-	-	-	-	-	-
Dividend income	2,180,501	73,709	-	-	-	-	-	-	-	-
Dividend received	2,244,996	-	-	330,572	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	155,514
Key Management Personnel	-	-	-	-						
Compensation	-	-	-	-	-	-	6,469	10,751	-	-
Markup paid on long term loan	16,870	5,774	-	-	-	-	-	-	-	-
Markup expense on long term loan	1,630	-	-	-	-	-	-	-	-	-
Long term loan paid	69,860	-	-	-	-	-	226,000	5,000	-	-
Insurance premium paid	48	-	-	-	-	-	-	-	-	-
Receipts against Group Shared Services	4,623	2,165	-	210	-	-	-	-	-	-
Payments against Group Shared Services *	25,250	-	21,393	-	-	-	-	-	-	-

* This also includes payment in lieu of directors' meetings attendance fee

	Subsidiaries		Associates		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)									
Balances										
Investment in shares	14,811,590	14,964,461	-	-	-	-	-	-	-	-
Other payable **	-	6,821	-	-	-	-	-	-	-	-
Dividend recievable	-	64,495	-	-	-	-	-	-	-	-
Long term loan	-	69,860	-	-	-	-	-	226,000	-	-
Markup payable on long term loan	-	15,240	-	-	-	-	-	-	-	-

** Maximum amount payable to IGI General Insurance Limited and IGI Finex Securities Limited was Rs. 2.3 million and Rs. 3.9 million respectively during the year.

26.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	IGI Life Insurance Limited	Subsidiary	81.967%
2	IGI General Insurance Limited	Subsidiary	100%
3	IGI Investments (Pvt.) Limited	Subsidiary	100%
4	IGI Finex Securities Limited	Subsidiary	100%
5	Packages Limited	Associate	N/A
6	Syed Babar Ali	Chairman	N/A

27 FINANCIAL INSTRUMENTS BY CATEGORY

	2018	2017
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and cash equivalents		
Cash and bank balances	6,990	22,312
Current assets		
Loans and advances	10,200	19,684
Deposits	3,512	5,748
Other receivables	219,982	295,990
	233,694	321,422
Long term deposits	4,461	4,414
Investments - available for sale	9,077	12,587
Financial Liabilities		
Amortised cost		
Long term loan	900,000	1,726,000
Current portion of long term loan	300,000	69,860
Short term loan	409,623	-
Unclaimed dividend	32,748	13,821
Trade and other payables	238,521	292,666
	1,880,892	2,102,347

28 RISK MANAGEMENT

Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

28.1 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

2018	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Investments - available for sale		-	-	-	9,077	-	9,077	9,077
Cash and bank balances	3.0% to 5.0%	6,438	-	6,438	552	-	552	6,990
Deposits		-	-	-	3,512	-	3,512	3,512
Other receivables		-	-	-	219,982	-	219,982	219,982
Loans and advances		-	-	-	10,200	-	10,200	10,200
Long term deposits		-	-	-	-	4,461	4,461	4,461
		6,438	-	6,438	243,323	4,461	247,784	254,222
Financial liabilities								
Long term loan	6.24%	-	900,000	900,000	-	-	-	900,000
Current portion of long term loan	6.28% to 6.25%	300,000	-	300,000	-	-	-	300,000
Short term loan	9.30% to 10.84%	409,623	-	409,623	-	-	-	409,623
Unclaimed dividend		-	-	-	32,748	-	32,748	32,748
Trade and other payables		-	-	-	238,521	-	238,521	238,521
		709,623	900,000	1,609,623	271,269	-	271,269	1,880,892
		(703,185)	(900,000)	(1,603,185)	(27,946)	4,461	(23,485)	(1,626,670)

2017	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Investments - available for sale		-	-	-	12,587	-	12,587	12,587
Cash and bank balances	3.0% to 4.0%	22,312	-	22,312	-	-	-	22,312
Deposits		-	-	-	5,748	-	5,748	5,748
Other receivables		-	-	-	295,990	-	295,990	295,990
Loans and advances		-	-	-	19,684	-	19,684	19,684
Long term deposits				-		4,414	4,414	4,414
		22,312	-	22,312	334,009	4,414	338,423	360,735
Financial liabilities								
Long term loan	6.24%	-	1,200,000	1,200,000	-	226,000	226,000	1,426,000
Current portion of long term loan	6.28% to 6.25%	-	369,860	369,860	-	-	-	369,860
Short term loan		-	-	-	-	-	-	-
Unclaimed dividend		-	-	-	13,821	-	13,821	13,821
Trade and other payables		-	-	-	292,666	-	292,666	292,666
		-	1,569,860	1,569,860	306,487	226,000	532,487	2,102,347
		22,312	(1,569,860)	(1,547,548)	27,522	(221,586)	(194,064)	(1,741,612)

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Company's interest rate risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on statement of profit or loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2018		
Cash flow sensitivity - variable rate financial instruments	12,204	(12,933)
As at December 31, 2017		
Cash flow sensitivity-Variable rate financial instruments	(1,413)	1,413

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the reporting date, the Company does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 6.359 million at the reporting date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management does not consider short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarises Company's equity price risk as of December 31, 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase /(decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
	(Rupees in '000)				
2018	6,359	10% increase	6,995	636	636
		10% decrease	5,723	(636)	(636)
2017	6,589	10% increase	7,248	659	659
		10% decrease	5,930	(659)	(659)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2018			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Long term loan	900,000	900,000	-	900,000
Current portion of long term loan	300,000	300,000	300,000	-
Short term loan	409,623	409,623	409,623	-
Unclaimed dividend	32,748	32,748	32,748	-
Trade and other payables	238,521	238,521	238,521	-
	1,880,892	1,880,892	980,892	900,000

	2017			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Long term finances	1,726,000	1,726,000	-	1,726,000
Current portion of long term liabilities	69,860	69,860	69,860	-
Unclaimed dividend	13,821	13,821	13,821	-
Trade and other payables	292,666	292,666	292,666	-
	2,102,347	2,102,347	376,347	1,726,000

(iii) Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

	2018	2017
	(Rupees in '000)	
Cash and bank balances	6,990	22,312

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency	Rating	
		Short Term	Long Term
Bank balances			
MCB Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	AA-
Bank Alfalah Limited	JCR-VIS	A-1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

29 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no items to report in this level.

As at December 31, 2018, the Company held the following financial instruments measured at fair value:

	2018		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Investments	6,359	-	2,718

	2017		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Investments	6,589	3,280	2,718

30 GENERAL

30.1 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees.

30.2 Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated financial statements for the purpose of better presentation. There were no material reclassifications during the year.

31 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on March 29, 2019 by the Board of Directors of the Company.

32 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2018 of Rs. 3/- per share (2017: Rs. 4/- per share), amounting to Rs 427.892 million (2017: Rs 496.107 million) in its meeting held on March 29, 2019 for the approval of the members at the annual general meeting to be held on April 26, 2019. The unconsolidated financial statements for the year ended December 31, 2018 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2019.

Chief Executive Officer	Chief Financial Officer	Director

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2018

On behalf of the Board, I am pleased to present the consolidated financial statements of IGI Holdings Limited ("IGI Holdings") and its subsidiaries namely; IGI Life Insurance Limited (IGI Life), IGI General Insurance Limited (IGI General), IGI Investments (Private) Limited (IGI Investments) and IGI Finex Securities Limited (IGI Finex) ("the Subsidiaries") (collectively referred to as 'the Group') for the year ended December 31, 2018.

IGI Holdings, being a holding company, derives income in the form of dividends from its Subsidiaries:

GROUP PERFORMANCE REVIEW

	2017	2016
	(Rupees in '000)	
Profit before tax	1,480,844	5,173,531
Taxation	(512,787)	(834,900)
Profit after tax	968,057	4,338,631
Other comprehensive (loss) / income	(14,268,619)	53,321,035
Total comprehensive (loss) / income	(13,300,562)	57,659,666
Attributable to non-controlling interest	(23,889)	5,335
Attributable to ordinary shareholders	(13,276,673)	57,654,331
Earnings per share (in Rupees)	6.79	30.75

During the current year, the Group recorded profit after tax of Rs. 968 million compared to Rs. 4,338 million earned in 2017 representing decline of 78%. This decline is primarily due to lower dividend income received from investments and decrease in share of profit from associates as well as decrease in profitability of life insurance businesses. However, the general insurance business performed better than last year.

Other comprehensive loss of Rs. 14,268 million as compared to other comprehensive income of Rs 53,321 million generated during the previous year is due to loss on revaluation of available for sale investment portfolio and share of other comprehensive loss from associates. The investments have been classified as 'Available for Sale' investments in the subsidiary, IGI Investments. Accordingly, re-measurement loss has been recognized as part of 'Other Comprehensive Income' as per applicable financial reporting framework. This also includes Rs 2,364 million representing the share in other comprehensive loss of associates, compared to Rs. 7,751 million share in other comprehensive income in the previous year.

The Group achieved earnings per share of Rs. 6.79 compared to Rs. 30.75 during 2017.

Financial Highlights of the subsidiaries are hereunder:

IGI GENERAL

During the current year, IGI General has written gross premium of Rs 4,608 million (including Takaful contributions) as compared to Rs 2,901 million during the previous year. IGI General has incurred net claims of Rs 1,143 million compared to Rs. 933 million during 2017. As a result, the company has generated profit after tax of Rs. Rs 327 million as compared to that of Rs 174 million during 2017.

IGI INVESTMENTS

Income stream of IGI Investments is primarily derived from dividend income from its investments. During the current year, the Company has earned dividend income amounting to Rs. 2,039 million as compared to Rs. 2,510 million during the previous year. The Company has earned profit before tax Rs 1,833 million as compared to Rs 2,373 million in previous year and has posted post tax profit of Rs. 1,407 million compared to Rs. 2,016 million during 2017.

IGI FINEX

During the current year, IGI Finex has generated operating revenues of Rs. 111 million. The Company has posted a loss after tax of Rs. 29 million during the year.

IGI LIFE

In 2018, Gross Premiums written by IGI Life (including Family Takaful Contributions) stands at Rs. 4,790 million.

Individual life regular premium (including takaful contributions) increased by 7.3% touching a total premium of Rs. 2,220 million against Rs. 2,070 million during 2017. Renewal premium reached Rs. 1,640 million (2017: Rs. 1,460 million), registering a strong growth of 12.9% from last year.

Individual Family Takaful regular premium showed a strong growth of 39% from last year and stood at Rs. 651 million against Rs. 467 million during 2017. The Window Takaful Operations of the Company were launched in the 3rd quarter of 2015 and have since witnessed substantial growth.

The Group Life & health premium (including Takaful Group Family and Health) stood at Rs. 1,660 million (2017: Rs. 1,260 million), thus posting growth of 32% from last year. The Group business mainly comprises corporate customers.

Single premium (including Takaful contributions) of the Company remained slow this year, and could only reach Rs. 909 million (2017: Rs 2,280 million).

IGI Life has generated loss after tax of Rs. 94.70 million against profit after tax of Rs. 157.77 million (including surplus/deficit of statutory funds) during 2017. The profitability of the Company was hampered during the year by lower investment returns and increase in administrative expenses.

Qualification in the Auditors Report

The auditors have qualified their opinion on the consolidated financial statements of the Group, as the opinion of the auditors on financial statements of one of the subsidiaries, IGI Life Insurance Limited ("IGI Life") was qualified. In their opinion, IGI Life has not recorded applicable provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance in their financial statements for the year ended December 31, 2018. Certain provincial sales tax authorities had discontinued / withdrawn the sales tax exemption previously available on such premium and therefore sales tax became chargeable on premium.

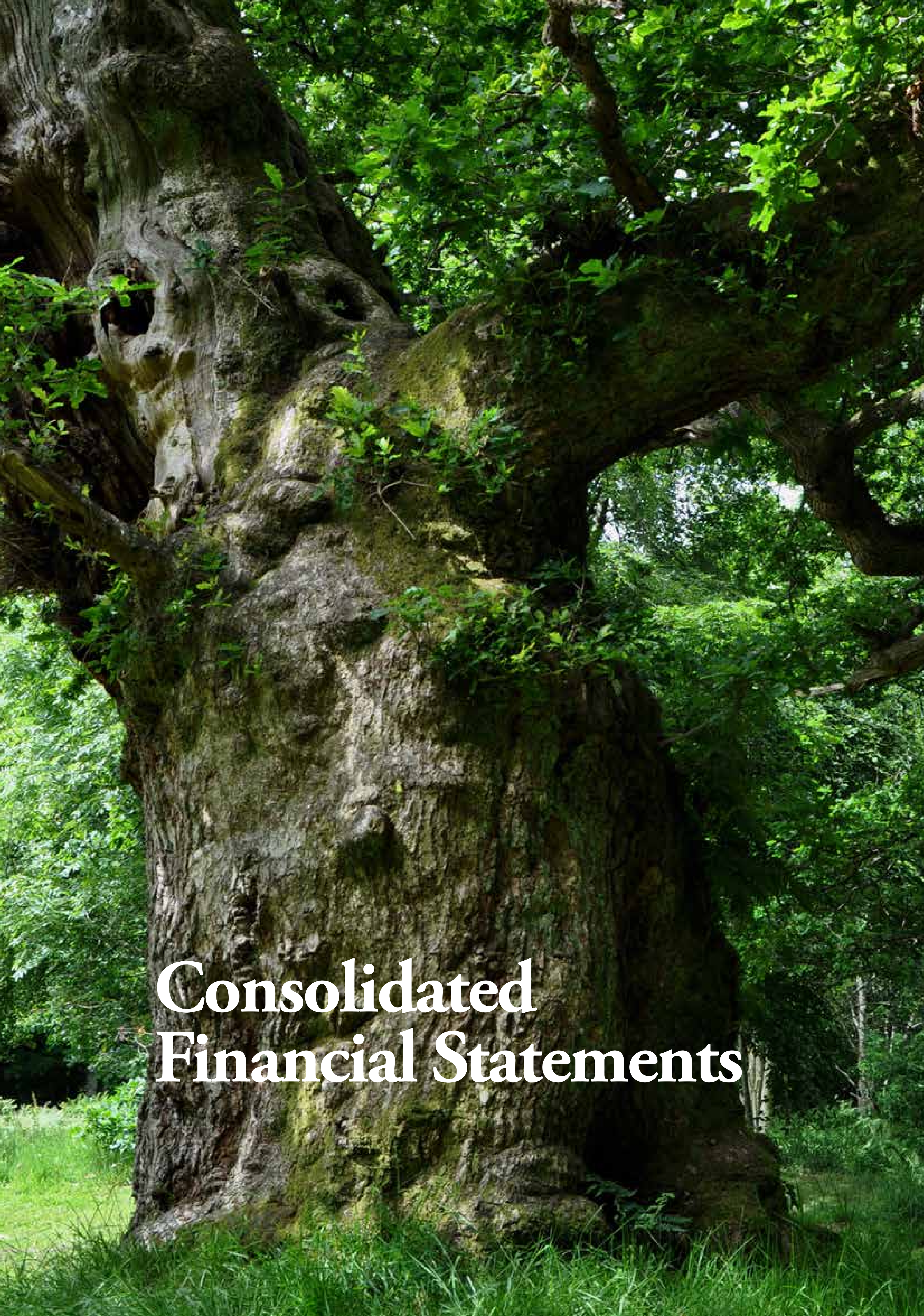
IGI Life is of the view that the levy of sales tax on life insurance business needs to be reviewed in the interest of sustainability and growth of Life Insurance business in Pakistan. The matter for renewal of the exemption has been raised with the Sindh Revenue Board (SRB) and the Punjab Revenue Authority (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 serves as 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.

As fully explained in the consolidated financial statements, had the sales tax liability on life insurance and health insurance premium been recorded, the profit after tax and earnings per share for the year would have been lower 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.

We value the support and patronage extended by our business partners and all stakeholders and appreciate the dedicated and sincere efforts of our employees.

For and on behalf of the Board

Syed Babar Ali	**Tahir Masaud**
Chairman	Chief Executive Officer
Lahore: March 29, 2019	Lahore: March 29, 2019



Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Holdings Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of **IGI Holdings Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

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. As more fully explained in note 22.4 to the 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 lower 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

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Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	**Insurance liabilities** (Refer note 3.1 of the annexed consolidated financial statements) Policyholders' liabilities represent one of the largest liability of the Group constituting 58.68% of the total liabilities as at December 31, 2018. The Minimum Valuation Basis for determination of actuarial reserve for policyholders' liabilities of a life insurance company is specified under Annexure 5 to Rule 23 of the Insurance Rules, 2017. The Annexure describes the valuation method to be used in determination of the actuarial reserves for policyholders' liabilities with respect to unit linked, universal life and other segments and certain valuation parameters (such as mortality rates, morbidity rates, valuation rates of interest etc.) to be taken into account. The appointed actuary of Group carries out an investigation as at the end of each year into the financial condition of the life insurance business carried on by Group, including a valuation of its policyholders' liabilities at December 31, 2018 and issues a report thereon. The determination of actuarial reserve for policyholders' liabilities is a higher risk area that requires judgement and estimates and therefore we considered this as a key audit matter.	Our audit procedures to assess the determination of actuarial reserve for policyholders' liabilities included the following: • Obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating the policyholders' liabilities as at December 31, 2018. • Inquired from the management about the consistency of the method used for calculation of the policyholders' liabilities and assumptions for the valuation parameters as at December 31, 2018 to establish whether they had been subject to any arbitrary discontinuities from those used at December 31, 2017. • Reviewed the report submitted by the appointed actuary expressing his satisfaction over the valuation of policyholders' liabilities in accordance with Annexure 5 to Rule 23 of the Insurance Rules, 2017. • Engaged an independent actuarial expert to assess whether the reserving methodology used with respect to all statutory funds maintained by the Group was in line with the Minimum Valuation Basis given in Annexure 5 to Rule 23 of the Insurance Rules, 2017 and was further in accordance with generally accepted actuarial principles. • Independently verified, on a test basis, the data used by the appointed actuary in the determination of policyholders' liabilities. • Recomputed, on a test basis, the account / cash values of policyholders' as at December 31, 2018 by applying the relevant parameters (such as management fee charged, cost of insurance charged, returned credited etc.) of the respective products. • Recomputed, on a test basis, the element of unearned premium with respect to policies issued under group health and group life business. • Assessed the relevant disclosures made in the consolidated financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.

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S.No.	Key Audit Matters	How the matter was addressed in our audit
2	**Valuation of investments** (Refer notes 4.15 and 8 of the annexed consolidated financial statements) The investments of Rs 77,879 million as at 31 December, 2018 held by the Group constitute a significant component of total assets of the Group. Further, in case of life insurance business, the Group has changed its accounting policy relating to subsequent measurement of investments classified as available for sale. Accordingly, the management decided to adopt the practice of 'shadow accounting' permitted under IFRS 4, whereby related adjustments to insurance liability are also recognised in other comprehensive income, if, the unrealised gains or losses are recognised in other comprehensive income. The impact of this change in accounting policy has been disclosed in note 4.15.2.3 to the consolidated financial statements. The above change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8, "Accounting Policies, Change in Accounting Estimates and Errors" and the comparative information has been re-stated. In view of the significant development regarding valuation of investments of the Group we considered this as a key audit matter.	Our audit procedures included the following: • Tested the design and operating effectiveness of the key controls for valuation of investments. • Checked that available for sale investments (other than investment linked business which were already accounted for at fair value under the previously applicable accounting framework) were fair valued appropriately in accordance with the requirements of IAS 39. • Checked that net unrealized gains / losses arising on the subsequent measurement of available for sale investments to fair value were taken to other comprehensive income. • Checked the appropriate recognition of related adjustments to insurance liabilities in other comprehensive income where net unrealized gains / losses on available for sale investments were recognised in other comprehensive income. • Checked that the change in accounting policy had been applied retrospectively in accordance with the requirements of IAS 8 and the comparative information had been restated. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2018 and reconciled it with the books and records of the Group. Where such confirmations were not available, alternate audit procedures were performed. • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. • Checked the relevant presentation and disclosures made in the consolidated financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.

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S.No.	Key Audit Matters	How the matter was addressed in our audit
3	**First time application of fourth schedule to the Companies Act, 2017** (Refer note 2.2 to the annexed consolidated financial statements) The fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of the annexed consolidated financial statements. The Companies Act, 2017 has introduced certain changes with regard to preparation and presentation of the consolidated financial statements of the Group. As part of this transition to the requirements of the Companies Act, 2017, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Group's annexed consolidated financial statements. In view of the extensive impacts in the annexed consolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements. • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, 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. Accordingly, we conclude that the other information is materially misstated for the same reason with respect to the amounts stated in the Basis for Qualified Opinion.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.

A.F.Ferguson & Co

Chartered Accountants
Karachi
Date: April 2, 2019

Consolidated Statement of Financial Position

	Note	2018	2017	2016
			(Rupees in '000)	
			(Restated)	
ASSETS				
Non-current assets				
Fixed assets				
- Property and equipment	5	1,052,581	562,325	458,849
- Intangible asset	6	114,074	136,581	306,218
Investment property	7	-	44,808	77,304
Investments	8	69,236,040	88,336,552	33,345,469
Long-term deposits		21,816	11,013	9,027
		70,424,511	89,091,279	34,196,867
Current assets				
Insurance / takaful / reinsurance / retakaful receivable	9	1,531,007	1,005,734	964,647
Reinsurance recoveries against outstanding claims		854,042	723,743	649,453
Current maturity of investments	8	8,643,291	6,480,204	6,422
Loans secured against life insurance policies		181,375	168,046	153,456
Deferred commission expense		161,395	131,192	-
Accrued income on investments and deposits		288,407	288,982	380,669
Deposits, prepayments, loans, advances and other receivables	10	1,697,599	1,522,692	1,225,855
Wakala fees receivable		41,763	11,526	-
Taxation recoverable		546,812	716,668	614,429
Cash and bank balances	14	1,474,583	2,674,916	2,198,483
Non-current asset held for sale	8.6.1	9,110	-	-
		15,429,384	13,723,703	6,193,414
TOTAL ASSETS		85,853,895	102,814,982	40,390,281

Chief Executive Officer

Chief Financial Officer

Director

As at December 31, 2018

	Note	2018	2017	2016
		(Rupees in '000)		
EQUITY AND LIABILITIES			(Restated)	
Share capital and reserves				
Authorised share capital				
200,000,000 ordinary shares of Rs. 10 each		2,000,000	2,000,000	2,000,000
Issued, subscribed and paid up capital	15	1,426,305	1,226,895	1,226,895
Proposed shares to be issued on amalgamation		-	411,659	411,659
Unappropriated profit		9,625,830	10,817,902	6,612,573
Surplus on revaluation of available-for-sale investments - net		39,217,962	53,449,002	-
Reserves		7,764,863	7,366,574	7,366,574
Equity attributable to the equity holders of the parent		58,034,960	73,272,032	15,617,701
Non-controlling interest	16	215,642	252,256	263,962
TOTAL EQUITY		58,250,602	73,524,288	15,881,663
Non-current liabilities				
Insurance liabilities [including policyholders' liabilities and ledger account A & B]		16,250,548	17,741,337	16,939,441
Long term loan	17	1,399,999	2,259,333	1,231,000
Liabilities against assets subject to finance lease	18	109,857	80,011	41,537
Retirement benefit obligation	11	57,467	34,796	32,807
Deferred tax liability	19	1,588,683	2,119,619	406,898
		19,406,554	22,235,096	18,651,683
Current liabilities				
Provision for outstanding claims (including IBNR)		1,782,959	1,456,661	1,210,466
Provision for unearned premium		1,503,062	1,185,547	950,263
Premium defeciency reserve		20,503	-	-
Commission income unearned		120,932	101,679	94,850
Amounts due to other insurers / reinsurers		726,473	373,256	365,526
Unearned Wakalah fee		21,919	7,832	-
Premium received in advance		49,452	81,958	144,585
Short term loan	20	1,450,518	1,600,000	1,348,017
Current portion of long term liabilities and liabilities against asset subject to finance lease	17 & 18	662,935	480,006	7,786
Unclaimed dividend		35,165	14,918	14,251
Trade and other payables	21	1,822,821	1,753,741	1,721,191
		8,196,739	7,055,598	5,856,935
TOTAL LIABILITIES		27,603,293	29,290,694	24,508,618
TOTAL EQUITY AND LIABILITIES		85,853,895	102,814,982	40,390,281
CONTINGENCIES AND COMMITMENTS	22			

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss

For The Year Ended December 31, 2018

	Note	2018	2017
		(Rupees in '000)	
			(Restated)
Operating revenue	23	9,409,115	10,406,793
Operating expenses	24	(8,335,060)	(6,868,575)
		1,074,055	3,538,218
Other income	25	233,124	256,141
General and administrative expenses	26	(519,916)	(649,671)
Other expenses	27	(283,226)	(245,177)
		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		293,487	2,805,648
Profit before taxation		1,480,844	5,173,531
Taxation	28	(512,787)	(834,900)
Profit after taxation		968,057	4,338,631
Profit attributable to:			
Equity holders of the parent		985,134	4,263,354
Non-controlling interest		(17,078)	75,277
		968,057	4,338,631
		(Rupees)	
Earnings per share - basic and diluted	29	6.79	30.75

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2018

	2018	2017
	(Rupees in '000)	
		(Restated)
Profit after taxation	968,057	4,338,631
Other comprehensive income - reclassifiable to statement of profit or loss		
- (Deficit) / surplus on revaluation of available for sale investments - net of tax	(12,451,578)	45,841,600
- Change in insurance liabilities - net	554,635	(270,268)
- Share of other comprehensive (loss) / income of associate - net of tax	(2,340,604)	7,807,728
	(14,237,547)	53,379,060
Other comprehensive income - not reclassifiable to statement of profit or loss		
- Share of other comprehensive loss of associate - net of tax	(24,091)	(56,768)
- Remeasurement of retirement benefits liability - net of tax	(6,981)	(1,257)
	(31,072)	(58,025)
Total comprehensive (loss) / income	(13,300,562)	57,659,666
Total comprehensive (loss) / income attributable to:		
Equity holders of the parent	(13,276,673)	57,654,331
Non-controlling interest	(23,889)	5,335
	(13,300,562)	57,659,666

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2018

	Issued, sub-scribed and paid-up share capital	Proposed shares to be issued on amalgamation	Reserves			Unappro-priated profit	Surplus on revaluation of available-for-sale investments-net	Equity Attributable to equity holders of the parent	Non-controlling Interest	Total
			Capital reserves		Revenue reserves					
			Premium on issue of shares	Other capital reserves	General reserve					
	(Rupees in '000)									
Balance as at January 1, 2017	1,226,895	411,659	35,762	33,267	7,297,545	6,612,573	-	15,617,701	263,962	15,881,663
Profit after taxation for the year ended December 31, 2017 - restated	-	-	-	-	-	4,263,354	-	4,263,354	75,277	4,338,631
Other comprehensive income reclassifiable to statement of profit or loss										
- Surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	45,862,805	45,862,805	(21,205)	45,841,600
- Change in insurance liabilities - note 4.15.2.3 - restated	-	-	-	-	-	-	(221,531)	(221,531)	(48,737)	(270,268)
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	-	7,807,728	7,807,728	-	7,807,728
Other comprehensive income - not reclassifiable to statement of profit or loss										
- Share of other comprehensive loss of associate - net of tax	-	-	-	-	-	(56,768)	-	(56,768)	-	(56,768)
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	(1,257)	-	(1,257)	-	(1,257)
Total comprehensive income for the year ended December 31, 2017 - restated	-	-	-	-	-	4,205,329	53,449,002	57,654,331	5,335	57,659,666
Transactions with owners, recorded directly in equity										
Final dividend for the year ended December 31, 2016, Re. 1.5 per share - IGI Life	-	-	-	-	-	-	-	-	(17,041)	(17,041)
Balance as at December 31, 2017 - restated	1,226,895	411,659	35,762	33,267	7,297,545	10,817,902	53,449,002	73,272,032	252,256	73,524,288
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	985,134	-	985,134	(17,078)	968,057
Other comprehensive income - reclassifiable to statement of profit or loss										
- Deficit on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	(12,345,055)	(12,345,055)	(106,523)	(12,451,578)
- Change in insurance liabilities	-	-	-	-	-	-	454,618	454,618	100,017	554,635
- Share of other comprehensive loss of associate - net of tax	-	-	-	-	-	-	(2,340,604)	(2,340,604)	-	(2,340,604)
Other comprehensive income - not reclassifiable to statement of profit or loss										
- Share of other comprehensive loss of associate - net of tax	-	-	-	-	-	(24,091)	-	(24,091)	-	(24,091)
- Remeasurement of retirement benefits liability - net of tax	-	-	-	-	-	(6,676)	-	(6,676)	(305)	(6,981)
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	-	954,367	(14,231,041)	(13,276,673)	(23,889)	(13,300,562)
Repayment for advance against preference shares (note 15.2)	-	-	-	-	-	(100,000)	-	(100,000)	-	(100,000)
Transactions with owners, recorded directly in equity										
Issuance of shares under scheme of amalgamation	13,370	(411,659)	398,289	-	-	-	-	-	-	
Interim issue of bonus shares at the rate of 15% declared on October 26, 2018	186,040	-	-	-	-	(186,040)	-	-	-	-
Final dividend for the year ended December 31, 2016 at the rate of Rs. 8 per share approved on March 02, 2018	-	-	-	-	-	(992,213)	-	(992,213)	-	(992,213)
Final dividend for the year ended December 31, 2017 at the rate of Rs. 4 per share approved on April 27, 2018	-	-	-	-	-	(496,106)	-	(496,106)	-	(496,106)
Interim dividend for the year ending December 31, 2018 at the rate of Rs. 3 per share declared on October 26, 2018	-	-	-	-	-	(372,080)	-	(372,080)	-	(372,080)
Final dividend for the year ended December 31, 2017 - Re. 1 per share (IGI Life)	-	-	-	-	-	-	-	-	(12,725)	(12,725)
Balance as at December 31, 2018	1,426,305	-	434,051	33,267	7,297,545	9,625,830	39,217,962	58,034,960	215,642	58,250,602

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,480,844	5,173,531
Adjustments for:			
Depreciation and amortisation		161,943	142,785
Impairment of intangibles		9,573	147,225
Financial charges		247,582	173,285
Gain on disposal of owned fixed assets and leased assets		(6,228)	(10,890)
Reversal of provision / provision for bad and doubtful loans and advances / lease losses - specific - net		405	(10,154)
Return on bank balances		(203,395)	(190,085)
Return on government securities		(1,133,285)	(1,058,558)
Change in insurance liabilities		(638,981)	722,022
Surplus of statutory funds		(28,735)	(155,109)
Surplus of statutory funds transferred to statement of profit or loss		(15,604)	(35,285)
Share of profit from associate		(293,487)	(2,805,648)
(Loss) / gain on sale of available for sale investments		80,787	(45,870)
Provision / (reversal of provision) for impairment in value of investments - net		(4,125)	39,864
Dividend income		(1,366,241)	(1,916,682)
		(3,189,791)	(5,003,100)
		(1,708,947)	170,431
Changes in working capital			
(Increase) / decrease in current assets			
Deposit, loans and other receivables		(921,265)	(689,198)
Increase/ (decrease) in current liabilities			
Trade and other payables		1,539,707	678,958
		(1,090,505)	160,191
Net recovery from long term loans and advances		17,024	13,711
Net recovery from finance lease		1,574	1,396
Income tax paid		(874,062)	(590,253)
Net cash used in operating activities		(1,945,969)	(414,955)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(551,432)	(168,835)
Proceeds on disposal of owned and leased fixed assets		22,841	15,410
Return on government securities		1,133,285	1,091,189
Long-term deposits		(10,803)	13,492
Investment-net		87,954	(1,254,011)
Dividends received		1,366,241	2,524,341
Profits / return received		203,970	326,509
Net cash generated from investing activities		2,252,056	2,548,095
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,852,877)	(90,083)
Long term loan		-	1,500,000
Repayment of certificates of deposit		-	(769)
Loan repayments		(676,405)	(5,000)
Repayment of advance against preference shares		(100,000)	-
Financial charges paid		(247,582)	(176,277)
Repayment of liability against assets subject to finance lease		29,846	(10,481)
Net cash (used in) / generated from financing activities		(2,847,018)	1,217,390
Cash and cash equivalent at beginning of the year		4,200,996	850,466
Cash and cash equivalents at end of the year	14.3	1,660,065	4,200,996

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to and Forming Part of the Consolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company
- IGI Holdings Limited

Subsidiary Companies	Percentage Shareholding
- IGI Life Insurance Limited	81.97%
- IGI Finex Securities Limited	100%
- IGI General Insurance Limited	100%
- IGI Investments (Pvt.) Limited	100%

1.2 Holding Company

IGI Holdings Limited ("Holding Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objects of the Holding Company include to act as an investment holding company and to invest, acquire, sell and hold the securities and financial instruments subject to compliance by relevant laws prevailing in Pakistan from time to time.

1.2.1 The Company was earlier operating as ' IGI Insurance Limited'. Pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh through its order dated December 16, 2017 with effect from January 31, 2017, the Insurance segment of the IGI Insurance Limited had been transferred to IGI General Insurance Limited (a company incorporated in 2016) along with its associated license to carry out the business of general insurance. The Scheme of Arrangement was affective from January 31, 2017 and essentially entails the following.

(i) The separation of the Insurance Segment and Investment Segment from IGI Insurance Limited;

(ii) The transfer to, and vesting in IGI General Insurance Limited (a newly incorporated subsidiary company of IGI Insurance Limited), of the Insurance Segment against the issue of ordinary shares of IGI General Insurance Limited to IGI Insurance Limited;

(iii) The transfer to, and vesting in IGI Investments (Pvt.) Limited (a newly incorporated subsidiary company of IGI Insurance Limited), of the Investment Segment against the issue of ordinary shares of IGI Investments (Pvt.) Limited to IGI Insurance Limited;

(iv) The retention of the Retained Undertaking as part of IGI Insurance Limited; and

(v) Change of name of IGI Insurance Limited to IGI Holdings Limited with effect from date of filing of the certified copy of the order of the Court sanctioning the Scheme of Arrangement with the Registrar of Companies at SECP.

1.2.2 The requirements of the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 were applicable on IGI Holdings Limited until close of business on January 31, 2017.

1.3 Subsidiary Companies

1.3.1 IGI Life Insurance Limited ("IGI Life") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. IGI Life commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. IGI Life is engaged in life insurance, carrying on both participating and non-participating business. IGI Life is also engaged in providing Shariah Compliant Family Takaful products as an approved Window Takaful Operator.

1.3.2 IGI Finex Securities Limited (IGI Finex) was incorporated in Pakistan on June 28, 1994 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of IGI Finex is situated at Suite No. 701-713, 7th Floor, the Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. IGI Finex has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is a corporate member of Pakistan Mercantile Exchange Limited. The principal activities of IGI Finex include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

1.3.3 IGI General Insurance Limited ("IGI General"), was incorporated as a public limited company on November 18, 2016 under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The objects of IGI General include providing general insurance services (mainly Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly Fire, Marine, Motor, Health and Miscellaneous).

1.3.4 IGI Investments (Pvt.) Limited ("IGI Investments"), was incorporated as a private limited company on October 31, 2016 under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The objects of the IGI Investments include investing, acquiring, selling and holding of debt / equity securities.

1.4 Holding Company has three associates namely Packages Limited, Dane Foods Limited and Packages Real Estate (Private) Limited. The details of these companies are given in note 8.1 to the consolidated financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

The third and fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Accordingly, disclosures in these consolidated financial statements have been aligned with the fourth schedule of the Companies Act, 2017. The impacts of adoption of the fourth schedule of the Companies Act, 2017 have been disclosed in note 37 to the consolidated financial statements.

There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting period beginning on or after January 1, 2018 but are considered not be to relevant or to have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (accounting periods ending on or after)
- IFRS 9 - Financial Instruments	June 30, 2019
	Effective date (accounting periods beginning on or after)
- IFRS 15 - Revenue from contracts	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

The management is in the process of assessing the impact of these standards on the consolidated financial statements of the Group.

There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or will not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

2.4 Basis of consolidation

Subsidiary Company is the entity in which the Holding Company directly or indirectly controls or beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary Company are included in the consolidated financial statements from the date the control commences until the control ceases.

Notes to and Forming Part of the Consolidated Financial Statements

The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiary companies.

Intergroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary companies attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

2.5 Summary of significant transactions and events that have affected the Company's financial position and performance during the year

- Decrease in the share of profit from associates by Rs. 2,512.161 million. This decrease is mainly attributable decline in investment income of Packages Limited.
- The Company has decided to incorporate the impact of Group taxation in the current period as per the requirement of the Income tax Ordinance, 2001.
- IGI Life has posted a net loss of Rs 94.703 million and its revenue for the year ended December 31, 2018 has declined by Rs 823.827 million.
- Policyholder liabilities of IGI Life has decreased by Rs 1,291.438 million. This has consequential impact on change in insurance liability.
- For a detailed discussion about the Group's performance please refer to the Director's Report.

3 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Business combination (note 4.1)
- Provision for outstanding claims including IBNR (note 4.6)
- Reinsurance recoveries against outstanding claims (note 4.7)
- Premium deficiency reserve (note 4.9)
- Provision for taxation and deferred tax (note 4.13, 19 and 28)
- Classification of investments and its impairment (note 4.15 and 8)
- Useful lives and residual values of fixed assets (note 4.16 and 5)
- Staff retirement benefits (note 4.20 and 11)
- Policyholders' liabilities (note 3.1 and 4.10)
- Intangible assets (note 4.16 and 6)
- Goodwill (note 4.2)

3.1 Policyholders' liabilities

Mortality, Morbidity and Interest Bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001-05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961-66) mortality table with the minimum valuation basis SLIC (2001-05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Group for meeting its administrative expenses.

General Principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2018 are as follows:

a) Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961- 66) Ultimate Mortality Table at 3.75%.

b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

c) Term Policies are calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies.

g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.

h) Universal Life business has been valued using full Account values. No deduction has been made for surrender charges.

i) An 'Asset Liability mismatch reserve' has been kept in the Individual Life Non - Participating Fund as a result of the ALM exercise carried out to assess the interest rate risk, credit risk and equity risk.

j) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.

k) Pension business has been valued using full Account values.

l) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

m) Reinsurance premium reserves have been maintained on an unearned premium basis.

n) Reserves have been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain-Ladder method based on the claims lag pattern experienced over the past few years.

o) Reserves for claims payable in instalments have been kept at 3.75%.

p) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.

q) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.

r) The Group does not have any insurance policy which is denominated in foreign currency.

s) Reinstatement reserve have been maintained on universal life and ordinary life policies.

The principles adopted in this valuation were same as those followed in previous valuation as at December 31, 2017.

3.2 Surrenders

For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

3.3 Claims provision

a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in instalments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.

b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain and Ladder Method.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated financial statements are set out below. These policies are consistently applied as those applied in preceding years except for the changes as discussed in notes 4.4.1.1 and 4.15.2.3 to the consolidated financial statements.

4.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

4.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.3 Insurance / Takaful contracts

4.3.1 Conventional Business

Insurance contracts represent contracts with policyholders and reinsurers.

Those contracts including riders where the Group (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Group enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

4.3.1.1 Non-Life Business

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Group enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

IGI General neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

4.3.1.2 Life Business

The Group enters into insurance contracts with policyholders which are divided into following two major categories:

Group Insurance contracts

The Group offers group life, group accident & health and pension business to its clients. The Group also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalisation and disability. The group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts

The Group offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection; protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment Unit Linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged thereagainst. This business is written through direct sales force as well as bancassurance.

4.3.2 Takaful Business

4.3.2.1 Non-Life Business

The takaful contracts are based on the principles of Wakalah. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non-happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts relating to fire and property, marine and transport, motor and miscellaneous lines of businesses.

4.3.2.2 Life Business

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Group Takaful Contracts

The Group offers group family, group accident and health takaful policies to its clients. The group takaful contracts are issued typically on yearly renewable term basis.

Individual Family Takaful Contracts - unit linked

The Group offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit,etc) are also sold along with basic policies.

4.4 Premiums / Contributions

4.4.1 Conventional Business

4.4.1.1 Non-Life Business

During the year, the Group has changed its accounting policy in relation to recording of premium revenue. Premium received / receivable under a policy is recognised as written from the date of attachment of the risk to the policy to which it relates. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Group. This liability is calculated by applying 1/24 method as specified in the Insurance Rules, 2017. Previously the Group was recognising premium income and receivable at the time of issuance of insurance policy in accordance with the SEC (Insurance) Rules, 2002. Therefore, the Group has accounted for cover notes which are effective at the reporting date as change in accounting policy. This change in accounting policy has not been applied retrospectively in accordance with the requirement of International Accounting Standard (IAS) - 8, "Accounting Policies, Change in Accounting Estimates and Errors" as the cumulative effect of the change at the beginning and at the end of the prior and current year is immaterial. Therefore, figures have not been adjusted accordingly.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Group from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 5,000 per policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivables are impaired, the Group reduces the carrying amount of the receivable and recognises that impairment loss in the consolidated statement of profit or loss.

4.4.1.2 Life Business

- First year individual life premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Premium Loan (APL). Single premiums and top-up premiums are recognised once the related policies are issued against the receipt of premium.

- Group premiums are recognised when due.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.4.2 Takaful Business

4.4.2.1 Non-Life Business

Contribution written under a policy is recognised as income over the period of takaful from the date of attachment of the risk to the policy to which it relates. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognised as revenue in PTF in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the PTF. This liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

4.4.2.2 Life Business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.

- Group contributions are recognised when due.

Receivables under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.5 Reinsurance / Retakaful ceded

4.5.1 Conventional Business

4.5.1.1 Non-life Business

Insurance contracts entered into by the Group with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

The Group assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of profit or loss.

4.5.1.2 Life Business

Reinsurance premiums are recognised in accordance with pattern of recognition of related premium. It is measured in line with the terms and condition of the reinsurance treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

The Group assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

4.5.2 Takaful Business

4.5.2.1 Non-Life Business

These are contracts entered into by the Group with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these consolidated financial statements. The Group recognises the entitled benefits under the contracts as various retakaful assets.

The deferred portion of re-takaful contribution is recognised as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using 1/24 method.

4.5.2.2 Life Business

These contracts are entered into by the Group with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the consolidated statement of profit or loss.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.6 Claims Expense

4.6.1 Conventional Business

4.6.1.1 Non-Life Business

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Group recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Group as required under circular No. 9 of 2016 issued by the SECP. As per SECP circular No. 9 of 2016 an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

4.6.1.2 Life Business

Claim expense

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims and any adjustments to claims outstanding from previous years. Claims are recognised at the earlier of when the policy ceases to participate in the earnings of the fund or insured event occurs.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

Experience refund of premium

Experience refund of premium payable / receivable to / from Group policyholders is included in outstanding claims.

4.6.2 Takaful Business

4.6.2.1 Non-Life Business

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Group recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Group as required under circular No. 9 of 2016 issued by the SECP. As per SECP circular No. 9 of 2016 an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

4.6.2.2 Life Business

Claims expense include all claims occurring during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the reporting date. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in technical reserves.

4.7 Reinsurance / Retakaful recoveries against claims

4.7.1 Non-Life Business

Reinsurance / re-takaful recoveries against outstanding claims and salvage recoveries are recognised as an asset and measured at the amount expected to be received.

4.7.2 Life Business

Claim recoveries receivable from the reinsurer / retakaful company are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

4.8 Commission and other acquisition costs

4.8.1 Non-Life and Life Conventional and Takaful Business

Commission expense and other acquisition costs are charged to the consolidated statement of profit or loss at the time the policies are accepted. This expense is deferred and brought to consolidated statement of profit or loss as expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Group. This income is deferred and brought to consolidated statement of profit or loss as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Group may be entitled to under the terms of reinsurance, is recognised on accrual basis.

Commission expense and other acquisition costs are charged to OPF at the time the policies are accepted. Re-takaful reward from re-takaful operator is recognised at the time of issuance of the underlying takaful policy by the PTF. This income is deferred and brought to consolidated statement of profit or loss as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates. Retakaful reward from re-takaful operator is arrived at after taking the impact of opening and closing unearned re-takaful rebate. Profit on re-takaful contracts, if any, which the PTF may be entitled to under the terms of re-takaful, is recognised on accrual basis.

4.9 Premium deficiency reserve

Non-Life Conventional Business and Takaful Business

The Group is required as per Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in consolidated statement of profit or loss for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognised as an expense or income in the consolidated statement of profit or loss for the year. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for each class of business is as follows:

Fire and property damage	56%
Marine, aviation and transport	35%
Motor	45%
Health	94%
Miscellaneous	34%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate (except for health class) to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The Group has recorded premium / contribution deficiency reserve on the recommendation of actuary for health, fire and property damage, marine, aviation and transport and miscellaneous line of business.

The Group is required as per Insurance Accounting Regulations, 2017, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the consolidated statement of profit or loss.

Life Conventional and Takaful Business

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date as per the advice of appointed actuary.

4.10 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Group underwrites are considered. The basis used are applied consistently from year to year.

4.11 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Group to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.12 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Group.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.15 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the consolidated statement of profit or loss. These are classified into the following categories:

- Investment in associates
- Held to maturity
- Available for sale
- Investment at fair value through profit or loss - held for trading

4.15.1 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit or loss under which transaction cost is charged to consolidated statement of profit or loss.

4.15.2 Subsequent measurement

4.15.2.1 Investment in associates

Investment in associates, where the Group has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Group's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Group determines whether it is necessary to recognise any permanent impairment loss with respect to the Group's net investment in the associate by comparing the entire carrying amount with its recoverable amount. Share of profit and loss of associate is accounted for in the Group's consolidated statement of profit or loss. Associates' accounting policies are adjusted where necessary to ensure consistency with the policies adopted by the Group.

4.15.2.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield.

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the consolidated statement of profit or loss over the term of the investment.

4.15.2.3 Available-for-sale

Available for sale (AFS) investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. It also includes investments in associated undertakings where the Group does not have significant influence. The Group follows trade date accounting for 'regular way purchase and sales' of investments.

Available for sale investments are mentioned at fair value subsequent to initial recognition with change in fair value recognised in other comprehensive income through the consolidated statement of profit or loss and other comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any on available for sale investments are recognised directly in the consolidated statement of profit or loss. In case of Life insurance business, the Group has changed its accounting policies relating to subsequent measurement of investments classified as available for sale. The management has decided to adopt the practice of 'shadow accounting' permitted under IFRS 4, whereby related adjustments to insurance liability are also recognised in other comprehensive income, if, the unrealised gains or losses are recognised in other comprehensive income.

The above change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS) - 8, "Accounting Policies, Change in Accounting Estimates and Errors". The effects of the change in accounting policy on the prior period consolidated financial statements have been summarised below. There is no impact of this change in accounting policy as at the beginning of the preceding year as investments were valued at lower of cost or market value in accordance with the financial reporting framework applicable to the insurance companies. Accordingly, amounts as at the beginning of the preceding year have not been restated.

	For the year ended 2017
Impact on statement of profit or loss	
Increase in change in insurance liabilities	270,268
Increase in profit attributable to equity holders of the parent	221,531
Increase in profit attributable to non-controlling interest	48,737
Impact on statement of profit or loss and other comprehensive income	
Decrease in change in insurance liabilities	(270,268)
Decrease in profit attributable to equity holders of the parent	(221,531)
Decrease in profit attributable to non-controlling interest	(48,737)

Dividend income and entitlement of bonus shares are recognised when the Group's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of AFS investments are recognised in the consolidated statement of profit or loss.

4.15.2.4 Investments at fair value through profit or loss - held for trading

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the year in which it arises.

Dividend income and entitlement of bonus shares are recognised when the Group's right to receive such dividend and bonus shares is established.

4.15.2.5 Fair / market value measurement

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) (PKRV) where applicable. The fair / market value of mutual fund units and equity securities is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and stock exchange respectively.

4.15.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.15.2.7 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

4.15.2.8 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the consolidated statement of profit or loss.
- Dividend income on investments is recognised when the Group's right to receive the payment is established.
- Gain or loss on sale of investments is included in consolidated statement of profit or loss.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.

4.16 Fixed assets

Tangible

These are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation on all fixed assets is charged to statement of profit or loss on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 5.1 to the consolidated financial statements. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss in the period in which they are incurred.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the consolidated statement of profit or loss.

Leased Assets

Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to consolidated statement of profit or loss over the lease term.

Intangible

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. Amortisation on intangible assets is charged to statement of profit or loss using the straight line method after taking into account residual amount, if any. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate at each reporting date.

Amortisation on all additions to intangible assets having a finite useful life is charged from the month in which the asset is available for use, while in case of assets disposed of, no amortisation is charged in the month of disposal.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

4.17 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

4.18 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40, "Investment property".

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.19 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.20 Staff retirement benefits

4.20.1 Non-Life Business

4.20.1.1 Defined contribution plan

IGI General operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by IGI General and employees to the fund at the rate of 10 percent of basic salary.

4.20.1.2 Defined benefit plan

All permanent employees of IGI General participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2018 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.20.1.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to consolidated statement of profit or loss.

4.20.2 Life Business

4.20.2.1 Defined benefit plan

IGI Life operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the Fund are made based on actuarial valuation provided by management's expert.

Actuarial gains and losses, past service costs, gains or losses on settlements, and net interest income (expense) are recognised in consolidated statement of profit or loss in the period in which they occur. The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognised immediately with a charge or credit to other comprehensive income.

In case the benefits paid under the scheme are reduced, it is treated as past service cost in the period in which change takes place.

4.20.2.2 Defined contribution plan

IGI Life operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by IGI Life and the employees to the Fund at the rate of 10 percent of basic salary.

4.20.2.3 Employees' compensated absences

IGI Life accounts for the liability in respect of employees' compensated absences in the period in which employees become entitled.

4.21 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and are de-recognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the consolidated statement of profit or loss for the year.

Financial instruments carried on the consolidated statement of financial position mainly include cash and bank balances, deposits and prepayments, investments, accrued income on investment and deposits, loans, advance and other receivables, insurance / takaful / reinsurance / retakaful receivable, trade and other payables, short term loan, long term loan and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.22 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

Notes to and Forming Part of the Consolidated Financial Statements

4.23 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results of general and life insurance business using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

4.23.1 Non-Life Business

The Group has seven primary business segments for reporting purposes namely fire, marine, motor, health, miscellaneous, brokerage and investment.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Brokerage business cover the brokerage operations as carried on by IGI Finex Securities Limited.

Investment segment includes the investments that are held and managed by IGI Investments (Pvt.) Limited.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.23.2 Takaful Business

The Group has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

The perils covered under fire takaful include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine takaful provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor takaful provides comprehensive car coverage and indemnity against third party loss.

Health takaful provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous takaful provide cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.23.3 Life Business

The Group presents segment reporting of operating results of life insurance business using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Group has 9 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Accidental & health d) Group Life, e) Group health, f) Pension business g) Individual family takaful, h) Group family takaful and i) Accident & health family takaful.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.

- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.

- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.

- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.

- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.

- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

The Group maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Group are referable to respective Statutory Funds, however, wherever, these are not referable to Statutory Funds, they are allocated to the Shareholders' Fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the Appointed Actuary.

Actuarial valuation of life insurance business is required to be carried out annually at the reporting date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2018.

The Group reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Group's appointed actuary.

4.24 Impairment

The carrying values of the Group's non-financial assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the consolidated statement of profit or loss.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.25 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.26 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

4.27 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Group does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.28 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.29 Expenses of management - Non-life insurance

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

4.30 Dividends and appropriations to reserves

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000, are recognised in the year in which these are approved.

5 PROPERTY AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Operating assets	5.1	653,535	545,970
Capital work in progress	5.5	399,046	16,355
		1,052,581	562,325

5.1 Operating assets

	2018							
	Furniture, fixtures and office equipment				Buildings / Leasehold improvements	Motor vehicles		Total
	Furniture and fixtures	Office equipment	Computer/ communication equipment	Sub total		Owned	Leased	
	(Rupees in '000)							
As at Jan 1, 2018								
Cost	66,601	70,192	80,995	217,788	433,889	134,011	118,913	904,601
Accumulated depreciation	(17,129)	(34,080)	(54,136)	(105,345)	(157,027)	(76,356)	(19,903)	(358,631)
Net book value	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
Year ended December 31, 2018								
Opening net book value	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
Additions / adjustment								
-Cost	13,304	16,630	54,556	84,490	20,762	21,425	69,756	196,434
-Transfer - note 5.3	-	-	-	-	44,808	-	-	44,808
-Adjustment	58	194	1,851	2,103	1,042	786	(2,515)	1,416
Disposals - note 5.4								
Cost	4,045	5,710	21,559	31,314	-	28,255	2,102	61,671
Accumulated depreciation	(3,398)	(5,143)	(21,534)	(30,075)	-	(14,189)	(794)	(45,058)
	647	567	25	1,239	-	14,066	1,308	16,613
Depreciation charge for the year	(8,531)	(7,032)	(30,431)	(45,994)	(30,445)	(28,391)	(21,064)	(125,894)
Adjustment	(2,503)	1,844	(5,353)	(6,012)	(1,116)	(3,953)	3,666	(7,415)
	(11,034)	(5,188)	(35,784)	(52,006)	(31,561)	(32,344)	(17,398)	(133,309)
Closing net book value	56,159	43,493	58,163	157,815	314,145	41,362	140,213	653,535
As at December 31, 2018								
Cost	75,918	81,306	115,843	273,067	500,501	127,967	184,052	1,085,587
Accumulated depreciation	(19,759)	(37,813)	(57,680)	(115,252)	(186,356)	(86,605)	(43,839)	(432,052)
Net book value	56,159	43,493	58,163	157,815	314,145	41,362	140,213	653,535
Depreciation rate % per annum	10%	10-20%	20-33.33%		5-10%	20-33%	20-33%	

	2017							
	Furniture, fixtures and office equipment				Buildings / Leasehold improvements	Motor vehicles		Total
	Furniture and fixtures	Office equipment	Computer/ communication equipment	Sub total		Owned	Leased	
	(Rupees in '000)							
As at January 1, 2017								
Cost	50,518	61,097	63,253	174,868	349,040	149,324	56,912	730,144
Accumulated depreciation	(15,943)	(29,412)	(43,111)	(88,466)	(117,610)	(71,633)	(4,429)	(282,138)
Net book value	34,575	31,685	20,142	86,402	231,430	77,691	52,483	448,006
Year ended December 31, 2017								
Opening net book value	34,575	31,685	20,142	86,402	231,430	77,691	52,483	448,006
Additions / adjustment								
-Cost	21,831	12,899	20,779	55,509	90,004	12,953	62,001	220,467
- Adjustment	-	-	-	-	(5,116)			(5,116)
Disposals								
Cost	5,748	3,804	3,037	12,589	5,155	28,266	-	46,010
Accumulated depreciation	(4,933)	(3,486)	(2,993)	(11,412)	(5,048)	(25,030)	-	(41,490)
	815	318	44	1,177	107	3,236	-	4,520
Depreciation charge for the year	(6,119)	(8,154)	(14,018)	(28,291)	(39,349)	(29,753)	(15,474)	(112,867)
Closing net book value	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
As at December 31, 2017								
Cost	66,601	70,192	80,995	217,788	433,889	134,011	118,913	904,601
Accumulated depreciation	(17,129)	(34,080)	(54,136)	(105,345)	(157,027)	(76,356)	(19,903)	(358,631)
Net book value	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
Depreciation rate per annum	10%	10-20%	20-33.33%		5-10%	20-33%	20-33%	

Notes to and Forming Part of the Consolidated Financial Statements

5.2 The cost of fully depreciated operating assets still in use amounts to Rs. 285.03 million (2017: Rs. 226.827 million).

5.3 This includes transfer of investment property to bulidings having cost and accumulated depreciation amounting of Rs. 52.975 million and Rs. 8.167 million respectively. (2017: Rs. 34.963 million and Rs. 5.116 million).

5.4 **Disposal of operating fixed assets**

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Furniture and fixtures						
Various furniture and fixtures	1,682	1,383	299	133	Negotiation	Various buyers
Sofa set	13	12	1	3	Negotiation	Scrap dealer
Executive chair-medium	12	11	1	2	Negotiation	Scrap dealer
Visitor chair	7	6	1	2	Negotiation	Scrap dealer
Executive chair-high	6	5	1	3	Negotiation	Scrap dealer
Office table	29	29	-	29	Negotiation	Scrap dealer
50 Filing Racks	265	31	234	65	As per policy	Ashfaq & Sons
Various furniture and fixtures	936	879	57	28	As per policy	Ashfaq & Sons
Various furniture and fixtures	897	897	-	8	As per policy	Safi Scrap Merchant
10 Filing Racks	53	6	47	13	As per policy	Scrap dealer
Various furniture and fixtures	145	139	6	12	As per policy	Various buyers
	4,045	3,398	647	298		
Office equipment						
iPhone 7S Plus	80	24	56	39	Negotiation	Abdul Quddus
Air conditioners, Chillers	1,874	1,627	247	167	Negotiation	Various buyers
APPLE iPhone 6	88	46	42	50	Insurance claim	Alfalah Insurance
LED 50 Inches	93	40	53	49	Insurance claim	Alfalah Insurance
Photocopier machines	363	306	57	45	Negotiation	Various buyers
Philips LCD 42"	40	36	4	4	Negotiation	Rafaqat
Office equipment	107	107	-	2	Negotiation	Scrap dealer
iPhone	99	44	55	45	Insurance claim	Various buyers
Samsung Galaxy Note 5	65	14	51	51	As per policy	Sarwar Khan*
Various office equipment	1,529	1,529	-	7	As per policy	Qadri Impex*
Various office equipment	1,055	1,055	-	8	As per policy	Safi Scrap Merchant
Various office equipment	39	39	-	3	As per policy	Various buyers
Various office equipment	278	276	2	12	As per policy	Various buyers
	5,710	5,143	567	482		
Computer equipment						
Various PCs and Printers	2,689	2,664	25	24	Negotiation	Various buyers
Lenovo	41	41	-	5	Insurance claim	Alfalah Insurance
Laptop	47	47	-	15	As per policy	Shahbaz Haider Agha *
Various computer equipment	21	21	-	1	Negotiation	Scrap dealer
HP printer	33	33	-	2	Exchange	Fatima Computers
Various PCs and Printers	5,049	5,049	-	3	As per policy	Night Angel Communication
Printer 3050	25	25	-	2	Negotiation	Fatima Computers
HP Laser Jet Printer	9	9	-	2	Negotiation	Fatima Computers
Various PCs and Printers	6,672	6,672	-	9	As per policy	Safi Scrap Merchant
Various PCs and Printers	6,973	6,973	-	10	As per policy	Various buyers
	21,559	21,534	25	73		
Motor vehicles - own						
Honda civic	5,494	1,662	3,832	4,933	As per policy	Pervaiz Nadir *
Honda city aspire	2,091	244	1,847	2,091	As per policy	Ahmed Zia *
Suzuki wagon-R	1,109	129	980	1,109	As per policy	Muhammad Javed *
Toyota corolla altis	2074	1383	691	1,150	As per policy	Athar Chaudhry *
Toyota vitz	1,207	685	522	742	As per policy	Muhammad Akram *
Toyota corolla altis grande	2,475	1,361	1,114	1,903	As per policy	Khurram Ikram *
Suzuki wagon-R	2,212	276	1,936	2,211	As per policy	Various buyers
Suzuki swift	2,990	349	2,641	2,990	As per policy	Various buyers
Honda CD 70	68	12	56	64	Insurance claim	Alfalah Insurance
Suzuki mehran	692	680	12	307	As per policy	Shakeel Ahmed *
Suzuki cultus	1,840	1,687	153	1,069	As per policy	Various buyers
Toyota corolla XLI	1,528	1,528	-	500	As per policy	Mustafa Nafees *
Honda motorcycle 100CC	87	87	-	40	As per policy	Ashfaq Ahmed Khan *
Honda CG 125	102	102	-	54	As per policy	Wahab Zaidi *
Super power bike	42	30	12	10	As per policy	Muhammad Abid *
Unique UD 70	49	30	19	30	As per policy	Nishat Ahmed *
CD dream bike	72	35	37	50	Insurance claim	Alfalah Insurance
Suzuki alto	1,665	1,477	188	818	Negotiation /	Various buyers as per policy
Suzuki swift	1,335	1,335	-	240	As per policy	Rashid Ahmed *
Toyota corolla	1,079	1,079	-	323	As per policy	Muhammad Saleem *
Motorcycle	44	18	26	23	As per policy	Various buyers
	28,255	14,189	14,066	20,657		
Motor vehicles-leased						
Toyota corolla altis	2,102	794	1,308	1,341	As per policy	Khurram Paul *
	2,102	794	1,308	1,341		
2018	61,671	45,058	16,613	22,851		
2017	46,010	41,490	4,520	15,410		

* These represent persons in employment of the Group.

5.5 Capital work in progress	Note	2018	2017
		(Rupees in '000)	
Advance to suppliers	5.5.1	399,046	16,355

5.5.1 Movement in capital work in progress

		2018	2017
Opening balance		16,354	7,836
Additions during the year	5.5.1.1	421,924	39,796
Tranfers to property and equipment during the year		(39,232)	(31,277)
Closing balance		399,046	16,355

5.5.1.1 These includes amounts of Rs. 368.270 million incurred for acquisition of intangible assets.

6 INTANGIBLES ASSETS

	2018	2017
	(Rupees in '000)	
Computer software	20,319	7,702
Membership card	250	250
Trading Right Entitlement certificates	10,999	10,999
License	-	70
Customer relationships - note 6.1.4	6,157	20,691
Distribution channel - note 6.1.4	36,625	48,707
Value of inforce contracts - note 6.1.4	28,420	36,858
Pooling arrangements - note 6.1.4	11,304	11,304
	114,074	136,581

6.1 Movement in intangible assets

	2018													
	Computer sofware	Member-ship cards (note 6.1.1)	TREC (note 6.1.2)	Good will (note 6.1.3)	Licence	IGI Finex	Customer relationships			Distribution channel	Value of inforce contracts		Pooling Arrangment	Total
							Life (Non-participating) - Group	Accident and Health - Group	Accident and Health - Individual	Investment Linked	Life (Non participating) - Individual	Investment Linked	Maxis	
	(Rupees in '000)													
As at January 1, 2017														
Cost	21,801	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	364,399
Accumulated amotisation	(18,720)	-	-	-	(1,738)	-	(6,532)	(4,513)	(5,275)	-	(9,657)	(11,746)	-	(58,181)
Net book value	3,081	250	14,999	96,012	70	55,731	8,428	5,825	-	65,296	22,192	23,030	11,304	306,218
Year ended December 31, 2017														
Opening net book value	3,081	250	14,999	96,012	70	55,731	8,428	5,825	-	65,296	22,192	23,030	11,304	306,218
Additions	4,857	-	-	-	-	-	-	-	-	-	-	-	-	4,857
Amortisation charge	(236)	-	-	-	-	(11,146)	(2,394)	(1,654)	-	-	(3,539)	(4,304)	-	(23,273)
Impairment loss	-	-	(4,000)	(96,012)	-	(34,099)	-	-	-	(16,589)	-	(521)	-	(151,221)
Net book value	7,702	250	10,999	-	70	10,486	6,034	4,171	-	48,707	18,653	18,205	11,304	136,581
As at December 31, 2017														
Cost	26,658	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	369,256
Accumulated amotization / impairment	(18,956)	-	(4,000)	(96,012)	(1,738)	(45,245)	(8,926)	(6,167)	(5,275)	(16,589)	(13,196)	(16,571)	-	(232,675)
Net book value as at December 31, 2017	7,702	250	10,999	-	70	10,486	6,034	4,171	-	48,707	18,653	18,205	11,304	136,581
Year ended December 31, 2018														
Opening net book value	7,702	250	10,999	-	70	10,486	6,034	4,171	-	48,707	18,653	18,205	11,304	136,581
Additions	15,700	-	-	-	-	-	-	-	-	-	-	-	-	15,700
Amortisation charge	(4,254)	-	-	-	(70)	(10,486)	(2,394)	(1,654)	-	(3,104)	(3,539)	(4,304)	-	(29,805)
Adjustment	1,171	-	-	-	-	-	-	-	-	-	-	-	-	1,171
Impairment	-	-	-	-	-	-	-	-	-	(8,978)	-	(595)	-	(9,573)
Net book value	20,319	250	10,999	-	-	-	3,640	2,517	-	36,625	15,114	13,306	11,304	114,074
As at December 31, 2018														
Cost	42,358	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	384,956
Accumulated amotization / imapirment	(22,039)	-	(4,000)	(96,012)	(1,808)	(55,731)	(11,320)	(7,821)	(5,275)	(28,671)	(16,735)	(21,470)	-	(270,882)
Net book value	20,319	250	10,999	-	-	-	3,640	2,517	-	36,625	15,114	13,306	11,304	114,074
Amortization rate per annum	20%	-	-	-	33%	20%	16%	16%	50%	-	11%	11%	Indefinite	
2017 and 2018	33%	-	-	-	-	-	-	-	-	-	-	12.50%		

6.1.1 This represents membership card of Pakistan Mercantile Exchange Limited as IGI Finex is a member of Pakistan Mercantile Exchange Limited.

6.1.2 This represent Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012.

6.1.3 During the year ended December 31, 2017, the management assessed of the recoverable amount of goodwill arising on the acquisition of IGI Investment Bank Limited / IGI Finex Securities Limited. In determining the recoverable amount, the management has used certain key assumptions regarding the future business, economic and market conditions considering the applicable tax regime. Key assumptions include market share, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. Based on this assessment goodwill amounting to Rs. 96.012 million has been fully impaired.

6.1.4 During the year the management carried out impairment testing of intangible assets recognised on business combination under the requirements of IAS 36 Imparment of Assets. The management has determined the recoverable amounts for comparison with the carrying values of each intangible asset. The recoverable amount of these intangibles have been determined on the following basis:

	Basis
IGI Life Insurance Limited	
- Distribution channel	Fair value less cost to sell
- Value of inforce contracts	Fair value less cost to sell
- Pooling arrangements	Fair value less cost to sell

6.1.5 No impairment indicators were identified in relation to customer relationships relating to IGI Life Insurance Limited.

6.1.6 The recoverable amount of these intangibles has been determined using the Income Approach - Multi-Period Excess Earnings Method.

6.1.7 The following key assumptions have been made by the management for the intangibles:

	2018			2017			
	Value of inforce contracts	Pooling arrangement	Distribution Channel	Customer relationships	Value of inforce contracts	Pooling arrangement	Distribution Channel
Discount rate	23.3%-24.3%	23.3%	23.3%-24.3%	18%	18.2%-19.2%	18%	18.2%-19.2%
Terminal growth rate	N/A	9%	-	N/A	N/A	10%	8%
Attrition rate *	N/A	N/A	N/A	21%	N/A	N/A	N/A

* The attrition rate is not used in current year valuation.

Discount rate

The discount rate is calculated using the Capital Asset Pricing Model.

Terminal growth rate

The terminal growth rate is used to extrapolate the cash flows beyond the budgeted period. The assumption is based on trend in forecast cashflows.

6.1.8 Sensitivity Analysis

Particulars	2018			2017		
	Change in assumption	Increase / (decrease) in impairment of distribution channel, value inforce contracts and pooling arrangement		Change in assumption	Increase / (decrease) in impairment of distribution channel, value inforce contracts and pooling arrangement	
		(%)	Rupees in '000		(%)	Rupees in '000
Discount rate	+1%	9.73%	931	+1%	11.27%	1,301
	-1%	-10.15%	(972)	-1%	-12.14%	(1,401)

6.2 The cost of fully amortised intangibles still in use amounts to Rs. 24.812 million (2017: 17.228 million).

7 INVESTMENT PROPERTY

	2018							
	Cost			Accumulated Depreciation			WDV as at Dec 31, 2018	Useful life
	As at Jan 01, 2018	Additions (transfer)	As at Dec 31, 2018	As at Jan 01, 2018	For the year / (transfer)	As at Dec 31, 2018		
	(Rupees in '000)							
Building	52,975	- (52,975)	-	8,167	- (8,167)	-	-	20 years

	2017							
	Cost			Accumulated Depreciation			WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Additions (disposals) (transfer)	As at Dec 31, 2017	As at Jan 01, 2017	For the year / (transfer)	As at Dec 31, 2017		
	(Rupees in '000)							
Building	87,938	- (34,963)	52,975	10,634	2,649 (5,116)	8,167	44,808	20 years

7.1 During the year the entire building was made available for use by the Group.

8 INVESTMENTS

	Note	2018	2017
		(Rupees in '000)	
The investments comprise of the following:			(Restated)
Investments in associates	8.1	17,679,112	19,960,511
Fair value through profit or loss			
- Mutual fund	8.2	225,901	-
- Government securities	8.3	1,493,477	-
Held to maturity investments			
- Pakistan investment bonds	8.4	320,665	321,211
- Term deposit receipts	8.5	1,636,000	3,126,080
Available for sale investments			
- Equity securities	8.6	42,019,879	53,842,685
- Mutual funds	8.7	3,161,127	3,548,898
- Government securities	8.8	11,168,170	14,014,091
- Term finance certificates	8.9	175,000	3,280
		77,879,331	94,816,756
Less: current maturity	8.10	(8,643,291)	(6,480,204)
		69,236,040	88,336,552

8.1 Investments in associates

	Note	2018	2017
- Quoted			
Packages Limited			
26,707,201 (2017: 24,653,801) fully paid ordinary shares of Rs. 10 each	8.1.2	16,853,624	19,075,484
Equity held 29.88% (2017: 27.58%)			
Market value Rs. 386.82 per share (2017: Rs. 695.58 per share)			
- Unquoted			
Dane Foods Limited			
2,643,161 (2017: 2,643,161) fully paid ordinary shares of Rs. 10 each			
Equity held 30.62% (2017: 30.62%)			
Cost		26,432	26,432
Provision for diminution in value of investments		(26,432)	(26,432)
		-	-

	Note	2018	2017
		(Rupees in '000)	
Packages Real Estate (Private) Limited			
(Formerly known as Packages Construction (Private) Limited)			
100,000,000 (2017: 100,000,000) fully paid ordinary shares of Rs. 10 each	8.1.1 & 8.1.3	825,488	885,027
Equity held 24.84% (2017: 24.84%) having break-up value of Rs 8.82 per share** (2017: Rs 9.07 per share)			
		17,679,112	19,960,511

* Dormant company
** as per the audited financial statements for the year ended December 31, 2018.

8.1.1 Investment in unquoted associate does not include any goodwill as the investment was made when this associate was incorporated.

8.1.2 Packages Limited is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products.

8.1.3 Packages Real Estate (Private) Limited is a private limited Company incorporated in Pakistan. It is principally engaged in carrying on the business of all types of construction activities and development of real estate.

8.1.4 The summarised financial information and other details of Packages Limited and Packages Real Estate (Private) Limited, based on the audited financial statements, for the year ended December 31, 2018 are as follows:

	Country of incorporation	2018			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
Packages Limited	Pakistan	107,666,984	42,610,024	52,922,723	1,160,178
Packages Real Estate (Private) Limited	Pakistan	12,618,377	9,066,633	3,203,825	(239,645)

	Country of incorporation	2017			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
Packages Limited	Pakistan	112,885,757	35,626,607	31,891,199	10,799,784
Packages Real Estate (Private) Limited	Pakistan	13,518,943	9,868,638	1,701,878	(367,561)

8.1.5 Movement in associate

	2018				2017			
	Packages Limited	Dane Foods Limited*	Packages Real Estate (Pvt.) Ltd.	Total	Packages Limited	Dane Foods Limited*	Packages Real Estate (Pvt.) Ltd.	Total
	(Rupees in '000)							
Opening as at January 01, 2018	19,075,484	-	885,027	19,960,511	7,365,790	-	976,346	8,342,136
Further acquisition during the year	946,724	-	-	946,724	301,691	-	-	301,691
Dividend income	(739,614)	-	-	(739,614)	(516,422)	-	(91,319)	(607,741)
Share of profit/(loss)	353,026	-	(59,539)	293,487	2,805,649	-	-	2,805,649
Share of other comprehensive income/(loss)	(2,781,996)	-	-	(2,781,996)	9,118,776	-	-	9,118,776
Closing as at December 31, 2018	16,853,624	-	825,488	17,679,112	19,075,484	-	885,027	19,960,511

* Dormant company

8.2 Mutual fund - fair value through profit or loss

	2018					2017				
	Number of units	Carrying value	(Impairment / provision)	Unrealised loss	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised loss	Market value
Alfalah GHP Stock Fund	355,961	45,000	-	(7,923)	37,077	-	-	-	-	-
HBL Stock Fund	399,361	45,000	-	(7,173)	37,827	-	-	-	-	-
MCB Pakistan Stock Market Fund	591,878	60,000	-	(9,978)	50,022	-	-	-	-	-
NAFA Stock Fund	3,845,299	59,870	-	(9,975)	49,895	-	-	-	-	-
UBL Stock Advantage Fund	828,454	60,000	-	(9,000)	51,000	-	-	-	-	-
Alfalah GHP Islamic Income Fund	194	20	-	-	20	-	-	-	-	-
Al-Ameen Islamic Cash Fund	202	20	-	-	20	-	-	-	-	-
HBL Islamic Money Market Fund	208	20	-	-	20	-	-	-	-	-
MCB Al- Hamra Islamic Fund	194	20	-	-	20	-	-	-	-	-
	6,021,751	269,950	-	(44,049)	225,901	-	-	-	-	-

8.3 Market treasury bills and Pakistan investment bonds - fair value through profit or loss.

Particulars	Maturity year	Effective yield % per annum	Profit payment	2018	2017
				(Rupees in '000)	
Treasury Bills	2019	10.30%	On maturity	75,574	-
Treasury Bills	2019	10.30%	On maturity	245,022	-
Treasury Bills	2019	10.30%	On maturity	48,113	-
Treasury Bills	2019	10.30%	On maturity	431,117	-
Pakistan Investment Bonds	2028	7.32%	Semi-annual	123,838	-
Pakistan Investment Bonds	2028	8.55%	Semi-annual	246,075	-
Pakistan Investment Bonds	2028	8.51%	Semi-annual	94,886	-
Pakistan Investment Bonds	2028	8.51%	Semi-annual	105,814	-
Pakistan Investment Bonds	2028	8.55%	Semi-annual	123,038	-
				1,493,477	-

8.4 Pakistan Investment Bonds - held to maturity

Particulars*	Maturity year	Effective yield % per annum	Profit payment	2018	2017
				(Rupees in '000)	
Pakistan Investment Bonds	2021	13.08%	Semi-annual	14,643	14,551
Pakistan Investment Bonds	2022	11.25%	Semi-annual	1,021	1,028
Pakistan Investment Bonds	2020	13.98%	Semi-annual	24,323	23,915
Pakistan Investment Bonds	2022	12.00%	Semi-annual	60,508	60,525
Pakistan Investment Bonds	2019	13.22%	Semi-annual	14,880	14,726
Pakistan Investment Bonds	2022	12.76%	Semi-annual	10,961	10,914
Pakistan Investment Bonds	2019	6.34%	Semi-annual	194,329	195,552
				320,665	321,211

* The Pakistan Investment Bonds are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000 having market value of Rs 390.704 million (2017: Rs 404.878 million).

8.5 Investments in term deposits

	Note	2018	2017
		(Rupees in '000)	
Deposits maturing within 12 months	8.5.1	1,636,000	3,126,080

8.5.1 These represent term deposits with various banks that carry mark-up at rates ranging from 8.25% to 12.00% (2017: 5% to 9.4%) per annum. These term deposits will mature by March 2019.

8.6 Investments in equity securities

	2018	2017
	Market value	Market value
	(Rupees in '000)	
Quoted securities		
Pakistan Stock Exchange Limited	21,752	35,907
Abbott Laboratories (Pakistan) Limited	221	140
Adamjee Insurance Company Limited	1,471	-
AGP Limited	836	-
Allied Bank Limited	2,314	1,530
Amreli Steels Limited	-	93
Askari Bank Limited	574	-
Attock Cement Pakistan Limited	14	362
Attock Petroleum Limited	207	52
Attock Refinery Limited	15	94
Bank Alfalah Limited	7,245	3,103
Bank Al-Habib Limited	3,852	1,284
Bank of Punjab	2,238	-
Century Paper & Board Mills Limited	55	-
Cherat Cement Company Limited	1,121	410
Cherat Packaging Limited	493	-

	2018	2017
	Market value	Market value
	(Rupees in '000)	
D.G Khan Cement Limited	176	468
Engro Corporation Limited	9,227	3,297
Engro Fertilizers Limited	3,680	643
Engro Polymer and Chemicals Limited	4,240	-
Fatima Fertilizers Limited	-	237
Fauji Fertilizer Bin Qasim Limited	432	217
Fauji Fertilizer Limited	882	-
Faysal Bank Limited	133	1,148
Glaxosmithkline (Pakistan)Limited	124	151
Gul Ahmed Textile Mills Limited	633	111
Habib Bank Limited	4,975	2,974
Habib Metropolitan Bank Limited	115	-
HASCOL Petroleum Limited	122	914
Honda Atlas Cars Limited	-	307
Hub Power Company Limited	5,980	2,239
Indus Motors Limited	73	1,714
International Steels Limited	868	904
K-electric Limited	722	76
Kohat Cement Limited	127	85
Kohat Textile Mills Limited	-	140
Kohinoor Textile Mills Limited	208	-
Kot Addu Power Company Limited	100	564
Lucky Cement Limited	5,694	3,982
Maple Leaf Cement Limited	1,992	990
Mari Petroleum Limited	3,615	2,694
MCB Bank Limited	4,104	3,015
Meezan Bank Limited	14	-
Millat Tractors Limited	333	117
Mughal Steels Mills Limited	344	87
National Refinery Limited	-	86
Nishat Chunian Limited	607	206
Nishat Mills Limited	3,011	1,510
Oil and Gas Development Company Limited	8,230	4,981
Pak Elektron Limited	261	1,301
Pak Suzuki Motors Limited	-	299
Pakgen Power Limited	460	-
Pakistan Oilfields Limited	4,295	3,922
Pakistan Petroleum Limited	7,317	3,089
Pakistan State Oil Limited	4,113	1,038
Pioneer Cement Limited	524	158
Saif Power Limited	334	-
Searl Limited	1,271	-
Shell Pakistan Limited	-	154
Sitara Chemical Limited	120	-
Sui Nothern Gas Pipeline Limited	493	284
Synthetic Products Enterprise Limited	125	166
Tariq Glass Industries Limited	174	-
Thal Limited	1,155	-
United Bank Limited	7,739	3,233
Sanofi-aventis Pakistan Limited	1,381,304	2,290,202
Nestle Pakistan Limited	39,281,994	50,193,615
Tri Pack Films Ltd. (related party)	401,595	524,946
ZIL Limited	14,930	17,925
Mitchells Fruit Farms Limited	63,553	80,503
Siemens (Pakistan) Engineering	64,080	65,733
Agritech Limited	6,539	6,589
International Industries Limited	72,035	110,957
Systems Limited	461,490	311,819

	Note	2018 Market value	2017 Market value
		(Rupees in '000)	
Unquoted securities			
Coca Cola Beverages Ltd		119,940	119,940
Techlogix International Limited *		3,688	3,688
Haider Fruit Growers		17	17
Kissan Fruit Growers		4	4
Punjab Fruit Growers		3	3
Petroleum Development		1	1
Visionet Private Limited **		5,423	5,423
LSE Financial Services		11,732	11,732
National Steel of Pakistan Limited		1	1
Central Depository Company	8.6.1	-	9,110
		42,019,879	53,842,685

* Techlogix International Limited is a company registered in Bermuda. This investment has been made since 2005. Return on investment is in the form of dividend received as reflected in these consolidated financial statements. Based on the information available there are no material litigations against the investee company in foreign jurisdictions.

** Visionet Systems Inc. is located in New Jersey, USA. This investment has been made since 2013 . Return on investment is in the form of dividend received. The investee company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The management of investee company believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the investee company.

8.6.1 The Group intends to dispose of such holding in Central Depository Company of Pakistan within a year.

8.7 Investments in mutual fund

	2018 Net asset value	2017 Net asset value
	(Rupees in '000)	
ABL Cash Fund	-	51,933
ABL Islamic Stock Fund	-	86,814
ABL Islamic Income Fund	-	87,796
ABL Income Fund	-	127,183
ABL Stock Fund	-	108,904
Al Ameen Islamic Agressive Income Fund	29,050	187,758
Al Ameen Islamic Cash Fund	39,444	82,318
Al Ameen Shariah Stock Fund	133,928	62,082
Alfalah GHP Alpha Fund	17,027	19,070
Alfalah GHP Islamic Income Fund	173,369	157,481
Alfalah GHP Islamic Stock Fund	126,449	50,378
Alfalah GHP Money Market Fund	203,472	-
Alfalah GHP Stock Fund	100,792	82,030
Allied Finergy Fund	24,043	-
Atlas Income Fund	-	49,685
Atlas Islamic Income Fund	27,541	59,159
Atlas Islamic Stock Fund	106,877	44,624
Atlas Money Market Fund	32,669	-
Atlas Stock Market Fund	139,894	32,640
HBL Islamic Income Fund	20,660	-
HBL Islamic Stock Fund	138,606	31,507
HBL Stock Fund	169,862	-
HBL Islamic Money Market Fund	-	40,243
HBL Cash Fund	-	77,995
MCB Islamic Income Fund	75,639	75,952
MCB Pakistan Income Fund	2,129	2,553
MCB Pakistan Islamic Stock Fund	151,509	44,467

	2018 Net asset value	2017 Net asset value
	(Rupees in '000)	
MCB Pakistan Stock Market Fund	295,259	146,435
MCB Cash Management Optimizer Fund	-	73,730
MCB DCF Income Fund	-	84,608
Meezan Islamic Fund	-	70,762
Meezan Cash Fund	16,718	80,514
Meezan Islamic Income Fund	42,864	150,182
NAFA Income Fund	-	97,869
NAFA Islamic Income Fund	3,504	5,817
NAFA Islamic Stock Fund	136,665	52,383
NAFA Money Market Fund	37,050	130,008
NAFA Riba Free Savings Fund	20,717	-
NAFA Stock Fund	169,015	79,487
NAFA Islamic Aggressive Income Fund	-	87,257
UBL Growth & Income Fund	100	54,305
UBL Money Market Fund	16,848	41,568
UBL Stock Advantage Fund	709,427	831,401
	3,161,127	3,548,898

8.8 Particulars of Government Securities

	Tenure	Maturity year	Rate of return % per annum	Profit payment	Market Value 2018	Market Value 2017
					(Rupees in '000)	
Pakistan Investment Bonds	10 year	2019	12.00%	Semi-annual	320,192	345,762
Pakistan Investment Bonds	10 year	2020	12.00%	Semi-annual	503,805	560,976
Pakistan Investment Bonds	15 year	2019	9.00%	Semi-annual	10,990	11,326
Pakistan Investment Bonds	5 year	2019	11.50%	Semi-annual	361,612	3,388,766
Pakistan Investment Bonds	5 year	2020	9.25%	Semi-annual	854,198	921,943
Pakistan Investment Bonds	10 year	2024	12.00%	Semi-annual	41,202	51,342
Pakistan Investment Bonds	5 year	2021	7.75%	Semi-annual	138,862	154,119
Pakistan Investment Bonds	3 year	2019	7.00%	Semi-annual	3,849,788	5,225,733
Pakistan Investment Bonds	10 year	2028	10.85%	Semi-annual	619,187	-
Pakistan Investment Bonds	10 year	2028	8.55%	Semi-annual	2,239,283	-
Pakistan Investment Bonds	10 year	2028	9.32%	Semi-annual	773,377	-
Pakistan Investment Bonds	5 year	2018	11.50%	Semi-annual	-	1,337,867
					9,712,496	11,997,834
Treasury Bills	3 months	2019	10.27%	On maturity	1,455,674	-
Treasury Bills	3 months	2018	5.99%	On maturity	-	715,302
Treasury Bills	6 months	2018	5.99%	On maturity	-	1,300,955
					1,455,674	2,016,257
					11,168,170	14,014,091

8.9 Particulars of debt securities

	2018 Number of certificates	2018 Coupon rate	2018 Market/ carrying value (Rupees in '000)	2017 Number of certificates	2017 Coupon rate	2017 Market/ carrying value (Rupees in '000)
Bank Alfalah Limited	10,000	9.50%	50,000	-	-	-
Soneri Bank Limited	10,000	12.54%	50,000	-	-	-
Eden Housing Limited	10,000	KIBOR plus 2.5%	-	10,000	KIBOR plus 2.5%	3,280
United Bank Limited	15,000	11.04%	75,000	-	-	-
Agritech Limited I	4,000	6 months plus 1.75%	-	4,000	6 months plus 1.75%	-
Agritech Limited IV	861	-	-	861	-	-
Azgard Nine Limited IV	13,000	6 months plus 1%	-	13,000	6 months plus 1%	-
Azgard Nine Limited V	5,348	-	-	5,348	-	-
New Allied Electronics Industries (Private) Limited	10,000	3 months plus 2.2%	-	10,000	3 months plus 2.2%	-
Azgard Nine Limited II	5,000	6 months plus 1%	-	5,000	6 months plus 1%	-
			175,000			3,280

8.10 Current maturity of investments

	Note	2018	2017
		(Rupees in '000)	
Government securities	8.3, 8.4 & 8.8	7,007,291	3,354,124
Term deposit receipts	8.5	1,636,000	3,126,080
		8,643,291	6,480,204

9 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLE

	Note	2018	2017
		(Rupees in '000)	
Amount due from policyholder - unsecured			
- Considered good	9.1	867,088	609,065
- Considered doubtful		120,338	102,741
		987,426	711,806
Provision for doubtful receivables	9.2	(120,338)	(102,741)
		867,088	609,065
Amount due from reinsurer / retakaful - unsecured			
- Considered good		663,919	396,669
- Considered doubtful		41,423	41,423
		705,342	438,092
Provision for doubtful receivables	9.3	(41,423)	(41,423)
		663,919	396,669
Total		1,531,007	1,005,734

9.1 The aggregate amount due by directors, chief executive and executives of the Company amounts to Rs 0.297 million (2017: Rs 0.355 million).

9.2 Movement of provision

	Note	2018	2017
		(Rupees in '000)	
Balance as at January 1		102,741	83,894
Provision made during the year		17,597	18,847
Balance as at December 31		120,338	102,741

9.3 Movement of provision

Balance as at January 1	41,423	41,423
Provision made during the year	-	-
Balance as at December 31	41,423	41,423

10 DEPOSITS, PREPAYMENTS, LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2018	2017
Advances - unsecured considered good		9,043	8,172
Advances / loans to agents-unsecured considered good		8,925	-
Sales tax recoverable		35,350	19,475
Salvage recoverable		46,148	78,889
Advances to employees against expenses-unsecured considered good			
- executives*		1,206	2,461
- others		-	2,007
Receivable against claim administration services		144,773	105,821
Net investment in finance lease	10.1	219,982	218,395
Receivable from clients against purchase of marketable securities and commodity contracts		57,995	91,364
Security deposits and prepayments		191,053	119,623
Prepaid reinsurance premium ceded		613,174	96,517
Exposure deposit with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited		155,648	228,750
Qard-e-hasna to Participant Takaful Fund		28,000	-
Experience refund receivable		-	16,299
Others		186,302	534,919
		1,697,599	1,522,692

* The maximum aggregate balance outstanding in a month during the year was Rs. 1.2 million.

10.1 This also includes residual values relating to net investment in finance lease.

11 DEFINED BENEFIT PLAN - APPROVED GRATUITY FUND

11.1 Salient features

The Group offers separate approved gratuity funds for eligible all employees of IGI General Insurance Limited and IGI Life Insurance Limited. Annual contributions are made to the funds on the basis of actuarial recommendations. The gratuity schemes are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Group faces the following risks on account of these gratuity funds:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

11.2 Valuation results

The Group operates separate approved funded gratuity schemes for all eligible employees of IGI General Insurance Limited and IGI Life Insurance Limited. Actuarial valuations are carried out every year and the latest valuations were carried out as at December 31, 2018. The information provided in notes 11.3 to 11.14 has been obtained from the actuarial valuations carried out as at December 31, 2018. The following significant assumptions have been used for valuation of these schemes:

		2018		2017	
		IGI General	IGI Life	IGI General	IGI Life
		(Per annum)			
a)	Expected rate of increase in salary level	13.75%	13.25%	9.50%	9.00%
b)	Discount rate	13.75%	13.25%	9.50%	9.50%
c)	Expected return on plan assets	13.75%	9.00%	9.50%	9.00%
d)	Normal retirement age	58 years	65 years	58 years	65 years

e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.

11.3 Amounts recognised in the consolidated statement of financial position:

	Note	2018	2017
		(Rupees in '000)	
Present value of defined benefit obligation	11.5	173,146	145,854
Less: Fair value of plan assets	11.5	(115,680)	(111,058)
Payable to defined benefit plans		57,466	34,796

11.4 Movement in liability during the year

	2018	2017
	(Rupees in '000)	
Obligation at the beginning of the year	34,796	32,807
Charge to statement of profit or loss	25,281	16,067
Other comprehensive loss	9,142	1,795
Contribution to the fund during the year	(11,753)	(15,873)
Obligation at the end of the year	57,466	34,796

11.5 Movement in defined benefit obligation

	2018		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	145,854	(111,058)	34,796
Current service cost	22,556	-	22,556
Interest expense / (income)	9,727	(7,001)	2,726
Gain from change in experience adjustments	-	-	-
	178,137	(118,059)	60,078
Remeasurements:			
- Loss from change in demographic assumptions	-	-	-
- Loss from change in financial assumptions	7,451	606	8,057
- Gain from change in experience adjustments	-	1,085	1,085
	7,451	1,691	9,142
Contributions during the year	-	(11,754)	(11,754)
Benefit payments	(12,442)	12,442	-
As at December 31	173,146	(115,680)	57,466

	2017		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	124,690	(91,883)	32,807
Current service cost	20,953	-	20,953
Interest expense / (income)	9,710	(8,904)	806
Gain from change in experience adjustments	(5,692)	-	(5,692)
	149,661	(100,787)	48,874
Remeasurements:			
- Loss from change in demographic assumptions	-	-	-
- Gain from change in financial assumptions	951	844	1,795
- Loss on actual salary increase	-	-	-
	951	844	1,795
Contributions during the year	-	(15,873)	(15,873)
Benefit payments	(4,758)	4,758	-
As at December 31	145,854	(111,058)	34,796

11.6 Amounts recognised in the statement profit or loss:

	2018	2017
	(Rupees in '000)	
Current service cost	22,556	20,953
Interest cost	2,726	806
Expected return on investments	-	-
Experience adjustment	-	(5,692)
Expense for the year	25,282	16,067

11.7 Actual return on plan assets

	2018	2017
Expected return on assets	7,001	8,904
Actuarial loss	(1,691)	(844)
	5,310	8,060

Notes to and Forming Part of the Consolidated Financial Statements

11.8 Analysis of present value of defined benefit obligation

	2018	2017
	(Rupees in '000)	
Split by vested / non-vested		
(i) Vested benefits	171,782	144,609
(ii) Non-vested benefits	1,364	1,245
	173,146	145,854

11.9 Sensitivity analysis

Particulars	As at December 31, 2018			As at December 31, 2017		
	Change in assumption	Increase /(decrease) in present value of defined benefit obligation		Change in assumption	Increase /(decrease) in present value of defined benefit obligation	
		%	(Rupees in '000)		%	(Rupees in '000)
Discount rate	+1%	-7.66%	(13,265)	+1%	-6.76%	(9,855)
	-1%	-9.00%	15,587	-1%	8.41%	12,262
Salary increase rate	+1%	9.08%	15,724	+1%	8.71%	12,697
	-1%	-7.95%	(13,765)	-1%	3.40%	4,957
Life expectancy/ withdrawal rate	+1%	-	-	+0.5%	0.02%	27
	-1%	-	-	-1.5%	-0.10%	(144)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

11.10 Plan assets comprise of the following:

	2018	Percentage composition	2017	Percentage composition
	(Rupees in '000)		(Rupees in '000)	
Equity investments	14,526	12.56%	14,869	13.39%
Cash and bank deposits	31,569	27.29%	23,921	21.54%
Government Securities	69,584	60.15%	72,268	65.07%
Fair value of plan assets	115,679	100.00%	111,058	100.00%

11.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9%-13.75% (2017: 9%-9.50%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

11.12 Based on actuarial advice, the Group intends to charge an amount of Rs 33.481 million in the consolidated financial statements for the year ending December 31, 2019.

11.13 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2018	Less than a year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
	(Rupees in '000)				
Gratuity	4,311	6,944	59,530	3,487,197	3,557,982

11.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2018	2017	2016	2015	2014
	(Rupees in '000)				
Present value of defined benefit obligation	173,146	145,854	124,690	132,566	132,321
Fair value of plan assets	(115,680)	(111,058)	(91,883)	(138,487)	(122,751)
Deficit / (surplus)	57,466	34,796	32,807	(5,921)	9,570

12 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

IGI General has set up a provident fund for its permanent employees and contributions were made by it to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2018 was Rs. 13.251 million. The net assets based on latest available unaudited financial statements of Provident Fund as at June 30, 2018 are Rs. 96.069 million invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at June 30, 2018 (unaudited) was Rs. 100.01 million. The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

IGI Life has set up a provident fund for its permanent employees and contributions were made by IGI Life to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2018 was Rs. 14.505 million (2017: Rs. 11.311 million). The net assets based on latest available unaudited financial statements of Provident Fund as at December 31, 2018 are Rs. 49.329 million invested as provided in Section 218 of the Companies Act, 2017 and rules formulated for the purpose. The carrying value of investments of the provident fund as at December 31, 2018 was Rs. 50.176 million. The above investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Break up of investments	IGI General		IGI Life	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	59,676	59.67%	-	0.00%
Listed securities	4,860	4.86%	-	0.00%
Bank deposits	16,902	16.90%	50,176	100.00%
Mutual Funds	13,571	13.57%	-	0.00%
Term finance certificates	5,000	5.00%	-	0.00%
Total	100,009	100.00%	50,176	100.00%

13 STAFF STRENGTH

	Holding Company		Subsidiary Company	
	2018	2017	2018	2017
	(Number of employees)			
Number of employees as at December 31	-	9	442	320
Average number of employees during the year	-	10	430	316

13.1 All the employees are on the payroll of group companies and their cost is charged to the group under group shared services agreement.

14 CASH AND BANK BALANCES

	Note	2018	2017
		(Rupees in '000)	
Cash and other equivalents	14.1	856	3,321
Current and other accounts	14.2	1,473,727	2,671,595
		1,474,583	2,674,916

14.1 Cash and other equivalents

	2018	2017
Cash in hand	616	637
Policy stamps in hand	240	2,684
	856	3,321

14.2 Current and other accounts

	Note	2018	2017
Current accounts		28,321	1,650,058
Savings accounts	14.2.1	1,445,406	1,021,537
		1,473,727	2,671,595

14.2.1 The balances in savings accounts carry mark-up ranging between 3.00% to 10.00% (2017: 3.50% to 5.25%) per annum.

14.3 Cash and cash equivalent

	Note	2018	2017
		(Rupees in '000)	
Cash and bank balances	14	1,474,583	2,674,916
Term deposit receipts (having original maturity of 3 months or less)	8.5	1,636,000	3,126,080
Short term loan	20	(1,450,518)	(1,600,000)
		1,660,065	4,200,996

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
(Number of shares)			(Rupees in '000)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
139,351,330	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,393,513	1,207,473
1,337,033	-	Issued for consideration other than cash	13,370	-
142,630,550	122,689,532		1,426,305	1,226,895

Ordinary shares of the Company held by related parties are as follows:

	2018	2017	2018	2017
	(% of shareholding)		(Number of shares)	
Packages Limited	10.54%	10.61%	15,033,041	13,022,093
Babar Ali Foundation	10.29%	6.77%	14,674,741	8,302,939
Industrial Technical and Educational Institute	16.81%	17.00%	23,982,060	20,853,966
	37.64%	34.38%	53,689,842	42,178,998

15.1 Movement of issued, subscribed and paid-up share capital

	2018	2017
	(Number of shares)	
At January 1	122,689,532	122,689,532
Issurance of bonus shares	18,603,985	-
Issued for consideration other than cash under scheme of amalgamation	1,337,033	-
At December 31	142,630,550	122,689,532

15.2 During the financial year ended June 30, 2012, IGI Finex Securities Limited received in the form of interest free subordinated loan from Mr. Syed Babar Ali, Chairman (a key sponsor of IGI Finex). On June 29, 2012, IGI Finex and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the subordinated loan into preference shares to be issued by IGI Finex to Mr. Syed Babar Ali.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, IGI Finex is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014 and June 30, 2016, IGI Finex had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by IGI Finex out of its distributable profits and the entitlement of preference shareholder in case of liquidation of IGI Finex.

Since IGI Finex is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares and has been classified as equity in the book of IGI Finex.

During the year IGI Finex has repaid an amount of Rs 100 million in respect of the advance against preference shares and subscription agreement has been ammended accordingly to reflect this payment. The repayment resulted in dilution of equity and has been recognised directly in unappropriated profits.

16 NON CONTROLLING INTEREST

	Note	2018	2017
		(Rupees in '000)	
Opening balance		252,256	263,962
Profit for the year		(17,078)	75,277
Other comprehensive loss		(6,811)	(69,942)
Dividend paid		(12,725)	(17,041)
		215,642	252,256

17 LONG TERM LOANS

	Note	2018	2017
Secured			
Long term loan	17.1	2,033,333	2,500,000
Unsecured			
Local currency - from sponsor	17.2	-	226,000
		2,033,333	2,726,000
Less: current maturity of long term finances		(633,334)	(466,667)
		1,399,999	2,259,333

17.1 The Group obtained a long term loan amounting to Rs. 1,500 million from Habib Bank Limited during 2017 for the purpose of injecting equity in its subsidiary IGI General Insurance Limited. The loan carries markup rate at 6 month KIBOR + 0.03% per annum. Principal repayment is to be made in 10 equal semi-annual installments starting from the 6th month after the disbursement and subsequently, every six months thereafter. During the current year, two installments of Rs. 150 million each have been paid. The facility is secured against pledge of shares held by IGI Investments (Pvt.) Limited one of the subsidiary of the Group against a commission.

17.2 This represents long term loan acquired by the Holding Company as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from December 31, 2016 that has been retained by the Company as part of the scheme of arrangement.

During 2013-2014, IGI Investment Bank Limited (the Investment Bank) received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali had entered into a Loan Agreement dated March 31, 2014. The loan was interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposit issued by the Investment Bank have been completely and finally settled. The outstanding balance has been settled by the Group in September 2018.

17.3 The maximum aggregate balance was Rs. 226 million in respect of interest free loan provided by Syed Babar Ali, Chairman, which was fully repaid during the year.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2018	2017
		(Rupees in '000)	
Liabilities against assets subject to finance lease		139,458	93,350
Current portion		29,601	13,339
Non-current portion		109,857	80,011
		139,458	93,350

	2018			2017		
	Minimum Lease Payments	Financial charges	Principal outstanding	Minimum Lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	33,206	3,605	29,601	16,739	3,400	13,339
Later than one year and not later than five years	124,868	15,011	109,857	87,156	7,145	80,011
	158,074	18,616	139,458	103,895	10,545	93,350

Notes to and Forming Part of the Consolidated Financial Statements

19 DEFERRED TAXATION

	2018	2017
	(Rupees in '000)	
Deferred tax debits / (credits) have arisen in respect of:		Restated
Accelerated tax depreciation	(35,892)	(34,822)
Investment in associate	(1,716,857)	(1,944,078)
Investment classified as available for sale	9,254	(13,568)
Provision for doubtful receivables	91,331	97,773
Unused tax losses	12,728	8,934
Provision for leave encashment	618	333
Defined benefit plan	6,153	3,725
Liabilities against assets subject to finance lease	34,475	127,516
Assets subject to finance lease	(33,979)	(97,068)
Tax effects of intangibles	2,872	(40,164)
Impairment / fair value adjustments on investment	69,640	(22,740)
Surplus of statutory funds	(29,026)	(205,460)
	(1,588,683)	(2,119,619)

20 SHORT TERM LOANS

	Note	2018	2017
		(Rupees in '000)	
Short term loan	20.1	1,450,518	1,600,000

20.1 Short term credit facility available from various banks against a pledge of shares of Nestle Pakistan Limited under mark-up arrangement amounts to Rs. 3,250 million. Unutilised amount as at December 31, 2018 amounts to Rs. 1,799.482 million. The rate of mark-up on this facility is 1-month Kibor + 0.25% per annum.

21 TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Federal excise duty		29,177	21,737
Federal insurance fee		1,977	1,397
Agent commission payable		221,883	184,001
Cash margin		265,036	219,424
Certificates of deposit	21.1	614	5,313
Deposit under lease contracts	21.2	200,583	207,107
Payable against sale of marketable securities		290,548	376,373
Payable against profit on unutilised funds		1,708	5,616
Accrued expenses		235,980	342,243
Payable to National Clearing Company of Pakistan Limited (NCCPL)		34,123	68,201
Qard-e-hasna to Participants' Takaful Fund		28,000	-
Experience refund payable		98,525	26,701
Others		414,667	295,628
		1,822,821	1,753,741

21.1 This represents certificates of deposit acquired by IGI Holdings as part of the amalgamation of IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited as at December 31, 2016 that has been retained by the IGI Holdings as part of the Scheme of Arrangement.

During the year, IGI Holdings has made repayment of deposits amounting to Rs. 4.699 million along with mark-up, except for three depositors with aggregate deposits amounting to Rs. 0.614 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.041 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Company has placed this amount in a money market fund of NAFA with authority to Central Depository Company (CDC) to operate the said account on its behalf and to pay the depositors as and when traced in accordance with the directions of Securities and Exchange Commission of Pakistan (SECP).

21.2 This represents security deposits under lease contracts acquired as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited (now IGI Holdings) with effect from December 31, 2016 that has subsequently been retained by the Holding Company as part of the Scheme of Arrangement, against which an equivalent amount of residual value is receivable.

22 CONTINGENCIES AND COMMITMENTS

22.1 Holding Company

The following contingencies were acquired by the Holding Company as part of amalgamation of Ex. IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited (now IGI Holdings) with effect from December 31, 2016 that has been retained by the Holding Company as part of scheme of arrangement.

- A suit had been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, markup in connection with the transaction of asset backed securitisation between the parties. Issues had been framed for determination by the Court and the matter is at the stage of the evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Holding Company.

- A suit had been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Investment Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Holding Company.

- There are no material commitments as at December 31, 2018 and 2017.

22.2 IGI General Insurance Limited

The following contingencies were transferred to and vested into IGI General Insurance Limited (IGI General) with effect from close of business on January 31, 2017 that have been retained by the IGI General as part of the scheme of arrangement:

- IGI General is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on a advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the IGI General.

- IGI General is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favor of the IGI General.

- An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against IGI General. The department alleged that IGI General provided re-insurance services to local insurance companies and demanded sindh sales tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against IGI General. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against IGI General. IGI General had filed an appeal in the Honourable High Court of Sindh which is pending adjudication. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of the IGI General.
- During the year, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by IGI General. The department has also imposed a penalty of Rs 21.520 million.

  The department alleged that the IGI General has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached IGI General's bank account and directed IGI General banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from the Company's bank account were issued by the IGI General banker on December 27, 2018 upon direction of SRB.

  IGI General has filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The Company has also filed a constitutional petition before the Honourable High Court (the Court) of Sindh at Karachi on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court has suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

  The management in its first hearing before the Assistant Commissioner SRB has submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The Management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.

- These services have been obtained by IGI General from the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by IGI General against its output tax liability.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of IGI General. IGI General has recorded Rs 58.028 million as 'other receivable' in these financial statements.

- There are no material commitments as at December 31, 2018 and 2017.

22.3 IGI Investments (Pvt.) Limited

There are no material contingencies and commitments as at December 31, 2018 and December 31, 2017.

22.4 IGI Life Insurance Limited

- 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.
- Had the sales tax liability on life insurance and health insurance premium been recorded, the profit after tax and loss per share would been lower by Rs. 228.081 million and Rs 1.6 respectively while sales tax liability as at December 31, 2018 would have been higher by Rs. 321.241 million.
- There are no material commitments as of December 31, 2018 and December 31, 2017.

22.5 IGI Finex Securities Limited

- During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against IGI Finex in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the IGI Finex had filed a counter affidavit against the application filed by the complainant to seek an interim order. During the financial year ended June 30, 2013, IGI Finex filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by IGI Finex. IGI Finex has also filed a lawsuit against the same brokerage house and an ex-official of the IGI Finex in the High Court of Sindh to recover the outstanding balance appearing in IGI Finex books of account before provision. The Court has issued notices to the defendants. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex success in both lawsuits.
- During the financial year ended June 30, 2010, one of the customers of the IGI Finex filed a lawsuit against the IGI Finex before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The said lawsuit is counterblast to IGI Finex suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on IGI Finex civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex success in both lawsuits.
- During the financial year ended June 30, 2010, one of the customers of the IGI Finex had filed a lawsuit against the IGI Finex in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honourable High Court of Sindh. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.
- During the year ended June 30, 2009, a brokerage house filed suit before the Honourable Civil Judge, Lahore for declaration and permanent injunction against IGI Finex. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against IGI Finex before the Honourable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honourable Lahore High Court, Lahore Bench against order passed by the learned Civil Judge wherein the learned Civil Judge was dismissed the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. Further, IGI Finex has filed a suit for recovery for Rs. 53.062 million along with liquidated damages and a petition before National Accountability Bureau (NAB) against the brokerage house. Both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex success in the lawsuit.
- There are no material commitments as at December 31, 2018 and December 31, 2017.

23 OPERATING REVENUE

	Note	2018	2017
		(Rupees in '000)	
Net premium revenue		6,857,685	7,250,872
Dividend income		1,366,241	1,916,682
Return on government securities		1,133,285	1,058,558
Fee, commission and brokerage		88,498	131,117
Wakalah fee income		44,193	3,694
(Loss) / gain on sale of securities		(80,787)	45,870
		9,409,115	10,406,793

24 OPERATING EXPENSES

	Note	2018	2017
Net claims		6,259,404	5,304,404
Premium deficiency		20,503	-
Commission expense - net		766,914	582,809
Management expenses	24.1	1,288,239	981,362
		8,335,060	6,868,575

24.1 Management expenses

	2018	2017
Salaries, wages and benefits	768,508	603,269
Rent, rates and taxes	28,501	46,294
Utilities	23,699	22,534
Repairs and maintenance	5,512	12,639
Education and training	2,558	7,980
Computer expenses	19,629	11,930
Communication	49,651	24,689
Provision for doubtful debts	17,597	18,847
Inspection fee	6,291	2,666
Security expenses	84,546	45,601
Consultancy fee	20,503	12,244
Directors' fee	5,358	4,538
Actuary's fees	6,042	26,729
Medical fees	1,041	1,255
Shariah advisor fees	1,050	1,264
Legal and professional charges	42,297	2,132
Advertisement expenses	7,072	5,996
Stationery and printing	9,273	12,011
Depreciation and amortisation	71,876	45,594
Travelling	67,778	12,913
Miscellaneous	49,457	60,237
	1,288,239	981,362

25 OTHER INCOME

	Note	2018	2017
		(Rupees in '000)	
From financial assets			
Profit on savings accounts and term deposits		203,395	190,085
Recoveries against doubtful debt		4,125	-
Reversal of provision for bad and doubtful loans and advances / lease losses - specific - net		-	7,891
		207,520	197,976
From non-financial assets			
Rental income		277	746
Gain on disposal of fixed assets		6,228	10,890
Other income		19,099	46,529
		25,604	58,165
		233,124	256,141

26 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Salaries, wages and benefits		128,242	116,708
Rent, rates and taxes		8,733	9,609
Repairs and maintenance		1,471	5,531
General office premium		19,285	10,596
Motor car expenses		20,444	23,357
Tour and travelling		16,877	34,314
Representation expenses		8,909	7,153
Stationery and printing		25,434	13,276
Depreciation and amortisation		75,237	97,191
Impairment of intaangible assets		9,573	147,225
Advertisement expenses		29,323	13,655
Legal and professional		113,935	129,880
Regulators fee		19,474	16,086
Fee & subscription		11,516	894
Others		31,436	24,196
		519,916	649,671

26.1 Administration expenses and management expenses include an amount of Rs. 68.599 million (2017: 48.335 million) on account of group shared services cost charged to the Group under group shared services agreement.

27 OTHER EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Auditors remuneration	27.1	34,824	31,366
Provision for impairment in value of investments - net		-	39,864
Provision for bad and doubtful loans and advances / lease losses - specific - net		405	-
Donations	27.2	415	662
Financial charges		247,582	173,285
		283,226	245,177

27.1 Auditors' remuneration

	2018	2017
Fee for statutory audit	4,400	4,925
Fee for interim review	1,300	1,300
Fee for audit of consolidated financial statements	800	800
Fee for audit of regulatory returns, special certifications and sundry services	12,608	22,697
Other advisory services	13,647	-
Out of pocket expenses	2,069	1,644
	34,824	31,366

27.2 None of the director of the Holding Company had any interest in the donee.

28 TAXATION

	2018	2017
For the year		
- Current	889,497	495,957
- Deferred	(165,937)	337,241
Group adjustments	(350,112)	-
Prior year	139,339	1,702
	512,787	834,900

28.1 Tax charge reconciliation

	2018	2017
Profit before tax	1,480,844	5,173,531
Tax calculation at the rate of 29% (30% for 2017)	429,445	1,552,059
Effect of items taxable under lower rates	54,441	-
Effect of permanent differences	(1,969)	(5,963)
Prior year	139,339	(697,470)
Impairment on investments / intangibles	25,689	67,354
Others	(134,158)	(81,080)
	512,787	834,900

28.2 IGI Holdings Limited

Income tax returns for the tax years 2011, 2012, 2013, 2014, 2015 and 2016 have been filed by the Ex. IGI Investment Bank (now IGI Holdings) on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

For the assessment / tax years of 1998-99 to 2016, the Investment Bank has an aggregate tax liability of Rs. 111.896 million and aggregate tax deductions and credits claimed of Rs. 352.935 million as declared in the original or revised returns of income filed by the Investment Bank with the tax authorities resulting in an aggregate refund of Rs. 241.040 million as per original returns or revised returns.

For the same period as aforesaid, as per latest assessment Orders issued by the tax authorities with respect to the respective assessment / tax years, aggregate tax liability of Rs.164.409 million has been assessed and aggregate tax deductions and credits of Rs.338.734 million have been allowed and Rs. 100.081 million has been refunded by the tax authorities leading to an aggregate assessed refund (after prior year adjustments etc.) of Rs.70.406 million, subject to verification which is currently underway.

Matters that are being contested mainly include the following:

(a) The rate of tax applied in computing the tax liability of the Investment Bank was the one applicable to a banking company instead of the rate applicable for a public company (Assessment years 1991-92 to 2000-01). The Lahore High Court, Lahore vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98 had decided this issue in favour of the Investment Bank by rejecting the reference application filed by the tax department.

(b) The Investment Bank is a non banking finance company in accordance with the provisions of section 2(10) of Income Tax Ordinance,1979 read with Section 5(b) & 5(c) of the Banking Companies Ordinance, 1962. In light of said provisions the Investment Bank is an investment finance company, so its dividend income should be taxed as a separate block of income at reduced rate. The above mentioned issue is decided in favour of the Investment Bank by The Lahore High Court, Lahore vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98.

(c) Addition on account of depreciation as a result of restricting the claim of depreciation upto net income from leased assets (Tax year 2003).

(d) Disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years (Assessment years 1995-96 to 2000-01).

(e) Charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime (Tax years 2008 and 2010).

(f) Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007).

(g) Addition as a result of proration of expenses between exempt income (capital gains), dividend income and business income (Assessment / Tax years 2002-03, 2003, 2004, 2005, 2006 and 2007).

(h) Addition on account of allocation of finance cost to brokerage and commission income amounting to Rs.18.445 million (Tax Year 2009).

(i) Addition on account of specific provisions of Rs.117.639 million (Tax Year 2009).

The management and its tax advisor are confident that all the above matters are likely to be decided in favour of the Investment Bank.

A suit had been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, mark-up in connection with the transaction of asset backed securitisation between the parties. Issues had been framed for determination by the Court and the matter is at the stage of the evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the IGI Holding.

A suit had been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Investment Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the IGI Holding.

Income tax return for the tax year 2017 was filed by IGI Holding that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. IGI Holding received notice from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

- Tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001;
- Admissibility of tax losses of formerly IGI Investment Bank Limited claimed in the tax return;
- Charge of super tax under section 4B of the Income Tax Ordinance, 2001; and
- Admissibility of deductions claimed on account of write-offs under section 29 of the Income Tax Ordinance, 2001.

IGI Holding has filed constitutional petitions for the matters pertaining to the levy of tax on undistributed reserves and super tax and obtained stay order against any adverse action in relation thereto and has also submitted its response / explanations to ACIR regarding the above matters. The management, based on the advice of its tax advisor, is confident of favourable outcome of the proceedings.

28.3 IGI General Insurance Limited

The income tax assessments of IGI General have been finalised up to and including the tax year 2017. However, IGI General has filed appeals in respect of certain assessment years which mainly relate to the following:

28.3.1 While finalising the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

IGI General has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the tax officer against which appeals have been filed with the Commissioner Income Tax Appeals [CIT (A)] which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, IGI General has filed a constitutional petition before the Honorable High Court. The regular hearing of petition is currently pending with the High Court.

28.3.2 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favor of IGI General by Commissioner Inland Revenue [CIR(A)] and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to Deputy Commissioner Inland Revenue (DCIR) by the CIR(A) were not decided upon by the High Court. IGI General has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honorable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honorable High Court and the judgment has been passed in favour of IGI General.

28.3.3 In case of tax year 2008, the Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. IGI General filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the Additional Commissioner Inland Revenue (ACIR), IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to IGI General. Against the above disallowance, the company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, IGI General challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the Appellate Tribunal Inland Revenue (ATIR) challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favor of IGI General. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

28.3.4 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, unearned commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs.51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. IGI General filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this ground is deleted. In respect of issues decided against IGI General, a reference application was filed before honorable Sindh High Court where the IBNR issue has been decided in favor of IGI General whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. IGI General paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till 31 August 2015 in respect of payment of the remaining tax demand of Rs.21.420 million. Further, against the above treatment meted out by the ACIR, IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. IGI General also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures would be taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

28.3.5 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. IGI General has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favor of IGI General. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

28.3.6 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. IGI General has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favor of IGI General:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR;
(c) Levy of Workers' welfare fund for the year.

As regards, credit/adjustment of refunds available to IGI General, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

Notes to and Forming Part of the Consolidated Financial Statements

28.3.7 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. IGI General has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

28.3.8 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value(FMV) in the amended assessment order . As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, IGI General has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favor of IGI General:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR amounting to Rs. 33 million;
(c) Addition on account of disposal of fixed assets.

Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of workers' welfare fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

28.3.9 In case of tax year 2014, case of IGI General was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value(FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. IGI General has obtained stay from the honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) which is pending adjudication.

28.3.10 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. IGI General has obtained stay from the honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

ACIR also passed an order under section 221 of the Ordinance by charging Super tax amounting to Rs 27.912 million under section 4B of the Ordinance. Without prejudice to the stance in appeal, IGI General made payment of Rs 20.000 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.913 million was adjusted against the refund of tax year 2008. IGI General filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, IGI General also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging Super tax under section 221 of the Ordinance was annulled. IGI General has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

28.3.11 The case for tax year 2015 was selected for audit under section 177 of the Ordinance. IGI General submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. IGI General has submitted its response in respect of the issues raised in the show-cause notice, however, no assessment order has yet been passed.

28.3.12 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, in its ammended assessment order, ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV). As a result of the amended assessment, demand of Rs. 206.542 was created. IGI General has filed stay application in respect of the above tax demand in the Honorable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A) which are pending adjudication.

The management and tax advisor of IGI General are confident that the above matters will be decided in IGI General's favor. Accordingly, no provision has been recognised in these consolidated financial statements.

28.4 IGI Life Insurance Limited

28.4.1 While finalising the tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax Year 2012) the taxation officer raised additional tax demand of Rs. 1.029 million and Rs. 6.910 million respectively on IGI Life on non-deduction of withholding tax under section 151(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years.

28.4.2 The IGI Life filed appeal before Commissioner Inland Revenue Appeals (CIRA) in respect of said tax years which were decided in favour of IGI Life. The Commissioner Inland Revenue has now filed an appeal before Appellate Tribunal (ATIR) challenging the order passed by CIRA. The ATIR vide its letter ITA No. 772/KB/2014 ITA No. and 876/KB/2014 dated October 15, 2018 decided these matter in favour of IGI Life.

28.5 IGI Finex Securities

During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. IGI Finex had filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, the Commissioner passed an order under which IGI Finex had been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the said order. The Management also filed second appeal before Appellate Tribunal Inland Revenue. During the year ended June 30, 2017, ATIR in its order dated May 31, 2017 has remanded back the matter to DCIR with the direction to ascertain the true facts of the transactions involved and after due verification allow the exemption under part - 1 of the second schedule to the Income Tax Ordinance, 2001 whereas ATIR rejected the appeal of the tax department and upheld the findings of CIR(A) whereby relief was allowed to IGI Finex. IGI Finex has submitted an application to the Deputy Commissioner Inland Revenue to give the appeal effect at the earliest.

29 EARNINGS PER SHARE

29.1 Basic earnings per share

	Note	2018	2017
		(Rupees in '000)	
			Restated
Profit for the year		968,057	4,338,631
		(Number of shares)	
Weighted average number of ordinary shares		142,478,897	141,092,962
		(Rupees)	
Earnings per share		6.79	30.75

29.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES OF HOLDING COMPANY

The aggregate amounts charged in these consolidated financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Group during the year are as follows:

30.1 Holding Company

	Chief Executive		Directors		Executives*	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Fee for attending board meeting	-	-	1,950	-	-	-
Managerial remuneration	-	889	-	180	945	8,396
Bonus	-	268	-	-	1,092	-
Retirement benefits (including provident fund)	-	154	-	-	95	901
Housing and utilities	-	492	-	-	520	3,950
Medical expenses	-	89	-	-	95	254
Conveyance allowance	-	-	-	-	126	567
Others	-	129	-	-	1,646	299
	-	2,021	1,950	180	4,519	14,367
Number of persons	1	1	8	8	1	5

The Chief Executive Officer is not drawing any remuneration from the Holding Company. Amounts reported in the last year represent remuneration of one month before the transfer of then insurance business to IGI General Insurance Limited w.e.f. January 31, 2017.

30.2 Subsidiary companies

	Chief Executive		Directors		Executives*	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Fee for attending board meeting	-	-	8,108	5,963	-	-
Managerial remuneration	36,180	25,834	6,025	4,354	337,718	202,194
Bonus	19,930	16,972	-	-	57,715	38,778
Retirement benefits (including provident fund)	5,842	3,087	-	-	33,219	23,857
Housing and utilities	10,689	5,459	1,828	805	59,917	57,710
Medical expenses	1,227	978	-	-	7,519	5,371
Conveyance allowance	446	588	-	-	12,975	9,880
Others	3,011	6,324	433	152	5,941	6,468
	77,325	59,242	16,394	11,274	515,004	344,258
Number of persons	3	3	15	14	133	113

31 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other related group companies, directors of the Group, key management personnel, major shareholders and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Remuneration of key management personnel is disclosed in note 30. Amounts due to / from and other significant transactions, other than those disclosed else where in these consolidated financial statements, are as follows:

	Associates		Post employment benefit plans		Directors		Key Management personnel		Other related parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Transactions										
Premium underwritten	137,086	254,601	-	-	-	73	1,665	11,611	270,239	107,289
Premium collected	162,707	412,492	-	-	-	479	599	38	277,980	5,041
Claims expense	5,201	44,734	-	-	-	174	118	-	20,033	718
Claims paid	-	-	-	-	-	-	-	-	40,723	27,042
Commission expense	4,427	19,277	-	-	-	-	-	-	15,507	4,912
Commission paid	7,121	16,422	-	-	-	-	-	-	13,241	-
Net payments for group shared services	28,546	-	-	-	-	-	-	-	-	-
Dividend received	739,614	607,741	-	-	-	-	-	-	37,504	37,504
Rent expense	1,309	-	-	-	-	-	-	-	1,699	22,006
Investment/ (disinvestment) in shares - net of provision / impairment	946,723	301,691	-	-	-	-	-	-	-	-
Long term loan paid	-	-	-	-	-	-	-	5,000	226,000	-
Charge in respect of gratuity fund	-	-	27,435	9,129	-	-	-	-	-	-
Charge in respect of provident fund	-	-	28,739	10,219	-	-	-	-	-	-
Contribution to gratuity fund	-	-	10,311	16,001	-	-	-	-	-	-
Contribution to provident fund	-	-	13,251	17,711	-	-	-	-	-	-
Charge for administrative services received	-	-	-	-	-	-	-	-	2,807	6,192
Key Management Personnel compensation	-	-	-	-	8,286	5,491	596,848	417,867	-	-
Receipts against group shared services provided	-	210	-	-	-	-	-	-	-	38,491
Purchase of marketable securities for and on behalf of	-	-	-	-	-	-	263,469	245,763	1,574,472	482,994
Sale of marketable securities for and on behalf of	-	-	-	-	-	-	258,039	247,564	183,973	18,866
Brokerage income earned	-	-	-	-	-	-	331	298	1,823	917
Director's fee	-	-	-	-	10,058	5,963	-	-	-	-
Rent paid	-	-	-	-	-	-	-	-	1,309	-
Balances										
Premium receivable	11,192	-	-	-	-	144	297	-	14,795	21,496
Commission payable	-	-	-	-	-	-	-	-	4,355	5,234
Investment in shares	17,679,112	19,960,511	-	-	-	-	-	-	401,595	524,946
Long term loan	-	-	-	-	-	-	-	226,000	-	-
Other receivable	4,657	-	-	-	-	-	97	-	1,128	43,671
Other payable	-	-	-	-	-	-	621	-	24	9,333
(Payable to)/ receivable from gratuity fund	-	-	(57,467)	(34,796)	-	-	-	-	-	-
(Payable to)/ receivable from provident fund	-	-	(9,292)	(12,021)	-	-	-	-	-	-

Notes to and Forming Part of the Consolidated Financial Statements

32 OPERATING SEGMENT

32.1 The Group's business is organised and managed separately according to the nature of services provided with the following segments:

Non-Life Insurance (Conventional and Takaful)

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalisation and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

Life Insurance

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Brokerage business

- The brokerage business segment deals in shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

Investments business

- The investment segment pertains to the operating results of IGI Investments (Pvt) Limited in which strategic investments of the Group are held.

32.2 Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium written by the segments.

	2018																	
	General Insurance					Life Insurance										Investment business	Brokerage business	Aggregate Total
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
							Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																	
Segment assets	1,115,326	278,362	437,384	100,152	790,581	1,956,920	6,766,543	420,795	6,433,494	49,355	515,307	113,029	1,794,055	14,668	37,189	60,241,285	577,810	81,642,255
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,211,640
Consolidated total assets																		85,853,895
Segment liabilities	1,134,490	324,583	1,032,419	295,812	855,299	1,956,920	6,766,543	420,795	5,429,245	49,355	515,307	113,029	1,794,055	14,668	37,189	5,598,541	312,380	26,650,630
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	952,663
Consolidated total liabilities																		27,603,293

	2017																	
	General Insurance					Life Insurance										Investment business	Brokerage business	Aggregate Total
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
							Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																	
Segment assets	959,302	228,086	323,504	82,021	630,515	1,982,003	6,557,919	345,437	8,423,040	27,013	428,064	79,508	1,220,172	8,414	19,677	55,837,717	895,825	78,048,217
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,766,765
Consolidated total assets																		102,814,982
Segment liabilities	1,042,393	280,315	847,045	246,310	801,956	1,595,001	6,217,372	246,931	8,260,203	26,552	302,973	74,960	1,187,620	6,529	15,286	2,707,317	487,108	24,345,871
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,944,823
Consolidated total liabilities																		29,290,694

32.3 Segment-wise operating results of the Group are presented below:

	2018																						
	General Insurance										Life Insurance										Investment business	Brokerage business	Total
						Window Takaful Operations					Life (Partici-pating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous		Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																						
Premium	170,489	237,439	1,218,977	324,680	275,547	-	-	-	-	-	45,230	612,810	258,604	1,320,836	10,581	1,113,993	37,486	1,069,526	15,889	145,600	-	-	6,857,687
Net claims	(97,567)	(85,312)	(551,366)	(305,625)	(102,845)	-	-	-	-	-	(150,295)	(729,933)	(159,072)	(2,873,006)	(2,365)	(931,954)	-	(141,466)	(6,147)	(122,451)	-	-	(6,259,404)
Fee, commission and brokerage		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,498	88,498
Net commission	94,900	42,505	(146,759)	(16,066)	(40,824)	(5,882)	(1,485)	(6,021)	(1,126)	(380)	-	-	-	-	-	-	-	-	-	-	5,814	-	(75,325)
Wakalah fee income	-	-	-	-	-	12,517	3,854	17,322	9,641	859	-	-	-	-	-	-	-	-	-	-	-	-	44,193
Net Investment Income	-	-	-	-	-	-	-	-	-	-	66,518	204,583	2,238	142,151	797	3,955	(4,156)	(73,606)	(399)	(1,022)	1,246,142	22,302	1,609,503
Expenses	(208,281)	(91,380)	(242,210)	(63,774)	(159,288)	(2,224)	(505)	(3,689)	(1,745)	(212)	(11,186)	(99,871)	(64,170)	(600,370)	(15,842)	(208,467)	(530)	(347,685)	(4,410)	(25,182)	(219,357)	(133,440)	(2,503,818)
Other income-net	-	-	-	-	-	-	-	-	-	-	5,269	22,650	4,813	23,533	434	29,753	260	29,103	194	1,078	9,943	279	127,309
Premium defeciency	-	-	-	(20,503)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,503)
Share of profit from associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	293,487	-	293,487
Add: Policyholders' liabilities at																							
the beginning of period	-	-	-	-	-	-	-	-	-	-	1,573,079	6,119,617	75,342	8,109,869	11,624	262,524	74,927	1,111,274	5,397	10,502	-	-	17,354,155
Less: Policyholders' liabilities at																							
the end of the period	-	-	-	-	-	-	-	-	-	-	(1,569,863)	(6,075,027)	(98,103)	(6,219,006)	(10,020)	(320,265)	(106,582)	(1,721,067)	(7,529)	(33,077)	-	-	(16,160,539)
(Surplus) / deficit taken to																							
statutory fund	-	-	-	-	-	-	-	-	-	-	28,735	-	-	-	-	-	-	-	-	-	-	-	-
	(40,459)	103,252	278,642	(81,288)	(27,410)	4,411	1,864	7,612	6,770	267	(12,513)	54,829	19,652	(95,993)	(4,791)	(50,461)	1,405	(73,921)	2,995	(24,552)	1,336,029	(22,361)	1,383,978
Other operating income																							393,245
Unallocated general and administrative expenses																							(48,797)
Financial charges																							(247,582)
Profit before taxation																							1,480,844

	2017																					
	General Insurance									Life Insurance										Investment business	Brokerage business	Total
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Window Takaful Operations				Life (Partici-pating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
						Fire and property damage	Marine, aviation and transport	Motor	Miscella-neous		Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																					
Premium	172,541	214,331	913,601	230,836	254,534	-	-	-	-	35,173	735,079	218,696	2,305,090	11,993	925,352	6,844	1,193,771	9,161	23,870	-	-	7,250,872
Net claims	(80,780)	(80,953)	(464,478)	(207,259)	(152,198)	-	-	-	-	(143,912)	(650,385)	(150,385)	(2,593,796)	(3,193)	(714,734)	(635)	(46,678)	(1,200)	(13,818)	-	-	(5,304,404)
Fee, commission and brokerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,117	131,117
Net commission	99,530	50,719	(56,513)	(6,303)	2,331	(1,041)	(88)	(999)	(35)	(2,102)	(68,301)	(23,124)	(301,641)	(13,177)	(73,167)	-	(186,124)	(2,339)	(435)	-	-	(582,809)
Wakalah fee income	-	-	-	-	-	1,476	534	1,589	95	-	-	-	-	-	-	-	-	-	-	-	-	3,694
Net Investment Income	-	-	-	-	-	-	-	-	-	156,623	535,357	13,593	224,229	6,336	3,755	12,806	(38,928)	(109)	(183)	1,902,621	-	2,816,100
Expenses	(119,665)	(54,591)	(177,899)	(34,563)	(88,220)	(1,544)	(166)	(1,726)	(81)	(2,884)	(55,560)	(49,654)	(214,403)	(7,528)	(109,664)	-	(74,707)	-	-	(38,722)	(152,992)	(1,184,569)
Other income-net	-	-	-	-	-	-	-	-	-	7,664	14,274	1,110	36,698	65	25,609	526	7,222	-	3	-	-	93,171
Share of profit from associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,805,648	-	2,805,648
Add: Policyholders' liabilities at the beginning of period	-	-	-	-	-	-	-	-	-	1,367,408	5,701,085	77,320	8,695,395	9,337	212,747	55,878	239,008	573	3,114	-	-	16,361,865
Less: Policyholders' liabilities at the end of the period	-	-	-	-	-	-	-	-	-	(1,573,079)	(6,119,617)	(75,342)	(8,109,869)	(11,624)	(262,524)	(74,927)	(1,111,274)	(5,397)	(10,502)	-	-	(17,354,155)
(Surplus) / deficit taken to statutory fund	-	-	-	-	-	-	-	-	-	155,109	-	-	-	-	-	-	-	-	-	-	-	155,109
	71,626	129,506	214,711	(17,289)	16,447	(1,109)	280	(1,136)	(21)	-	91,932	12,214	41,703	(7,791)	7,374	492	(17,710)	689	2,049	4,669,547	(21,875)	5,191,639
Other operating income																						406,867
Unallocated general and administrative expenses																						(251,690)
Financial charges																						(173,285)
Profit before taxation																						5,173,531

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2018	2017
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank deposits		
Cash and other equivalents	856	3,321
Current and other accounts	1,473,727	2,671,595
Deposits maturing within 12 months	1,636,000	3,126,080
	3,110,583	5,800,996
Current assets - others		
Insurance / Takaful / Reinsurance / Retakaful Receivable	1,531,007	1,005,734
Accrued income on investments and deposits	288,407	288,982
Reinsurance recoveries against outstanding claims	854,042	723,743
Wakala fees receivable	41,763	11,526
Loans secured against life insurance policies	181,375	168,046
Deposits, loans, advances and other receivables	673,330	640,493
	3,569,924	2,838,524
Investments - held to maturity	320,665	321,211
Investments - held for trading	1,719,378	-
Investments - available for sale	56,524,176	71,408,954
Long-term deposits	21,816	11,013
Non-current asset held for sale	9,110	-
Financial Liabilities		
Amortised cost		
Provision for outstanding claims (including IBNR)	1,782,959	1,456,661
Amounts due to other insurers / reinsurers	726,473	373,256
Current portion of long term liabilities	662,935	480,006
Trade and other payables	1,791,667	1,730,607
Short term loan	1,450,518	1,600,000
Long term loan	1,399,999	2,259,333
Unclaimed dividend	35,165	14,918
Liabilities against assets subject to finance lease	109,857	80,011
	7,959,573	7,994,792

34 RISK MANAGEMENT

34.1 Risk management framework

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing the Group's risk management policies.

34.1.1 Insurance risk - General Insurance

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

34.1.2 Concentration of insurance risk - General Insurance

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. The Group minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Group determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

Notes to and Forming Part of the Consolidated Financial Statements

34.1.3 Reinsurance Arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Group.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

34.2 Risk management framework - Life Insurance

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

34.2.1 Life Insurance risk

34.2.1.1 Individual Life (Unit Linked Policies, Universal Life Policies and Traditional Policies)

This section discusses the exposure of insurance risk to the Group under Life Participating, Life Non-participating and Investment Linked statutory funds and the process adopted by the Group to manage these risks.

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Group may get exposed to poor risks due to:

- Unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency.

- Additionally, the risk of poor persistency may result in the the Group being unable to recover expenses incurred at policy acquisition.

The Group manages these risks through its:

- **Pricing:**

  All products of this nature are designed by the Actuarial Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Additionally, The Group reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

- **Underwriting:**

  Adequate underwriting policies and controls have been put in place to cover various aspects such as health, location, nature of work etc. before issuance of policy. Appropriate underwriting authority limits have been assigned by the underwriting committee to each individual in the underwriting department. Furthermore, Underwriting Committee reviews the underwriting performance of the life business on a quarterly basis.

- **Reinsurance:**

  Reinsurance contracts have been purchased by the Group to limit the maximum exposure on any one policyholder. Reinsurance Committee reviews every quarter the performance of the treaties from the Group's perspective and also from the Reinsurer's perspective to find the right balance of retained sum insured.

- **Claims handling policy:**

  The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- **Persistency:**

The Group applies controls to curb mis-selling to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted.

- **Concentration Risk:**

The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. The Group charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Life Participating

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	82,319	1.29%	82,232	1.78%
200,001 - 400,000	227,639	3.56%	227,241	4.92%
400,001 - 800,000	671,254	10.49%	643,552	13.93%
800,001 - 1,000,000	419,468	6.56%	389,605	8.44%
More than 1,000,000	4,997,625	78.11%	3,276,099	70.93%
Total	6,398,305	100.00%	4,618,729	100.00%

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	92,826	1.14%	92,739	1.59%
200,001 - 400,000	264,566	3.24%	263,550	4.52%
400,001 - 800,000	786,517	9.62%	756,196	12.97%
800,001 - 1,000,000	658,265	8.05%	619,379	10.62%
More than 1,000,000	6,371,949	77.95%	4,099,478	70.30%
Total	8,174,123	100.00%	5,831,342	100.00%

Individual Life Non - Participating

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	206,606	0.79%	206,424	1.26%
200,001 - 400,000	1,105,640	4.25%	1,101,141	6.72%
400,001 - 800,000	3,396,320	13.06%	3,337,965	20.38%
800,001 - 1,000,000	1,731,007	6.65%	1,652,943	10.09%
More than 1,000,000	19,572,115	75.24%	10,077,331	61.54%
Total	26,011,688	100.00%	16,375,804	100.00%

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	257,833	0.91%	257,592	1.45%
200,001 - 400,000	1,220,319	4.29%	1,216,274	6.82%
400,001 - 800,000	3,720,670	13.09%	3,656,911	20.52%
800,001 - 1,000,000	1,733,507	6.10%	1,662,196	9.33%
More than 1,000,000	21,481,036	75.61%	11,028,345	61.88%
Total	28,413,365	100.00%	17,821,318	100.00%

Investment Linked

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	248,650	1.41%	247,450	3.31%
200,001 - 400,000	499,851	2.84%	495,285	6.63%
400,001 - 800,000	1,547,695	8.79%	1,408,514	18.84%
800,001 - 1,000,000	916,362	5.21%	672,734	9.00%
More than 1,000,000	14,389,633	81.75%	4,651,005	62.22%
Total	17,602,191	100.00%	7,474,988	100.00%

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	203,874	1.15%	203,674	2.94%
200,001 - 400,000	419,631	2.37%	418,403	6.04%
400,001 - 800,000	1,407,045	7.94%	1,276,985	18.44%
800,001 - 1,000,000	843,365	4.76%	620,242	8.96%
More than 1,000,000	14,852,584	83.78%	4,406,720	63.62%
Total	17,726,499	100.00%	6,926,023	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long - term unit linked and universal life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior (this impacts primarily persistency).

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- **Persistency:** A periodic analysis of the Group's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel.
- **Expense levels and inflation:** A periodic study is conducted on the Group's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- **Investment returns:** The investment returns assumptions are based on assets backing the portfolio.

d) Change in Assumptions

There has been no change in assumptions.

34.2.1.2 Group Life

The main risk written by the Group under the Group Life business is mortality. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Group also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Group manages these risks through its

- **Pricing and Underwriting:**

All products of this nature are prepared by the Group's Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Group. The premium charged takes into account the actual historical experience as well as the future expected mortality, considering various characteristics of the client.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Also, Underwriting and Reinsurance Committee reviews the underwriting performance on a quarterly basis and tracks the adequacy of premium charged.

- **Reinsurance:**

Reinsurance agreements are in place to limit the mortality risk exposure. The Group also has a catastrophe cover reinsurance agreement covering group life business. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties.

- **Claims handling policy:**

The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- Concentration Risk:

The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe excess of loss reinsurance cover which ensures that the Group's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Group Life

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	7,316,251	5.82%	7,316,251	9.26%
500,001-1,000,000	9,264,737	7.37%	9,264,737	11.72%
1,000,001-1,500,000	15,374,183	12.23%	15,374,183	19.45%
1,500,001-2,000,000	9,440,729	7.51%	9,440,729	11.95%
2,000,001-2,500,000	7,793,944	6.20%	7,685,539	9.73%
More than 2,500,000	76,518,931	60.87%	29,943,557	37.89%
Total	125,708,775	100.00%	79,024,996	100.00%

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	5,533,875	6.61%	5,533,875	10.62%
500,001-1,000,000	5,986,546	7.15%	5,986,546	11.48%
1,000,001-1,500,000	9,734,988	11.63%	9,734,988	18.67%
1,500,001-2,000,000	5,564,829	6.65%	5,564,829	10.67%
2,000,001-2,500,000	3,923,229	4.69%	1,568,885	3.01%
More than 2,500,000	52,991,629	63.27%	23,743,088	45.55%
Total	83,735,096	100.00%	52,132,211	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the Group's experience.

d) Changes in assumptions

There has been no material change in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2018
	(Rupees in '000)	
Worsening of mortality rates for risk policies	10%	2,952,397
Increase in reporting lag	10%	2,952,397

34.2.1.3 Accident & Health

The products in this fund provide cover against accidental death, disability, sickness and critical illness and are mainly offered as yearly renewable plans. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of fraudulent claims and catastrophic event.

The Group manages these risks through its:

- **Pricing and Underwriting:**

Products of this nature are prepared by the Actuarial department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done after analysing the actual experience of the group as well as future expectations. The rates are certified by the Appointed Actuary.

Also, Underwriting Committee reviews the underwriting performance of the Group on a quarterly basis.

- **Claims handling policy:**

The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted.

- **Concentration Risk:**

The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

The following table presents the concentration of insured benefits across five bands of insured benefits. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Accident and Health

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	1,573	0.02%	1,573	0.02%
200,001 - 400,000	3,505	0.04%	3,367	0.05%
400,001 - 800,000	1,058,213	11.32%	1,058,088	14.18%
800,001 - 1,000,000	1,278,900	13.68%	1,278,400	17.13%
More than 1,000,000	7,005,691	74.94%	5,120,664	68.62%
Total	9,347,882	100.00%	7,462,092	100.00%

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	1,718	0.02%	1,718	0.03%
200,001 - 400,000	6,845	0.08%	6,707	0.10%
400,001 - 800,000	735,085	8.55%	734,960	10.93%
800,001 - 1,000,000	1,203,400	14.00%	1,202,900	17.90%
More than 1,000,000	6,649,920	77.35%	4,775,205	71.04%
Total	8,596,968	100.00%	6,721,490	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The assumptions are set using the data available.

d) Changes in assumptions

There has been no material change in the assumptions.

34.2.1.4 Management of takaful risk and financial risk

The Group is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarizes the risks and the way the Group manages them, as part of the Group's Window Takaful Operations.

Takaful Risk

The PTF issues Takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful
- Group Health Takaful

34.2.1.4.1 Individual Family Takaful

These risks are managed along similar lines as explained for individual life unit linked and universal life policies.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Group caters to this risk by entering into suitable Retakaful arrangements. The Group charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Group manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits assured per life

	Assured at the end of 2018			
	Total benefits assured			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	85,199	0.92%	85,199	1.97%
200,001 - 400,000	479,728	5.19%	479,728	11.09%
400,001 - 800,000	1,212,193	13.12%	1,164,187	26.91%
800,001 - 1,000,000	1,309,719	14.18%	765,109	17.69%
More than 1,000,000	6,149,103	66.58%	1,832,049	42.35%
Total	9,235,942	100.00%	4,326,272	100.00%

Benefits assured per life

	Assured at the end of 2017			
	Total benefits assured			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	59,679	0.90%	59,679	1.76%
200,001 - 400,000	338,049	5.08%	338,049	9.99%
400,001 - 800,000	905,544	13.60%	879,119	25.98%
800,001 - 1,000,000	994,610	14.94%	627,629	18.55%
More than 1,000,000	4,360,989	65.48%	1,479,383	43.72%
Total	6,658,871	100.00%	3,383,859	100.00%

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behavior (this primarily impacts persistency).

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.

- **Persistency:** A periodic analysis of the Group's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.

- **Expense levels and inflation:** A periodic study is conducted on the Group's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.

- **Investment returns:** The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

e) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis due to this immateriality, sensitivity analysis is not conducted.

34.2.1.4.2 Group Life Family Takaful

The main risk written by the Group is mortality. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Group also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Group manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Group. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Group also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Group on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Frequency and severity of claims:

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

	Assured at the end of 2018			
	Total takaful benefits			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	1,909,194	29.56%	1,909,194	29.56%
500,001-1.000,000	198,929	3.08%	198,929	3.08%
1,000,001-1,500,000	733,709	11.36%	733,709	11.36%
1,500,001-2,000,000	849,320	13.15%	849,320	13.15%
2,000,001-2,500,000	636,829	9.86%	636,829	9.86%
More than 2,500,000	2,130,728	32.99%	2,130,728	32.99%
	6,458,709	100.00%	6,458,709	100.00%

	Assured at the end of 2017			
	Total takaful benefits			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	549,055	35.37%	549,055	35.37%
500,001-1.000,000	50,096	3.23%	50,096	3.23%
1,000,001-1,500,000	130,369	8.40%	130,369	8.40%
1,500,001-2,000,000	75,276	4.85%	75,276	4.85%
2,000,001-2,500,000	47,517	3.06%	47,517	3.06%
More than 2,500,000	700,058	45.09%	700,058	45.09%
	1,552,371	100.00%	1,552,371	100.00%

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

h) Changes in assumptions

There has been no material change in assumptions.

i) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2018
Worsening of mortality rates	10%	176,880
Increase in reporting lag	10%	176,880

34.2.1.4.3 Group Health Takaful

The main risk written by the Group is morbidity. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical region, medical expense inflation, fraudulent claims and catastrophic event. The Group potentially faces the risk of lack of adequate claims control (such as for very large groups). The Group also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Group manages these risks through its:

a) Pricing and Underwriting:

Products of this nature are prepared by Group Underwriting Department along with input from relevant sales team members and Actuarial Department which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Group. The contribution charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the Appointed Actuary for large groups.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Group also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Group on a quarterly basis.

b) Claims handling policy:

The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Also, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed.

The Group has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Group ensures that payment of any fraudulent claims is avoided.

Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and make sure that adequate claims controls are in place.

c) Concentration Risk:

The Group has a good spread of business throughout the country thereby ensuring diversification across geographical regions.

d) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

Increase in claims severity due to medical inflation is a risk which is being strictly monitored by the Group through annual claims studies and trend analysis. Such trend analysis is also incorporated in Group Health takaful pricing.

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

g) Changes in assumptions

There has been no material change in assumptions.

34.2.1.4.4 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Group minimises its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance / Retakaful		Net	
	2018	2017	2018	2017	2018	2017
	(Rupees in million)					
Life (participating)	6,398	8,174	1,780	2,343	4,619	5,831
Life (non-participating) - Individual	26,012	28,413	9,636	10,592	16,376	17,821
Life (non-participating) - Group	125,709	83,735	46,684	31,603	79,025	52,132
Investment Linked	17,602	17,726	10,127	10,800	7,475	6,926
Accident & Health - Individual	9,349	8,597	1,886	1,875	7,462	6,722
Family Takaful - Individual	9,236	6,659	4,910	3,275	4,326	3,384
Family Takaful - Group	6,459	1,552	-	-	6,459	1,552
Fire and property damage	36,067	37,272	35,917	37,231	150	41
Marine, aviation and transport	17,608	12,078	14,087	5,193	3,521	6,885
Motor	75	75	-	-	75	75
Health	2,741	1	-	-	2,741	1
Miscellaneous	9,998	13,500	9,944	8,100	55	5,400
Window Takaful Operations - Fire and property damage	3,395	4,700	3,370	4,548	25	152
Window Takaful Operations - Marine, aviation and transport	1,400	1,400	1,260	1,260	140	140
Window Takaful Operations - Motor	44	80	-	-	44	80
Window Takaful Operations - Miscellaneous	95	74	90	56	5	18
	272,188	224,036	139,691	116,876	132,498	107,160

Notes to and Forming Part of the Consolidated Financial Statements

34.2.1.4.5 The table below sets out the concentration of insurance contract liabilities by type of contract for the Group:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Fire and property damage	1,134,490	1,042,393	1,115,326	959,302	19,164	83,091
Marine, aviation and transport	324,583	280,315	278,362	228,086	46,221	52,229
Motor	1,032,419	847,045	437,384	323,504	595,035	523,541
Health	295,812	246,310	100,152	82,021	195,660	164,289
Miscellaneous	855,299	801,956	790,581	630,515	64,718	171,441
Life Participating	1,956,920	1,595,001	1,956,920	1,982,003	-	(387,002)
Life Non-Participating (Individual)	6,766,543	6,217,372	6,766,543	6,557,919	-	(340,547)
Life Non-Participating (Group)	420,795	246,931	420,795	345,437	-	(98,506)
Investment Linked Business	5,429,245	8,260,203	6,433,494	8,423,040	(1,004,249)	(162,837)
Accident and Health Business (Individual)	49,355	26,552	49,355	27,013	-	(461)
Accident and Health Business (Group)	515,307	302,973	515,307	428,064	-	(125,091)
Pension Business Fund	113,029	74,960	113,029	79,508	-	(4,548)
Family Takaful - Individual	1,794,055	1,187,620	1,794,055	1,220,172	-	(32,552)
Family Takaful - Group	14,668	6,529	14,668	8,414	-	(1,885)
Family Takaful - Health	37,189	15,286	37,189	19,677	-	(4,391)
	20,739,709	21,151,446	20,823,160	21,314,675	(83,451)	(163,229)

34.2.1.4.6 Unclaimed insurance benefit

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise Breakup					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Unclaimed maturity benefits	2,806	2,255	122	429	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	17,222	-	-	5,271	2,756	9,195
Others unclaimed benefits	-	-	-	-	-	-
Total	20,028	2,255	122	5,700	2,756	9,195

34.2.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Group is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Group. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Group uses historical experience factor based on analysis of the past years claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Group takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

34.2.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Group's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

34.2.4 Sensitivities

Non-Life Insurance

As the Group enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Consolidated statement of profit or loss	Equity	Consolidated statement of profit or loss	Equity
	(Rupees in '000)			
Fire and property damage	(6,927)	(6,927)	6,927	6,927
Marine, aviation and transport	(6,057)	(6,057)	6,057	6,057
Motor	(39,147)	(39,147)	39,147	39,147
Health	(21,699)	(21,699)	21,699	21,699
Miscellaneous	(7,302)	(7,302)	7,302	7,302
Window Takaful Operations	(3,667)	(3,667)	3,667	3,667
	(84,799)	(84,799)	84,799	84,799

Life Insurance

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2014	2015	2016	2017	2018	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	232,592	324,613	332,103	363,401	575,330	1,828,039
One year later	216,453	371,882	358,703	330,493	-	1,277,531
Two years later	220,697	370,112	303,642	-	-	894,451
Three years later	217,108	360,734	-	-	-	577,842
Four years later	78,974	-	-	-	-	78,974
Estimate of cumulative claims	78,974	360,734	303,642	330,493	575,330	1,649,173
Cumulative payments to date	(305,825)	(207,512)	(263,625)	(357,908)	(170,366)	(1,305,236)
Liability recognised in the balance sheet	(226,851)	153,222	40,017	(27,415)	404,964	343,937

Notes to and Forming Part of the Consolidated Financial Statements

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

The following table shows the development of claims over a period of time on gross basis for group life and individual life business:

Accident Year	2014	2015	2016	2017	2018
	(Rupees in '000)				
Group Life					
Estimate of Ultimate Claims Costs:					
At the end of the year	250,667	291,809	382,533	618,277	902,890
1 year later	307,582	359,990	447,673	713,928	-
2 years later	309,218	360,642	448,857	-	-
3 years later	309,755	360,798	-	-	-
4 years later	309,755	-	-	-	-
Current estimates of cumulative claim	309,755	360,798	448,923	715,350	1,070,542
Cumulative payments to date	286,985	342,946	395,770	682,439	855,796
Liability recognized in statement of financial position	-	-	66	1,422	167,414
Individual Life					
Estimate of Ultimate Claims Costs:					
At the end of the year	79,944	45,996	110,727	103,339	43,738
1 year later	97,744	62,391	126,294	131,457	-
2 years later	100,000	65,630	127,600	-	-
3 years later	100,602	69,958	-	-	-
4 years later	101,052	-	-	-	-
Current estimates of cumulative claim	101,052	69,958	127,600	131,457	65,336
Cumulative payments to date	64,515	51,481	115,680	118,028	23,538
Liability recognized in statement of financial position	-	-	-	-	17,819

34.3 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest / mark-up rate risk in respect of the following:

	2018							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Cash and bank balances	3.5% - 5.25%	1,445,406	-	1,445,406	29,177	-	29,177	1,474,583
Investments	6.34%-13.22%	8,643,291	6,150,021	14,793,312	-	45,406,907	45,406,907	60,200,219
Loans secured against life insurance policies	9.00% - 11.00%	181,375	-	181,375	-	-	-	181,375
Long-term deposits		-	-	-	-	21,816	21,816	21,816
Insurance / takaful / reinsurance / retakaful receivables		-	-	-	1,531,007	-	1,531,007	1,531,007
Accrued income on investments and deposits		-	-	-	288,407	-	288,407	288,407
Reinsurance recoveries against outstanding claims		-	-	-	854,042	-	854,042	854,042
Non-current asset held for sale					9,110		9,110	9,110
Wakalah fees receivable		-	-	-	41,763	-	41,763	41,763
Loans, advances and other receivables		-	-	-	673,330	-	673,330	673,330
		10,270,072	6,150,021	16,420,093	3,426,836	45,428,723	48,855,559	65,275,652
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	1,782,959	-	1,782,959	1,782,959
Amounts due to other insurers / reinsurers		-	-	-	726,473	-	726,473	726,473
Trade and other payables		-	-	-	1,791,667	-	1,791,667	1,791,667
Short term loan	6.13% to 6.47%	1,450,518	-	1,450,518	-	-	-	1,450,518
Long term loan	6.36% to 6.47%		1,399,999	1,399,999	-	-	-	1,399,999
Current portion of long term and lease liabilities	6.13% to 6.47%	662,935	-	662,935	-	-	-	662,935
Unclaimed dividend		-	-	-	35,165	-	35,165	35,165
Liabilities against assets subject to finance lease	3.89% - 6.35%	-	109,857	109,857	-	-	-	109,857
		2,113,453	1,509,856	3,623,309	4,336,264	-	4,336,264	7,959,573
		8,156,619	4,640,165	12,796,784	(909,428)	45,428,723	44,519,295	57,316,079

Notes to and Forming Part of the Consolidated Financial Statements

	2017							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Cash and bank balances	3.50% - 5.25%	2,671,595	-	2,671,595	3,321	-	3,321	2,674,916
Investments	6.34% - 13.22%	3,354,124	10,981,178	14,335,302	57,394,863	-	57,394,863	71,730,165
Loans secured against life insurance policies	9.00% - 11.00%	168,046	-	168,046	-	-	-	168,046
Long term deposits		-	-	-	-	11,013	11,013	11,013
Insurance / takaful / reinsurance / retakaful receivables		-	-	-	1,005,734	-	1,005,734	1,005,734
Accrued income on investments and deposits		-	-	-	288,982	-	288,982	288,982
Reinsurance recoveries against outstanding claims		-	-	-	723,743	-	723,743	723,743
Wakalah fee receivable		-	-	-	11,526	-	11,526	11,526
Loans, advances and other receivables		-	-	-	640,493	-	640,493	640,493
		6,193,765	10,981,178	17,174,943	60,068,662	11,013	60,079,675	77,254,618
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	1,456,661	-	1,456,661	1,456,661
Amounts due to other insurers / reinsurers		-	-	-	373,256	-	373,256	373,256
Trade and other payables		-	-	-	1,730,607	-	1,730,607	1,730,607
Current portion of long term liabilities	6.13% - 6.47%	480,006	-	480,006	-	-	-	480,006
Short term finances - secured	6.13% - 6.47%	1,600,000	-	1,600,000	-	-	-	1,600,000
Long term finance-secured	6.36% - 6.47%		2,259,333	2,259,333	-	-	-	2,259,333
Unclaimed dividend		-	-	-	14,918	-	14,918	14,918
Liabilities against assets subject to finance lease	3.89% - 6.35%	-	80,011	80,011	-	-	-	80,011
		2,080,006	2,339,344	4,419,350	3,575,442	-	3,575,442	7,994,792
		4,113,759	8,641,834	12,755,593	56,493,220	11,013	56,504,233	69,259,826

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on statement of	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2018		
Cash flow sensitivity-Variable rate financial liabilities	(35,135)	35,135
Cash flow sensitivity-Variable rate financial assets	133,064	(133,064)
As at December 31, 2017		
Cash flow sensitivity-Variable rate financial liabilities	(43,393)	43,393
Cash flow sensitivity-Variable rate financial assets	144,744	(144,744)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the balance sheet date, the Group does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Group is exposed to price risk since it has investments in quoted equity securities and debt securities amounting to Rs. 58.103 million (2017: Rs. 71.259 million) at the reporting date.

The Group's strategy is to hold its strategic investments for long period of time. Thus, Group's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term price volatility. Group manages price risk by monitoring exposure in quoted equity and debt securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to price risk are based on quoted market prices as of the reporting date except for investments in associates which are carried under equity method of accounting.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Group has no significant concentration of price risk.

Sensitivity analysis

The table below summarises Group's price risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Group's investment portfolio because of the nature of markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase /(decrease) in shareholders' equity	Hypothetical increase(decrease) in profit / (loss) before tax
2018	58,243,554	10% increase	64,067,909	5,824,355	5,824,355
		10% decrease	52,419,199	(5,824,355)	(5,824,355)
2017	71,408,954	10% increase	78,549,849	7,140,895	7,140,895
		10% decrease	64,268,059	(7,140,895)	(7,140,895)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Group maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Group are short term in nature.

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2018			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	1,782,959	1,782,959	1,782,959	-
Amount due to other insurers / reinsurers	726,473	726,473	726,473	-
Trade and other payables	1,791,667	1,791,667	1,791,667	-
Short term loan	1,450,518	1,450,518	1,450,518	-
Long term loan	1,399,999	1,399,999	-	1,399,999
Current portion of long term liabilities	662,935	662,935	662,935	-
Unclaimed dividend	35,165	35,165	35,165	-
Liabilities against assets subject to finance lease	109,857	109,857	-	109,857
	7,959,573	7,959,573	6,449,717	1,509,856

	2017			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	1,456,661	1,456,661	1,456,661	-
Amount due to other insurers / reinsurers	373,256	373,256	373,256	-
Current portion of long term liabilities	480,006	480,006	480,006	-
Unclaimed dividend	14,918	14,918	14,918	-
Liabilities against assets subject to finance lease	80,011	80,011	-	80,011
Short term finance	1,600,000	1,600,000	1,600,000	-
Long term finance	2,259,333	2,259,333	-	2,259,333
Trade and other payables	1,730,607	1,730,607	1,361,663	-
	7,994,792	7,994,792	5,286,504	2,339,344

(iii) Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Group's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Group's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

	2018	2017
	(Rupees in '000)	
Cash and bank balances	1,474,583	2,674,916
Investments	1,811,000	3,129,360
Loans secured against life insurance policies	181,375	168,046
Long-term deposits	21,816	11,013
Amounts due from other insurers / reinsurers - unsecured	1,531,007	1,005,734
Accrued income on investments and deposits	288,407	288,982
Reinsurance recoveries against outstanding claims	854,042	723,743
Wakala fees receivable	41,763	11,526
Loans, advances and other receivables	673,330	647,092
	6,877,323	8,660,412

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in note 9.2 and 9.3. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

* The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Bank deposits	Rating Agency	Rating	
		Short Term	Long Term
Allied Bank	PACRA	A1+	AAA
Bank Al Habib	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Bank Islami	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank	PACRA	A1+	AAA
Summit Bank Limited	JCR VIS	A-1	A-
Samba Bank Limited	JCR VIS	A-1	AA
MIB Bank Limited (Formerly NIB Bank)	PACRA	A1+	AA-
Bank of Punjab	PACRA	A1+	AA
United Bank Limited	JCR VIS	A-1+	AAA
Meezan Bank	JCR VIS	A1+	AA+
FINCA Microfinance Bank Limited	PACRA	A1	A
First MicroFinance Bank-Pakistan	JCR VIS	A-1	A+
Telenor Microfinance Bank	PACRA	A1	A+
U Microfinance Bank Limited	JCR VIS	A-2	A
NRSP MicroFinance Bank	PACRA	A1	A
Albaraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Bank Alfalah Limited	JCR-VIS	A-1+	AA+
Khushali Microfinance Bank Limited	JCR-VIS	A+	A-1
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-
Mobilink Microfinance Bank Limited	PACRA	A1	A
Silk Bank Limited	JCR-VIS	A-2	A-

** The age analysis of premiums / contributions due but unpaid, amounts due from other insurers / reinsurers / other takaful companies / re-takaful operators and receivable from clients securities and commodity contracts against purchase of marketable is as follows:

	2018	2017
	(Rupees in '000)	
Upto 1 year	2,140,534	855,824
1-2 years	66,633	131,404
2-3 years	51,439	41,909
Over 3 years	142,500	120,761
	2,401,106	1,149,898

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Sector wise analysis of premiums due but unpaid	2018	2017
	(Rupees in '000)	
Foods and beverages	81,357	45,865
Financial services	105,769	69,268
Pharmaceuticals	30,105	42,417
Textile and composites	102,286	90,527
Plastic industries	37,569	24,631
Engineering, Technology and Communication	89,818	75,140
Other manufacturing	48,382	45,873
Miscellaneous	492,825	318,085
	988,111	711,806
Sector wise analysis of contribution due but unpaid - Window Takaful Operations		
Textile	8,368	2,625
Financial services	205	-
Engineering	97	2,144
Pharmaceuticals	737	480
Food	7,404	300
Other manufacturing	70	-
Others	13,293	5,400
	30,174	10,949

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2018	2017
	(Rupees in '000)				
A- or above (including PRCL)	656,634	561,549	392,279	1,610,462	1,401,629
BBB and B+	2,864	92,655	72,498	168,017	152,632
Others	45,844	199,838	148,397	394,079	89,530
Total	705,342	854,042	613,174	2,172,558	1,643,791

Window Takaful Operations	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2018	2017
	(Rupees in '000)				
A or above	31,025	15,014	24,723	70,762	17,595
BBB	731	354	582	1,667	2,094
Others	820	273	450	1,543	682
	32,576	15,641	25,755	73,972	20,371

35 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2018, the Group held the following financial instruments measured at fair value:

	As at December 31, 2018		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	45,181,006	11,343,170	-
Fair value through profit or loss	225,901	1,493,477	-

	As at December 31, 2017		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	57,241,664	14,017,371	-
Fair value through profit or loss	-	-	-

36 CAPITAL MANAGEMENT

The Holding Company's objectives when managing capital are to safeguard the Holding Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and re classified wherever necessary. There has been significant rearrangements during the year to these consolidated financial statements. The effects of these reclassifications are summarised below:

Notes to and Forming Part of the Consolidated Financial Statements

Reclassification from Balance Sheet	Reclassification to Statement of Financial Position	2017 (Rupees in '000)
Intangible asset	Fixed assets	136,581
Premiums due but unpaid - unsecured	Insurance / takaful / reinsurance / retakaful receivables	609,065
Amounts due from other insurers / reinsurers - unsecured	Insurance / takaful / reinsurance / retakaful receivables	396,669
Prepaid reinsurance premium ceded	Deposits, prepayments, loans, advances and other receivables	481,956
Cash and bank balances	Investments	3,126,080
Experience refund receivable	Loans , advances and other receivables	16,299
Sundry Receivable	Deposits, prepayments, loans, advances and other receivables	944,219
Surplus on revaluation of	Unappropriated profit	221,531
available-for-sale investments - net	Non-controlling interest	48,737
Staff retirement benefits	Retirement benefit obligation	34,796
Long term finances	Long term loan	2,259,333
Deferred Wakalah Fee	Unearned Wakalah fee	7,832
Short term finances	Short term loan	1,600,000
Experience refund payable	Trade and other payables	26,701
Accrued expenses	Trade and other payables	342,243
Sundry creditors	Trade and other payables	1,384,797

38 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 29, 2019 by the Board of Directors of the Holding Company.

39 EVENTS AFTER THE REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2018 of Rs. 3/- per share (2017: Rs. 4/- per share), amounting to Rs 427.892 million (2017: Rs 496.106 million) in its meeting held on March 29, 2019 for the approval of the members at the annual general meeting to be held on April 26, 2019 . The consolidated financial statements for the year ended December 31, 2018 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2019.

Chief Executive Officer

Chief Financial Officer

Director

Notice of Annual General Meeting of IGI Holdings Limited

NOTICE IS HEREBY GIVEN that the 65th Annual General Meeting of IGI Holdings Limited (the "Company") will be held on Friday, the 26th day of April, 2019 at 3:30 p.m., at the Tulip Hall, Beach Luxury Hotel, Lalazar, M.T. Khan Road, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extraordinary General Meeting (EoGM) of the Company held on October 8, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2018 together with the Chairman's Review Report and Directors' and Auditor's Report thereon.
3. To consider and approve the payment of final cash dividend of Rs. 3/- (30%) per share for the financial year ended December 31, 2018 as recommended by the Board of Directors. This is in addition to the interim cash dividend paid of Rs. 3/- per share (30%) already to the members during the year.
4. To appoint auditors for the year 2019 and to fix their remuneration, the current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2019 and the Board of Directors has recommended their appointment.

ANY OTHER BUSINESS

5. To consider any other business with the permission of the Chairman.

By Order of the Board

Yasir Ali Quraishi
Company Secretary

Karachi
April 5, 2019

Notes:

1. The Share Transfer Books of the Company will remain closed from April 19, 2019 to April 26, 2019 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The proxy forms duly completed and signed by the member appointing the proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S., Sharah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting.
3. Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses.
4. Any individual beneficial owner having an account or sub-account with the Central Depository Company, entitled to vote at this Meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
5. Pursuant to Section 223(7) of the Companies Act, 2017, the financial statements and reports have been placed on website of the Company.
6. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, the Companies have been allowed to circulate the Annual Report to members through email, we have attached the request form in the Annual Report and also uploaded on our company's website-www.igi.com.pk/holdings. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
7. Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Extraordinary General Meeting held on October 8, 2018.

7.1 Accordingly, Annual Report of the Company for the year ended December 31, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website www.igi.com.pk/holdings.

8. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay the cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive your dividends directly into your Bank account, please complete the particulars in E-Credit Dividend Mandate Form. The dividend mandate form has been attached in the Annual Report and also uploaded on our Company's website - www.igi.com.pk/holdings

9. In the absence of a member's valid bank account details and/or IBAN, the Company will be constrained to withhold the payment of dividend to such members till provision of prescribed details.

10. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.

11. The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

(a)	For filers of income tax returns	15%
(b)	For non-filers of income tax returns	20%

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into the ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

12. For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the principal shareholder and Joint-holder(s) in respect of shares held by them to the Share Registrar, in writing as follows:

Company Name	Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

NOTE: In the event of non-receipt of the information by April 18, 2019, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers or email addresses:-

Contact Persons:

Yasir Ali Quraishi
Phone: 111-234-234
Yasir.quraishi@igi.com.pk

Salman Rauf
Tel # 92-21-34380101-4
92-21-34384621-3

13. A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

14. Shareholders who could not collect their dividend /physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

15. If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the Meeting. If you wish to take benefit of this facility, please fill and send a request in the below terms to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I/We, ______________________ of ______________________ being a member of IGI Holdings Limited holder of ______________________ Ordinary shares as per Registered Folio / CDC Account No. ____________ hereby opt for video conference facility at. ______________________

____
Signature of member

16 Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum, Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

Form of Proxy

65th Annual General Meeting

I/We ____

of ____ being member(s) of

IGI Holdings Limited and holder of ____

Ordinary Shares as per Share Register Folio ____________ and/or CDC Participant I.D. No. and

Sub Account No. ______________ hereby appoint ______________________of

______________ or failing him / her ______________________________

of ______________________ as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at sixty fifth Annual General Meeting of the Company to be held on Friday, the 26th day of April 2019, at 3:30 p.m. at the Tulip Hall, Beach Luxury Hotel, Lalazar, M.T. Khan Road, Karachi and at any adjournment thereof.

Signed ____________ this day of ________ 2019.

1. Witness

Signature:

Name: ______________________

Address: ______________________

____

CNIC or ______________________

Passport No. ______________________

2. Witness

Signature:

Name: ______________________

Address: ______________________

____

CNIC or ______________________

Passport No. ______________________

Signature

Please affix
Rupees five
revenue stamp

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their original Computerized National Identity Cards and CDC account number for verification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Request for Annual Report and Notices Through E-Mail

The Registrar
FAMCO Associates (Pvt.) Limited,
8-F, Next to Hotel Faran
Block-6, Nursery, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-74000

Email: yasir.quraishi@igi.com.pk

Dear Sir,

I hereby request you to send me from now onwards the Annual Reports of IGI Holdings Limited and all notices under the Companies Act, 2017 at my e-mail address given below:

(E-mail address of the shareholder)

The above email address will be recorded in the members register maintained under section 119 of the Companies Act, 2017. I will inform the Company and the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Accounts and Notices only on the above email address, unless a hard copy has been specifically requested by me.

Regards.

(Signature)
Name of the Shareholders

Folio No:
(In case of physical shareholding)

CDC Account No.:
Note: Individual CDC Account holders should submit copy of their Computerized National Identity Card (CNIC) alongwith this request form.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Video Conference Facility

In this regard, please fill the following form and submit to registered office of the Company seven (7) days before holding of the Annual General Meeting.

If the Company receives consent form from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate the members regarding venue of video conference facility at least five (5) days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

Video Conference Consent Form

I/We,____________________of__________________________ being a member of IGI Holdings Limited holder of_____________________________________ordinary shares as per Register Folio/CDC participant account number __________________hereby opt for video conference facility at. ______________________________

____

Signature of member

Phone / Cell # ______________

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Electronic Credit Mandate Form

Dear Shareholder,

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly into your bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your Computerized National Identity Card (CNIC) to the Registrar of the Company, M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

CDC shareholders are requested to submit their Dividend Mandate Form and CNIC directly to their broker (participant)/CDC.

Yours faithfully
For IGI Holdings Limited

(Yasir Ali Quraishi)
Company Secretary

SHAREHOLDERS'S SECTION:

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder: ---
Folio Number / CDC Account No.: --
Contact number of shareholder: --
Title of Bank Account of Shareholder: ---
IBAN Number (see below Note No.1): --
Name of Bank: ---
Bank branch & full mailing address: ---
CNIC No. (Copy attached) : ---
NTN (in case of corporate entity): ---

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep "the Company/broker (participant)/CDC" informed in case of any changes in the said particulars in future.

Shareholder's Signature CNIC No. (Copy attached)

Date:

Note:

1. Please provide complete International Bank Account Number (IBAN), after checking with your concerned branch to enable electronic credit directly into your bank account.
2. Please provide declaration for non-deduction of Zakat, if applicable.
3. The payment of cash dividend will be processed based on the bank account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.

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Karachi-75600, Pakistan

معزز شیئر ہولڈر

الیکٹرونک کریڈٹ مینڈیٹ فارم

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس خط کو باقاعدہ دستخط کر کے اپنے کمپیوٹرائزڈ شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرادیں۔

سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ اپنے منقسمہ کے مینڈیٹ اور کمپیوٹرائزڈ شناختی کارڈ کی کاپی کو براہ راست اپنے بروکر (پارٹیسپنٹ)/سی ڈی سی کو جمع کرادیں۔

آپ کا مخلص
برائے آئی جی آئی ہولڈنگز لمیٹڈ

(یاسر علی قریشی)
کمپنی سیکریٹری

شیئر ہولڈرز پُر کریں:

میں بذریعہ ہٰذا اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

شیئر ہولڈر کا نام	:	--
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	:	--
شیئر ہولڈر کا رابطہ نمبر	:	--
شیئر ہولڈر کا بینک اکاؤنٹ کا ٹائٹل	:	--
آئی بی اے این نمبر (نیچے درج نوٹ نمبر 1 ملاحظہ فرمائیں)	:	--
بینک کا نام	:	--
بینک برانچ اور ڈاک کا مکمل پتہ	:	--
کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک کریں)	:	--
این ٹی این (کارپوریٹ ادارے کی صورت میں)	:	--

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور میری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی/ پارٹیسپنٹ/سی ڈی سی انویسٹرا کاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

شیئر ہولڈر کے دستخط

کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک)

مورخہ:------------------

نوٹ:

1- برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تا کہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔

2- نقد منافع منقسمہ کی ادائیگی صرف بینک اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاع، مالی ذمے داری یا دعویٰ کے لئے بلواسطہ یا بلاواسطہ قطعی ذمے دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہو اور/ یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

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ویڈیو کانفرنس کی سہولت

اس سلسلے میں برائے مہربانی مندرجہ ذیل فارم بھر کر اسے کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل جمع کرا دیں۔ اگر کمپنی کو اجلاس سے سات (7) دن قبل کسی ایک جغرافیائی جگہ پر رہائش پذیر ممبران جو 10 فیصد یا اس سے زائد حصص کے حامل ہوں، کی جانب سے رضامندی موصول ہوتی ہے کہ وہ اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کریں گے تو اس شہر میں ویڈیو کانفرنس کا انتظام کر دیا جائے گا جس کا انحصار اس شہر میں مذکورہ سہولت کی دستیابی پر ہوگا۔

کمپنی سالانہ اجلاس عام کے انعقاد سے پانچ (5) دن قبل ممبران کو ویڈیو کانفرنس سہولت کے مقام سے مطلع کر دے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذکورہ سہولت تک رسائی کے قابل کر سکیں۔

ویڈیو کانفرنس رضامندی کا فارم

میں / ہم ________________________ رہائشی ____ آئی جی آئی ہولڈنگز لمیٹڈ کا / کی ایک ممبر ________________________ عام شیئرز کا / کی حامل، بحوالہ رجسٹرڈ فولیو نمبر ________________ بذریعہ ویڈیو کانفرنس کی سہولت بمقام ________________________ لینے کا انتخاب کرتا/کرتی ہوں۔

ممبر کے دستخط: ________________________

فون نمبر: ________________________

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درخواست برائے سالانہ رپورٹ اور نوٹسیز بذریعہ ای میل

دی رجسٹرار
فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
ایف-8، نزد ہوٹل فاران
نرسری بلاک-6، پی ای سی ایچ ایس
شاہراہ فیصل، کراچی
ای میل: yasir.quraishi@igi.com.pk

عزیز محترم

میں بذریعہ ہذا آپ سے درخواست کرتا ہوں کہ اب سے تمام آئی جی آئی ہولڈنگز لمیٹڈ کی سالانہ رپورٹ اور تمام نوٹسیز کمپنیز ایکٹ 2017 کے تحت میرے درج ذیل ای میل ایڈریس پر ارسال کیے جائیں۔

(شیئر ہولڈر کا ای میل ایڈریس) ____________________

مذکورہ بالا ای میل ایڈریس کمپنیز ایکٹ 2017 کے سیکشن 119 کے تحت تیار کردہ ممبران کے رجسٹر میں ریکارڈ کر لیا جائے۔ میں کمپنی اور رجسٹرار کو اپنے ای میل ایڈریس میں کسی بھی تبدیلی کے بارے میں فوری طور پر اطلاع کردوں گا/گی۔ اس کے مطابق میں حسابات اور نوٹسیز صرف مذکورہ بالا ای میل ایڈریس پر وصول کروں گا تاوقتیکہ میری جانب سے خصوصی طور پر ہارڈ کاپی کے لئے درخواست نہ کی جائے۔

منجانب

(دستخط)

شیئر ہولڈر کا نام

فولیو نمبر:
(فزیکل شیئر ہولڈنگ کی صورت میں)

سی ڈی سی اکاؤنٹ نمبر:

نوٹ: انفرادی سی ڈی سی اکاؤنٹ ہولڈرز کو اس درخواست فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی کاپی جمع کرانی ہوگی۔

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تشکیل نیابت داری

65واں سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی ہولڈنگز لمیٹڈ
7ویں منزل، دی فورم
سوئٹ نمبر 713-701، جی-20، بلاک 9
خیابان جامی، کلفٹن، کراچی- 75600، پاکستان

میں / ہم ----------------- بابت ----------------- بحیثیت ممبر (ممبران) برائے آئی جی آئی ہولڈنگز لمیٹڈ اور ہولڈر بابت
----------------- عمومی شیئرز بمطابق شیئر رجسٹر فولیو نمبر ----------------- اور / یا سی ڈی سی پارٹیسپینٹ ----------------- اور سبسکرپشن نمبر
----------------- بذریعہ ہذا ----------------- بابت ----------------- یا ان کی عدم حاضر یپر -----------------
کو اپنا/ ہمارا پراکسی مقرر کررہا ہوں/ کر رہے ہیں جو کمپنی کے 65 ویں سالانہ اجلاس عام منعقدہ بروز جمعہ 26 اپریل 2019 بوقت 3:30 بجے سہ پہر بمقام ٹیولپ ہال بیچ لگژری ہوٹل مولوی تمیزالدین خان روڈ کراچی یا کسی زیرالتوا تاریخ پر منعقد ہونے والے اجلاس میں میری/ ہماری غیر موجودگی کی صورت میں میری/ ہماری جگہ شرکت کرنے اور ووٹ دینے کے لئے بطور نیابت داری شریک ہوں گے۔

دستخط مورخہ ----------------- 2019

1- گواہ:

دستخط: -----------------
نام: -----------------
پتہ: -----------------

سی این آئی سی یا -----------------
پاسپورٹ نمبر -----------------

2- گواہ:

دستخط: -----------------
نام: -----------------
پتہ: -----------------

سی این آئی سی یا -----------------
پاسپورٹ نمبر -----------------

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

نوٹ: نیابت داری کے موثر ہونے کے لئے لازمی ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔

سی ڈی سی کے حصص یافتگان اوران کے نمائندوں سے التماس ہے کہ وہ کمپنی کو نیابت داری فارم جمع کرانے سے قبل اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی اس نیابت داری فارم کے ساتھ لازماً منسلک کردیں۔

سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے پاس شیئرز جمع کرانے والے شیئر ہولڈرز سے درخواست ہے کہ وہ تصدیق کیلئے اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی اکاؤنٹ نمبر ہمراہ لائیں۔

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9۔ ممبران کے مئوثر بینک اکاؤنٹ کی تفصیلات اور/ یا IBAN کی عدم دستیابی کی صورت میں کمپنی مقررہ تفصیلات کی فراہمی تک ایسے ممبران کے نقد منافع منقسمہ کی ادائیگی روک لینے پر مجبور ہوگی۔

10۔ غیر مادّی (dematerialized) صورت میں حصص کے حاملین سے التماس ہے کہ وہ ڈیویڈنڈ بینک مینڈیٹ فارم باقاعدہ پُر کر کے CDC میں اپنے پارٹیسپینٹ/ انویسٹر اکاؤنٹ سروسز کے پاس جمع کرادیں۔

11۔ فنانس ایکٹ 2015 کے ذریعے حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 میں چند مخصوص ترمیمات کی ہیں جن کی رو سے کمپنیوں کی جانب سے ادا کئے جانیوالے منافع منقسمہ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کیلئے مختلف شرحیں مقرر کی گئی ہیں۔ یہ شرحیں درج ذیل ہیں:۔

(اے)	انکم ٹیکس ریٹرن کے فائلرز کیلئے	15 فیصد
(بی)	انکم ٹیکس ریٹرن کے نان فائلرز کیلئے	20 فیصد

کمپنی کو نقد منافع منقسمہ پر 20 فیصد کی بجائے 15 فیصد کی شرح سے ودہولڈنگ ٹیکس کی کٹوتی کے قابل بنانے کی غرض سے ایسے تمام حصص یافتگان کو، فائلر ہونے کے باوجود جن کے نام FBR کی فراہم کردہ فہرست فعال ٹیکس دہندگان (ATL) میں شامل نہیں، مشورہ دیا جاتا ہے کہ وہ اس امر کو یقینی بنائیں کہ کمپنی کے کھاتوں کی کتب بند ہونے سے قبل ان کے نام ATL میں شامل ہو جائیں، بصورت دیگر انہیں ادا کئے جانے والے نقد منافع منقسمہ پر ٹیکس 15% کی بجائے 20 فیصد کی شرح سے منہا کیا جائیگا۔

12۔ اشتراک کی صورت میں حصص کے حاملین کیلئے فیڈرل بورڈ آف ریونیو کی جانب سے جاری کردہ وضاحت کے مطابق ان کا ودہولڈنگ ٹیکس ان کے حصص کے تناسب پر پرنسپل حصص یافتہ کے ساتھ ساتھ شریک حصص یافتہ (یافتگان) کی ''فائلر/ نان فائلر'' حیثیت کی بنیاد پر منہا کیا جائیگا۔ چنانچہ ایسے تمام حصص یافتگان جو شراکت کی بنیاد پر شیئرز کے حاملین ہیں، پرنسپل حصص یافتہ اور شریک حصص یافتہ (یافتگان) کی ملکیت میں موجود حصص کے تناسب سے، بمطابق ذیل، تحریری صورت میں شیئر رجسٹرار کو مطلع کریں:۔

کمپنی کا نام	فولیو/سی ڈی سی اکاؤنٹ نمبر	حصص کی کل تعداد	پرنسپل حصص یافتہ		شریک حصص یافتہ	
			نام اور سی این آئی سی نمبر	ملکیت میں موجود حصص کا تناسب (تعداد حصص)	نام اور سی این آئی سی نمبر	ملکیت میں موجود حصص کا تناسب (تعداد حصص)

نوٹ:۔ مورخہ 18 اپریل 2019 تک مذکورہ بالا معلومات کی عدم وصولی کی صورت میں سمجھا جائیگا کہ تمام حصص یافتگان مساوی تناسب میں حصص کے حامل ہیں اور ٹیکس کی کٹوتی اسی مناسبت سے کی جائیگی۔

کسی استفسار/ مسئلے کی صورت میں/ معلومات کے حصول کیلئے سرمایہ کار کمپنی اور/ یا شیئر رجسٹرار سے درج ذیل فون نمبروں یا ای میل ایڈریسز پر رابطہ قائم کر سکتے ہیں:۔

رابطہ کار افراد

یاسر علی قریشی
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ای میل ایڈریس yasir.quraishi@igi.com.pk

سلمان رؤف
ٹیلیفون نمبر 92-21-34380101-5
ٹیلیفون نمبر 92-21-34384621-3

13۔ انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کی رو سے ودہولڈنگ ٹیکس کی کٹوتی سے استثنا حاصل کرنے کیلئے مئوثر ٹیکس ایگزیمپشن سرٹیفکیٹ ضروری ہے۔ انکم ٹیکس آرڈیننس 2001 کے تحت کٹوتی سے استثنا کیلئے کوالیفائی کرنے اور ٹیکس کٹوتی سے استثنا حاصل کرنے کے خواہشمند ممبران پر لازم ہے کہ وہ اپنے مئوثر ٹیکس ایگزیمپشن سرٹیفکیٹ کی نقل کتب کے بند ہونے کی تاریخ سے قبل شیئر رجسٹرار کو فراہم کردیں بصورت دیگر ٹیکس کی کٹوتی قابل اطلاق قانون کی مطابقت سے کی جائیگی۔

14۔ ایسے حصص یافتگان جو اپنا منافع منقسمہ/ طبعی حصص وصول نہیں کر سکے ہیں، انہیں مشورہ دیا جاتا ہے کہ اپنے غیر دعویٰ شدہ منافع یا حصص، اگر ہوں، کی وصولی/ معلومات کے حصول کی غرض سے ہمارے شیئر رجسٹرار سے رابطہ کریں کمپنیز ایکٹ 2017 کی دفعہ 244 کی تعمیل میں، واجب الادا اور قابل ادائیگی ہونے کی تاریخ سے تین (03) سال یا زائد مدت تک ادا طلب رہنے والے منافع اور حصص، مقررہ طریق کار کی تکمیل کے بعد، غیر دعویٰ شدہ منافع منقسمہ کی صورت میں وفاقی حکومت کے پاس اور حصص کی صورت میں SECP کے پاس جمع کرادیئے جائینگے۔

15۔ کسی شہر میں رہنے والے ایسے ممبران جو مجموعی طور سے ادا شدہ سرمائے کے دس (10) فیصد کے حامل ہوں، اجلاس میں شرکت کیلئے کمپنی سے ویڈیو لنک سہولت کی فراہمی کا تقاضا کر سکتے ہیں۔ اگر آپ اس سہولت سے استفادہ حاصل کرنا چاہتے ہوں تو ازراہ کرم کمپنی کے پاس اپنی درخواست درج ذیل صورت میں پُر کر کے کمپنی کے رجسٹرڈ پتہ پر اجلاس کے انعقاد کی تاریخ سے سات (07) یوم قبل بھیج دیں۔

میں/ ہم ------------------------- بابتہ ------------------------- بحیثیت ممبر آئی جی آئی ہولڈنگز لمیٹڈ، حاملین -------------------------
عدد عمومی حصص بمطابق رجسٹر فولیو/ سی ڈی سی اکاؤنٹ نمبر ------------------------- بمقام ------------------------- ویڈیو کانفرنس کی سہولت حاصل کرنے کا انتخاب کرتے ہیں۔

دستخط ممبر

16۔ اپنے کمپیوٹرائزڈ قومی شناختی کارڈز کی فوٹو کاپی تا حال کمپنی کے پاس جمع نہ کر سکنے والے ممبران سے التماس ہے کہ وہ انہیں جلد از جلد ارسال کر دیں۔

آئی جی آئی ہولڈنگز لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

ذریعہ ہذا نوٹس دیا جاتا ہے کہ آئی جی آئی ہولڈنگز لمیٹڈ ("کمپنی") کا 65واں سالانہ اجلاس عام بروز جمعہ مورخہ 26 اپریل 2019 بوقت 3:30 بجے سہ پہر بمقام ٹیولپ ہال، پنچ لگژری ہوٹل، لالہ زار، ایم ٹی خان روڈ، کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

1- مورخہ 08 اکتوبر 2018 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام (EoGM) کی کارروائیوں کی توثیق کرنا۔

2۔ مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونیوالے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں ہمراہ چیئرمین کی جائزہ رپورٹ، ڈائریکٹرز رپورٹ اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور وخوص اور منظوری۔

3۔ بورڈ آف ڈائریکٹرز کی تجویز کے مطابق مبلغ -/3 روپے (30%) فی شیئر کے حساب سے مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونیوالے مالیاتی سال کیلئے حتمی منافع منقسمہ کی ادائیگی پر غور وخوص اور منظوری۔ یہ منافع منقسمہ دوران سال مبلغ -/3 روپے (30%) کی شرح سے ممبران کو ادا کئے گئے عبوری منافع منقسمہ کے علاوہ ہے۔

4۔ برائے سال 2019 آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے مالیاتی سال 2019 کیلئے بحیثیت آڈیٹرز اپنی تقرری کیلئے اپنی رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش بھی کی ہے۔

دیگر امور

5۔ صدر مجلس (چیئرمین) کی اجازت سے کسی اور امر پر غور وخوص کرنا۔

حسب الحکم بورڈ

یاسر علی قریشی
کمپنی سیکریٹری

کراچی،
مورخہ 05 اپریل 2019

نوٹس

1۔ کمپنی کی حصص منتقلی کتب مورخہ 19 اپریل 2019 تا 26 اپریل 2019 (دونوں دن شامل) بند رہیں گی۔

2۔ سالانہ اجلاس عام میں شرکت کرنے اور رائے شماری میں حصہ لینے کے استحقاق کا/کی حامل کوئی بھی ممبر اپنی جگہ اجلاس میں شرکت کرنے اور رائے شماری کرنے کی غرض سے کسی اور فرد کو پراکسی مقرر کرنے کا استحقاق رکھتا/رکھتی ہے۔ ضروری نہیں کہ پراکسی کمپنی کا/کی ممبر بھی ہو۔ مکمل طور سے باقاعدہ پُر شدہ اور پراکسی مقرر کرنیوالے ممبر کا دستخط کردہ پراکسی فارم، لازم ہے کہ کمپنی کے شیئر رجسٹرار، میسرز FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8F، متصل ہوٹل فاران، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کے پاس اجلاس کیلئے مقرر کردہ وقت سے زیادہ سے زیادہ اڑتالیس (48) گھنٹے قبل تک جمع کرادیئے جائیں۔

3۔ حصص یافتگان (غیر سی ڈی سی) سے التماس ہے کہ وہ اپنے پتوں میں کسی بھی تبدیلی سے کمپنی کے شیئر رجسٹرار کو فوری طور سے مطلع کریں۔

4۔ اس اجلاس میں رائے شماری کے استحقاق کا/کی حامل سینٹرل ڈیپازیٹری کمپنی میں کسی اکاؤنٹ یا ذیلی اکاؤنٹ کا/کی حامل بینیفشیل آنر پر لازم ہے کہ اپنی شناخت ثابت کرنے کی غرض سے وہ اپنا کمپیوٹرائزڈ قومی شناختی کارڈ ("CNIC") اپنے ساتھ لائے، اور پراکسی ہونے کی صورت میں وہ اپنے سی این آئی سی کی مصدقہ نقل منسلک کرے۔ کارپوریٹ اداروں کے نمائندوں کو چاہیئے کہ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور/ یا ایسی تمام دستاویزات کی مصدقہ نقول جو اس مقصد کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 کے تحت مطلوب ہیں، ہمراہ لائیں۔

5۔ کمپنیز ایکٹ 2017 کی دفعہ 223(7) کی تعمیل میں مالیاتی گوشوارے اور رپورٹیں کمپنی کی ویب سائٹ پر چسپاں کردیئے گئے ہیں۔

6۔ ممبران کو ذریعہ ہذا مطلع کیا جاتا ہے کہ SECP کے SRO 787(1)/2014 مورخہ 08 ستمبر 2014 اور کمپنیز ایکٹ 2017 کی رو سے کمپنیوں کو سالانہ رپورٹیں بذریعہ ای میل اپنے ممبران کو ارسال کرنے کی اجازت دی گئی ہے؛ اس ضمن میں ہم نے درخواست فارم سالانہ رپورٹ میں شامل کرنے کے علاوہ اپنی کمپنی کی ویب سائٹ www.igi.com.pk/holdings پر اپ لوڈ بھی کردیا ہے۔ یہ سہولت حاصل کرنے کے خواہشمند ممبران سے التماس ہے کہ وہ یہ فارم باقاعدہ پُر کرکے شیئر رجسٹرار کے پاس جمع کرادیں۔

7۔ مزید برآں SRO 470(I)/2016 مورخہ 31 مئی 2016 کی مطابقت میں، جسکے ذریعے SECP نے حصص یافتگان کی رضامندی حاصل کرنے اور چند مخصوص شرائط کی تکمیل کی شرط پر کمپنیوں کو آڈٹ شدہ سالانہ کھاتہ جات ہارڈ کاپیوں کی صورت میں ارسال کرنے کی بجائے CD/DVD/USB کے ذریعے ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت دی ہے؛ اس ضمن میں کمپنی نے مورخہ 08 اکتوبر 2018 کو منعقدہ اپنے غیر معمولی اجلاس عام میں حصص یافتگان کی منظوری حاصل کرلی ہے۔

7.1۔ چنانچہ مورخہ 31 دسمبر 2018 کو مختتمہ سال کی سالانہ رپورٹ حصص یافتگان کو بصورت CD ارسال کی جارہی ہے۔ تاہم کوئی حصص یافتہ اسکے علاوہ آڈٹ شدہ سالانہ مالیاتی گوشواروں کی بصورت ہارڈ کاپی وصولی کی درخواست کرتا ہے تو وہ اسے اس مقصد کیلئے جمع کردہ درخواست کی وصولی کے اندرون سات یوم بلا قیمت فراہم کردیئے جائینگے۔ حصص یافتگان کی سہولت کیلئے **"معیاری درخواست فارم برائے فراہمی آڈٹ شدہ سالانہ کھاتہ جات"** کمپنی کی ویب سائٹ www.igi.com.pk/holdings مہیا کردیا گیا ہے۔

8۔ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مندرجات کی مطابقت میں لسٹڈ کمپنی کیلئے لازمی ہے کہ اپنے حصص یافتگان کو نقد منافع منقسمہ کی ادائیگی صرف الیکٹرانک ذریعے سے استحقاق کے حامل حصص یافتگان کے بینک اکاؤنٹس میں براہ راست کرے۔ اپنا منافع منقسمہ براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کیلئے ازراہ کرم، E-Credit Dividend Mandate Form میں طلب کردہ مکمل معلومات فراہم کریں۔ ڈیویڈنڈ مینڈیٹ فارم سالانہ رپورٹ کے ساتھ منسلک کئے جانے کے ساتھ ساتھ ہماری کمپنی کی ویب سائٹ www.igi.com.pk/holdings پر اپ لوڈ بھی کردیا گیا ہے۔

عائد کیا جانا دراصل پالیسی ہولڈرز کی بچتوں پر ٹیکس عائد کیا جانا ہے۔ اس صورتحال کے پیش نظر آئی جی آئی لائف پر امید ہے کہ صوبائی ریونیو اداروں کی جانب سے کوئی مثبت ردعمل ظاہر کیا جائیگا۔ یہی وجہ ہے کہ مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کے مجموعی مالیاتی گوشواروں میں اس ضمن میں تفصیلات دینے سے احتراز کیا گیا ہے۔

جیسا کہ مجموعی مالیاتی گوشواروں میں وضاحت کی گئی ہے، اگر لائف انشورنس اور ہیلتھ انشورنس پریمیم پر سیلز ٹیکس واجبات بھی شامل کر لئے جاتے تو اس صورت میں اس سال بعد از ٹیکس منافع اور فی حصص منافع بالترتیب 228.081 ملین روپے اور 1.06 روپے کم ہوتا جبکہ 31 دسمبر 2018 تک سیلز ٹیکس واجبات کی حد میں بھی 321.241 ملین روپے کا اضافہ ہو جاتا۔

اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈروں کی فراہم کردہ سرپرستی کی ہم تہہ دل سے قدر کرتے ہیں اور اپنے ملازمین کی پرخلوص محنت اور جدوجہد کو تسلیم کرتے ہوئے ان کا شکریہ ادا کرتے ہیں۔

حسب الحکم بورڈ

سید بابر علی
چیئرمین
لاہور: 29 مارچ، 2019

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور: 29 مارچ، 2019

آئی جی آئی جنرل نے سال 2017 میں 933 ملین روپے کی بہ نسبت اس سال 1,143 ملین روپے کے خالص کلیم ادا کئے ہیں۔ نتیجتاً کمپنی نے 327 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے جو سال 2017 کے دوران 174 ملین روپے رہا تھا۔

آئی جی آئی انوسٹمنٹس

آئی جی آئی انوسٹمنٹس سے آمدنی کا سرچشمہ بنیادی طور سے اس کی سرمایہ کاریوں سے حاصل ہونے والا منافع منقسمہ ہے۔ دوران سال کمپنی نے منافع منقسمہ کی آمدنی کے طور پر 2,039 ملین روپے حاصل کئے جبکہ گزشتہ سال کے دوران منافع منقسمہ کی آمدنی کے طور پر 2,510 ملین روپے حاصل ہوئے تھے۔ کمپنی کا قبل از ٹیکس منافع گزشتہ سال 2,373 ملین روپے کی بہ نسبت اس سال 1,833 ملین روپے رہا ہے اور کمپنی نے بعد از ٹیکس منافع 1,407 ملین روپے حاصل کیا ہے جو سال 2017 میں 2,016 ملین روپے رہا تھا۔

آئی جی آئی فائنکس

زیر جائزہ سال کے دوران آئی جی آئی فائنکس نے 111 ملین روپے کی کاروباری آمدنی حاصل کی ہے۔ اسکے علاوہ کمپنی نے اس سال کے دوران 29 ملین روپے کا خسارہ بھی ظاہر کیا ہے۔

آئی جی آئی لائف

سال 2018 کے دوران آئی جی آئی لائف کو حاصل ہونے والے خام پریمیم (بشمول فیملی تکافل سے ملنے والا پریمیم) کی مالیت 4.79 ملین روپے رہی ہے۔

انفرادی لائف ریگولر پریمیم (بشمول تکافل سے ملنے والا پریمیم) میں 7.3% اضافہ ہوا اور کل پریمیم 2,220 ملین روپے رہا جو سال 2017 میں 2,070 ملین روپے رہا تھا۔ تجدیدی پریمیم بڑھ کر 1,640 ملین روپے ہوا (سال 2017 میں 1,460 ملین روپے) جو گزشتہ برس کے مقابل 12.9% کی مستحکم بڑھوتی کو ظاہر کرتا ہے۔

انفرادی فیملی تکافل ریگولر پریمیم نے گزشتہ سال کی بہ نسبت 39% مضبوط بڑھوتی ظاہر کی جو 2017 کے دوران 467 ملین سے بڑھ کر زیر جائزہ سال کے دوران 651 ملین روپے ہوگئی۔ کمپنی کے ونڈو تکافل آپریشنز کی شروعات سال 2015 کی تیسری سہ ماہی میں ہوئی تھی جس کے بعد اس میں ٹھوس بڑھوتی دیکھنے میں آئی ہے۔

گروپ لائف اینڈ ہیلتھ پریمیم (بشمول تکافل گروپ فیملی اور ہیلتھ) 1,660 ملین روپے رہا (سال 2017 میں 1,260 ملین روپے) جو گزشتہ برس کے مقابلے میں 32% کی بھرپور بڑھوتی کو ظاہر کرتا ہے۔ گروپ بزنس زیادہ تر کارپوریٹ گاہکوں پر مشتمل ہے۔

کمپنی کے سنگل پریمیم (بشمول تکافل سے ملنے والا پریمیم) اس سال کم رہا جو صرف 909 ملین روپے تک پہنچ سکا (سال 2017 میں 2,280 ملین روپے)۔

آئی جی آئی لائف نے 2017 کے دوران 157.77 ملین (بشمول قانونی فنڈز میں سرپلس/خسارہ) کے بعد از ٹیکس منافع کے برخلاف زیر جائزہ سال کے دوران 94.70 ملین روپے کا خسارہ بعد از ٹیکس ظاہر کیا ہے۔ زیر جائزہ سال کے دوران کمپنی کے منافع میں کمی کی وجہ آمدنی میں کمی اور انتظامی اخراجات میں اضافہ ہو جانا ہے۔

آڈیٹرز رپورٹ میں اعتراض

ہماری ایک ذیلی کمپنی، آئی جی آئی لائف انشورنس لمیٹڈ (''آئی جی آئی لائف'') کے مالیاتی گوشواروں پر آڈیٹرز کے اعتراض کے سبب گروپ کے مجموعی مالیاتی گوشوارے بھی زیر اعتراض آ گئے ہیں۔ آڈیٹرز کی رائے میں 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کے مالیاتی گوشواروں میں آئی جی آئی لائف نے گروپ ہیلتھ اور لائف انشورنس کے ضمن میں پالیسی ہولڈرز پر واجب پریمیم پر قابل اطلاق صوبائی سیلز ٹیکس واجبات ریکارڈ نہیں کئے ہیں۔ کئی صوبائی سیلز ٹیکس حکام نے ان پریمیمز پر قبل ازیں فراہم کردہ سیلز ٹیکس سے استثنا روک لیا/ واپس لے لیا لہٰذا اب ان پریمیمز پر سیلز ٹیکس بھی قابل اطلاق ہو گیا ہے جو پالیسی ہالڈرز سے وصول کیا جاتا ہے۔

آئی جی آئی لائف اس نقطہ نظر کی حامل ہے کہ پاکستان میں لائف انشورنس کے کاروبار کو جاری رکھنے اور اس میں ترقی لانے کی خاطر لائف انشورنس کے کاروبار پر عائد سیلز ٹیکس پر نظر ثانی کی جانی چاہیئے۔ ٹیکسوں سے استثنا کا معاملہ سندھ ریونیو بورڈ (SRB) اور پنجاب ریونیو اتھارٹی (PRA) کے سامنے صنعتی سطح پر انشورنس ایسوسی ایشن آف پاکستان کی جانب سے اٹھایا گیا ہے۔ لائف انشورنس کے کاروبار پر سیلز ٹیکس کے اطلاق کے خلاف سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے بھی، انشورنس کی صنعت کے اعلیٰ ترین ریگولیٹر ہونے کی حیثیت میں صوبائی ریونیو اتھارٹیز سے رابطہ قائم کیا ہے۔ SECP نے زور دیا ہے کہ پاکستان میں انشورنس کی صنعت کارپوریٹ سیکٹر کو خطرات میں کمی لانے والے سولیوشنز فراہم کر کے معیشت کے ایک اہم ترین جزو کے طور پر کام کرتی ہے۔ اس نے یہ نکتہ بھی ظاہر کیا ہے کہ پاکستان میں فروخت کی گئیں بیشتر لائف انشورنس پالیسیاں زیادہ تر گھریلو بچتوں کی مرہون منت ہوتی ہیں اور انشورنس پالیسیوں کے خام پریمیم پر ٹیکسوں کا

ڈائریکٹرز رپورٹ بنام حصص یافتگان بر مجموعی مالیاتی گوشوارے
برائے سال مختتمہ مورخہ 31 دسمبر 2018

بورڈ کی جانب سے آئی جی آئی ہولڈنگز لمیٹڈ (''آئی جی آئی ہولڈنگز'') اور اسکی ذیلی کمپنیوں یعنی؛ آئی جی آئی لائف انشورنس لمیٹڈ (''آئی جی آئی لائف'')، آئی جی آئی جنرل انشورنس لمیٹڈ (''آئی جی آئی جنرل انشورنس'')، آئی جی آئی انوسٹمنٹس (پرائیویٹ) لمیٹڈ (''آئی جی آئی انوسٹمنٹس'') اور آئی جی آئی فائنکس سیکورٹیز لمیٹڈ (''آئی جی آئی فائنکس'') (''ذیلی کمپنیاں'') (اجتماعی طور سے حوالہ دیا جائے بنام ''گروپ'') کے مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونیوالے سال کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مجھے انتہائی مسرت محسوس ہو رہی ہے۔

آئی جی آئی ہولڈنگز ایک ہولڈنگ کمپنی ہونے کی حیثیت سے اپنی آمدنی اپنی ذیلی کمپنیوں کے منافع منقسمہ کی صورت میں حاصل کرتی ہے:۔

گروپ کی کارکردگی کا جائزہ

	2018	2017
	روپے ہزاروں میں	
منافع قبل از ٹیکس	1,480,844	5,173,531
ٹیکس	(512,787)	(834,900)
منافع بعد از ٹیکس	**968,057**	**4,338,631**
دیگر جامع (نقصان)/آمدنی	(14,268,619)	53,321,035
کل جامع (نقصان)/آمدنی	**(13,300,562)**	**57,659,666**
نان کنٹرولنگ حصہ	(23,889)	5,335
عمومی حصص یافتگان سے قابل نسبت	**(13,276,673)**	**57,654,331**
	روپے	
فی حصص آمدنی	**6.79**	**30.75**

زیر جائزہ سال کے دوران گروپ نے 2017ء میں 4,338 ملین روپے کی بہ نسبت 968 ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا جو 78% کمی کو ظاہر کرتا ہے۔ یہ کمی بنیادی طور سے سرمایہ کاریوں سے منافع منقسمہ کی وصولی میں کمی، ایسوسی ایٹس کے منافع میں حصے میں کمی کے ساتھ ساتھ لائف انشورنس کے کاروباروں سے حاصل ہونے والے منافع میں کمی کی مرہون منت ہے تاہم جنرل انشورنس کے کاروبار نے گزشتہ برس کی بہ نسبت بہتر کارکردگی دکھائی ہے۔

سال گزشتہ کے دوران ہونے والے 53,321 ملین روپے کی بہ نسبت 14,268 ملین روپے کے دیگر جامع خسارے کی وجہ برائے فروخت سرمایہ کاری پورٹ فولیو کی دوبارہ قدر کاری اور دیگر ایسوسی ایٹس کو ہونیوالے دیگر جامع خسارے میں سے حصہ دار ہونا ہے۔ ہماری ایک ذیلی کمپنی، آئی جی آئی انوسٹمنٹس کی سرمایہ کاریوں کی درجہ بندی ''موجود برائے فروخت'' کی حیثیت سے کی گئی ہے۔ چنانچہ دوبارہ تشخیص کاری کے خسارے کو قابل اطلاق رپورٹنگ فریم ورک کے مطابق ''دیگر جامع آمدنی'' کا حصہ بنایا گیا ہے۔ اس میں گزشتہ برس کی دیگر مجموعی آمدنی کے 7,751 ملین روپے کے حصے کی بہ نسبت اس سال ہونے والا ایسوسی ایٹس کے دیگر مجموعی خسارے کا 2,364 ملین روپے کا حصہ بھی شامل ہے۔

دوران سال 2017 روپے 30.75 کی بہ نسبت گروپ نے زیر جائزہ سال کے دوران 6.79 روپے فی حصص آمدنی حاصل کی۔
ذیلی کمپنیوں کی نمایاں مالیاتی کارکردگی ذیل میں پیش کی جا رہی ہے۔

آئی جی آئی جنرل

زیر جائزہ سال کے دوران آئی جی آئی جنرل نے 4,608 ملین روپے کا خام پریمیم (بشمول تکافل سے ملنے والی آمدنی) ریکارڈ کیا جو گزشتہ سال کے دوران 2,901 ملین روپے رہا تھا۔

شیئر ہولڈنگ کی ساخت

مورخہ 31 دسمبر 2018ء تک حصص یافتگان کے مخصوص رتبے، رپورٹنگ نیٹ ورک کے تحت جن کو ظاہر کیا جانا شرط ہے، کی شیئر ہولڈنگ کا خاکہ منسلکہ شیئر ہولڈروں کی معلومات کے ساتھ منسلک کردیا گیا ہے۔

مستقبل کا منظر

ڈھانچے میں ردوبدل کے بعد آئی جی آئی ہولڈنگز بحیثیت ہولڈنگ کمپنی کام کررہی ہے اور مالیاتی خدمات کی فراہمی کے شعبے میں مصروف عمل اپنی ذیلی کمپنیوں یعنی آئی جی آئی جنرل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ، آئی جی آئی انوسٹمنٹس (پرائیویٹ) لمیٹڈ اور آئی جی آئی فائنکس سیکورٹیز لمیٹڈ کے ذریعے اپنے حصص یافتگان کے لئے قدر کا سامان کررہی ہے۔

آئی جی آئی ہولڈنگز کی آمدنی کا بڑا ذریعہ منافع منقسمہ کی آمدنی ہے۔ چنانچہ اس کی آمدنی کی ساخت اپنی ذیلی کمپنیوں کے منافع منقسمہ کی تقسیم کی ساخت پر بنیاد کرے گی۔ کمپنی کی ذیلی کمپنیوں کی کاروباری کارکردگی کے نتیجے میں ہولڈنگ کمپنی کو بہتر منافع منقسمہ حاصل ہوا ہے۔

اظہار تشکر

ہم اپنے تمام اسٹیک ہولڈروں کا تہہ دل سے شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہم پر مکمل بھروسا کیا، ہمیں اعتماد فراہم کیا جس سے ہمیں آگے بڑھنے میں بے حد مدد ملی ہے۔

حسب الحکم بورڈ

سید بابر علی
چیئرمین
لاہور: 29 مارچ، 2019

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور: 29 مارچ، 2019

ڈائریکٹر کا نام	حاضری کی صورتحال
سید بابر علی	4
جناب شمیم احمد خان	5
سید یاور علی	4
سید شاہد علی	5
سید حیدر علی	4
محترمہ فریال جمعہ	5
جناب عثمان خالد وحید	1
جناب طاہر مسعود	5

× ۔ بورڈ کے اجلاسوں میں شرکت نہ کرسکنے والوں کو بورڈ کی جانب سے رخصت عطاء کی گئی۔

× ۔ دوران سال جائزہ آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جن میں ہر ممبر کی حاضری کی صورتحال ذیل میں پیش ہے:۔

ڈائریکٹر کا نام	حاضری کی صورتحال
جناب شمیم احمد خان	5
سید یاور علی	4
سید حیدر علی	4
محترمہ فریال جمعہ	5

× ۔ زیر جائزہ سال کے دوران ایچ آر کمیٹی کا صرف ایک اجلاس منعقد ہوا جس میں ہر ممبر کی حاضری کی صورتحال درج ذیل ہے:۔

ڈائریکٹر کا نام	حاضری کی صورتحال
سید یاور علی	1
سید شاہد علی	1
سید حیدر علی	1
محترمہ فریال جمعہ	1
جناب طاہر مسعود	1

آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، 65ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے۔ اہل ہونے کے باعث انہوں نے اپنی خدمات دوبارہ پیش کی ہیں اور آڈٹ کمیٹی کی تجویز کے پیش نظر بورڈ نے ان کی دوبارہ تقرری کی توثیق کردی ہے۔

ڈائریکٹرز کے معاوضے

کمپنی نے ڈائریکٹرز کے معاوضوں کی پالیسی کی منظوری دی ہے۔اس پالیسی کا مقصد ہے کہ غیر عامل ڈائریکٹرز کی جانب سے انجام دی گئیں اضافی/تیکنیکی خدمات کے معاوضے سمیت ڈائریکٹرز کے معاوضوں کا تعین شفاف طریق کار کے ذریعے کیا جاسکے۔معاوضوں پر وقتاً فوقتاً نظر ثانی، ہیومن ریسورس اینڈ ری میونریشن (HR&R) کمیٹی کی تجاویز/سفارش پر بورڈ آف ڈائریکٹر کرے گا۔

کارپوریٹ اور مالیاتی رپورٹنگ کی ساخت

یہ بیان کرتے ہوئے ڈائریکٹرز انتہائی مسرت محسوس کرتے ہیں کہ کمپنی کوڈ آف کارپوریٹ گورنینس کی مکمل طور سے تعمیل کررہی ہے،جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی شرط ہے،

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:۔

× ۔کمپنی کی جانب سے تیارکردہ مالیاتی گوشوارے کمپنی کے معاملات،اس کے آپریشنز کے نتائج،نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو جائز اور غیر جانب دارانہ طور سے پیش کرتے ہیں۔

× ۔کمپنی کے کھاتہ جات کی کتب موزوں انداز سے مرتب کی گئی ہیں۔

× ۔مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیاں مستقلاً نافذ کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور پُر احتیاط فیصلوں پر بنیاد کرتے ہیں۔

× ۔مالیاتی گوشوارے کمپنیز ایکٹ 2017 اور پاکستان پر قابل اطلاق عالمی مالیاتی رپورٹنگ معیارات کے مطلوبات کی مطابقت میں تیار کئے گئے ہیں۔کسی بھی انحراف کو موزوں طور سے ظاہر کرنے کے ساتھ ساتھ اسے موزوں طور سے واضح بھی کیا گیا ہے۔

× ۔اندرونی انضباط کا نظام اپنی ساخت میں مضبوط ہے اور اسے مئوثر انداز سے نافذ کرنے کے ساتھ ساتھ اسکی مانیٹرنگ بھی کی جاتی ہے۔

× ۔کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر کوئی شک وشبہ نہیں ہے۔

× ۔لسٹنگ ریگولیشنز میں تفصیلاً مذکور کارپوریٹ گورنینس کے بہترین معمولات سے کوئی مادی انحراف نہیں کیا گیا ہے۔

× ۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے نمایاں تبدیلیاں ڈائریکٹرز کی رپورٹ میں واضح کردی گئی ہیں اور ان اسباب کی وضاحت بھی کردی گئی ہے۔

× ۔زیرنظر سالانہ رپورٹ کے ساتھ گزشتہ چھ برسوں کے اہم آپریشنل اور فنانشل ڈیٹا کا خلاصہ بھی منسلک کیا گیا ہے۔

× ۔ٹیکسوں،ڈیوٹیوں،لیویز اور چارجز کے ضمن میں جہاں قانونی ادائیگیاں واجب الادا ہیں،واجب الادا رقم مع مختصر تفصیلات اور وجوہات مالیاتی گوشواروں میں ظاہر کردی گئی ہیں۔

× ۔کارپوریٹ ری اسٹرکچرنگ،کاروبار میں وسعت اور کاروبار روک دینے جیسے بڑے اور اہم منصوبوں اور فیصلوں کے علاوہ مستقبل کے امکانات،خطرات اور غیر یقینیوں،اگر ہوں، بھی ظاہر کردیئے گئے ہیں۔

× ۔حالیہ طور سے بورڈ میں شامل آٹھ ممبرز میں سے چار ڈائریکٹرز،رسمی تربیتی پروگرام میں شرکت کرچکے ہیں جبکہ باقیماندہ چار ڈائریکٹرز کو SECP نے ڈائریکٹرز کے تربیتی پروگرام میں شرکت سے استثناء عطاء کیا ہے۔

× ۔کمپنی کے شیئرز میں ڈائریکٹرز اور ان کے شریک زندگی کی جانب سے کئے جانے والے کاروبار کی تفصیلات درج ذیل ہیں:۔

ڈائریکٹرز اور ان کے شریک زندگی

سید بابرعلی،ڈائریکٹر نے 1,117,500 شیئرز خریدے۔

سید بابرعلی،ڈائریکٹر نے (4,961,718) شیئرز بابرعلی فاؤنڈیشن کو عطیہ کئے۔

مسز پروین بابرعلی نے 296,100 شیئرز خریدے۔

سید حیدرعلی،ڈائریکٹر نے 476,200 شیئرز خریدے۔

مسز سید یاورعلی نے 25,000 شیئرز خریدے۔

× ۔دوران سال زیر جائزہ سی ای او،سی ایف او،کمپنی سیکریٹری اور ایگزیکٹوز نے کمپنی کے شیئرز کی خرید وفروخت نہیں کی۔

× ۔ٹیکسوں اور محصولات کی معلومات مالیاتی گوشوارے کا حصہ بنائے جانیوالے نوٹس میں دے دی گئی ہیں۔

× ۔زیر جائزہ سال کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری بمطابق ذیل رہی:۔

انتظام سرمایہ اور نقدی

کمپنی اپنی سرمایہ کاریوں کی ساکھ کے معیار اوران میں وقوع پذیر ہونیوالے تنوع کے ساتھ ساتھ اپنے وعدوں اور معاہدوں کے مقابل اپنے اثاثوں کی تقابلی صورتحال کا سرگرمی سے انتظام بھی رکھتی ہے اوران کی مانیٹرنگ بھی کرتی ہے۔

ہولڈنگ کمپنی ہونے کی حیثیت سے کمپنی کی آمدنی کا بڑا ذریعہ نقد منافع منقسمہ کی آمدنی ہے۔ یہ آمدنی مستقبل میں کی جانے والی سرمایہ کاریوں اور مالیاتی وعدوں کی تکمیل کے بعد حصص یافتگان کوادائیگیوں کی روش قائم رکھنے کے ذریعے حصص یافتگان کے لئے قدر تخلیق کرنے کی غرض سے استعمال کی جائیگی۔

شرح سود کا رِسک

''پیشگی ادائیگی کا اختیار'' حاصل کر کے شرح سود کے رِسک کے سامنے قابل تبدیلی شرح پر طویل مدت میں مالیات کی فراہمی کے عمل کی باڑھ باندھی گئی ہے جو بنیادی شرح سود میں ناموافق تبدیلی کی صورت میں کام میں لائی جاسکتی ہے۔

فریق متعلق (ریلیٹڈ پارٹی) کا لین دین

کمپنیز ایکٹ 2017 کی دفعہ208 اورکمپنیز (ریلیٹڈ پارٹی ٹرانزیکشن اینڈ مینٹیننس آف ریلیٹڈ ریکارڈز) ریگولیشنز 2018 کی مطابقت میں آپ کی کمپنی نے:۔

1) فریق متعلق کے لین دین کی ایک پالیسی مرتب کر لی ہے جس کی بورڈ نے باقاعدہ منظوری بھی دے دی ہے؛

2) فریق متعلق کے لین دین کیلئے شرائط عائد کی ہیں جنہیں ''آزادانہ لین دین (arm's lenght transactions)'' کی کیٹگری دی گئی ہے؛ اور

3) فریق متعلق کے کئے گئے لین دین کی تفصیلات بغرض منظوری، ڈائریکٹرز کے پاس جمع کرادی ہیں۔

تعمیل بر کوڈ آف کارپوریٹ گورنینس

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز 2017 کمپنی پر قابل اطلاق ہے اوراس کے مندرجات کی باقاعدگی سے تعمیل کی گئی ہے۔ اس ضمن میں ایک بیانیہ منسلک ہے۔

مادی تبدیلیاں

31 دسمبر 2018 سے کوئی مادی تبدیلی عمل میں نہیں آئی ہے اور کمپنی ایسے کسی معاہدے میں داخل نہیں ہوئی ہے جو تاحال اسکی مالیاتی حیثیت پر اثر انداز ہوسکے ماسوائے ان کے جن کا ذکر 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں میں کردیا گیا ہے۔

بورڈ آف ڈائریکٹرز

آئی جی آئی ہولڈنگز کا بورڈ آف ڈائریکٹرز چیئرمین اور سی ای او سمیت آٹھ ڈائریکٹرز پر مشتمل ہے۔

سید بابر علی	چیئرمین
جناب شمیم احمد خان	ڈائریکٹر
سید یاور علی	ڈائریکٹر
سید شاہد علی	ڈائریکٹر
سید حیدر علی	ڈائریکٹر
محترمہ فریال جمعہ	ڈائریکٹر......آزاد
جناب عثمان خالد وحید	ڈائریکٹر......آزاد
جناب طاہر مسعود	ڈائریکٹر اور چیف ایگزیکٹو آفیسر

ڈائریکٹرز کی رپورٹ بنام حصص یافتگان

آئی جی آئی ہولڈنگز لمیٹڈ (''آئی جی آئی ہولڈنگز'') کے ڈائریکٹرز مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونیوالے سال کیلئے آپ کی کمپنی کی سالانہ رپورٹ ہمراہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کرتے ہیں۔

کمپنی بحیثیت ہولڈنگ کمپنی کام کررہی ہے اوراپنے ذیلی اداروں یعنی آئی جی آئی جنرل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ، آئی جی آئی انوسٹمنٹس (پرائیویٹ) لمیٹڈ اور آئی جی آئی فائنکس سیکورٹیز لمیٹڈ کی صورت میں اپنے حصص یافتگان کیلئے قدر کا سامان مہیا کرتی ہے۔ منافع منقسمہ کمپنی کی آمدنی کا بڑا ذریعہ ہے جسکے نتیجے میں کمپنی کی آمدنی کی ساخت وہی ہوتی ہے جو اسکے ذیلی اداروں کے نقد منافع منقسمہ کی تقسیم کی ہوتی ہے۔

کمپنی کی کارکردگی کا جائزہ

	سال مختتمہ 31 دسمبر 2018	سال مختتمہ 31 دسمبر 2017
	روپے ہزاروں میں	
آپریٹنگ ریونیو	2,182,664	229,019
آپریٹنگ آمدن	1,992,145	27,927
نفع/(نقصان) قبل از ٹیکس	1,839,889	(248,776)
تعین محصول	(39,842)	2,382
نفع/(نقصان) بعد از تعین محصول	1,800,047	(246,394)
نفع/(نقصان) فی شیئر (روپے)۔ بنیادی/ڈلیوٹڈ	12.63	(1.75)

سال 2017ء میں ہونیوالی 28 ملین روپے کی آپریٹنگ آمدنی کے برعکس زیر جائزہ سال کے دوران کمپنی کی آپریٹنگ آمدنی 1,992 ملین روپے رہی اور بعد از تعین محصولات منافع 1,800 ملین روپے رہا جبکہ سال 2017 کے دوران کمپنی کو بعد از تعین ٹیکس 246 ملین روپے کا خسارہ برداشت کرنا پڑا تھا۔

اگرچہ زیر جائزہ سال کے دوران مجموعی طور سے کمپنی نے منافع کمایا تاہم بستہ سرمایہ کاری (انوسٹمنٹ پورٹ فولیو) میں تخریب کے باعث 156 ملین روپے کا غیر نقدی خسارہ بھی اٹھانا پڑا (سال 2017ء 244 ملین روپے)۔ آئی جی آئی فائنکس میں کمپنی نے اپنی سرمایہ کاری کا دوبارہ تخمینہ لگایا اور 153 ملین روپے کے تخریبی خسارے کا سامنا کیا جس کی بڑی وجہ ایک طرف تو شرح سود میں اچانک اضافہ ہوجانا اور دوسری طرف پاکستان اسٹاک ایکسچینج میں کاروباری سودوں میں کمی کا چلن برقرار رہنا ہے جس کے سبب آئی جی آئی فائنکس کے منافع پر اثر پڑا۔

تصرفات

کمپنی نے دوران سال 2018ء 1,800 ملین روپے کا منافع حاصل کیا ہے چنانچہ ڈائریکٹرز نے 30% (یعنی -/03 روپے فی شیئر) (2017ء میں 40 فیصد یعنی 4 روپے فی شیئر) کے نقد منافع منقسمہ کی تجویز پیش کی ہے۔ چنانچہ حتمی منافع منقسمہ کی ادائیگی کی غرض سے کمپنی نے 427.9 ملین روپے (2017ء۔ 496 ملین روپے) کی رقم مختص کی ہے۔ یہ رقم دورانِ سال -/3 روپے فی شیئر (372 ملین روپے) کے عبوری نقد منافع منقسمہ اور 15% یعنی ہر 100 شیئرز کے عوض 15 عدد بونس شیئرز دیئے جانے کے علاوہ ہے۔

خطرات میں تخفیف

خطرات کے اثرات اور خطرات کے ظاہر ہونے کے حوالے سے بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کمپنی کو درپیش خطرات کا باقاعدگی سے جائزہ لیتے رہتے ہیں۔ چیف ایگزیکٹو آفیسر کی سربراہی میں سینیئر انتظامیہ خطرات میں تخفیف لانے کے اقدامات اٹھانے کی ذمہ دار ہے۔ مارکیٹ کی صورتحال کا مسلسل تجزیہ کرتے رہنے اور بروقت ردعمل ظاہر کرنے کی کمپنی کی صلاحیت ہی کمپنی کو خطرات پر قابو پانے کے قابل بناتی ہے۔


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