

A full-page background image showing a person in a red jacket and black pants rappelling down a steep, textured rock face. The person is wearing a helmet and safety gear, and is holding a rope that extends from the top of the frame. The background is a clear blue sky.

IGI

Holdings

IGI Holdings Limited

Forging Ahead

Annual Report 2019

A full-page background image showing a person from behind, wearing a red jacket, dark pants, and a large backpack, climbing a steep, snow-covered mountain. They are using two ski poles for support. The sky is a clear, vibrant blue. In the distance, other snow-capped mountain peaks are visible.

Progressing

Nurtured by IGI Holdings, subsidiary companies within the group are forging ahead under the guidance and support of the parent company.



Boosting Performance

Through IGI's expertise, value added services and focus ensures profitable and sustainable growth of subsidiaries.



Support System

As IGI Holdings grows, it nurtures and guides its subsidiaries, making them stand on their own feet and becoming profitable.



Promise to further

Successful companies emerge from a fertile and conducive environment which enables them to grow and flourish in their respective area of businesses.

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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.

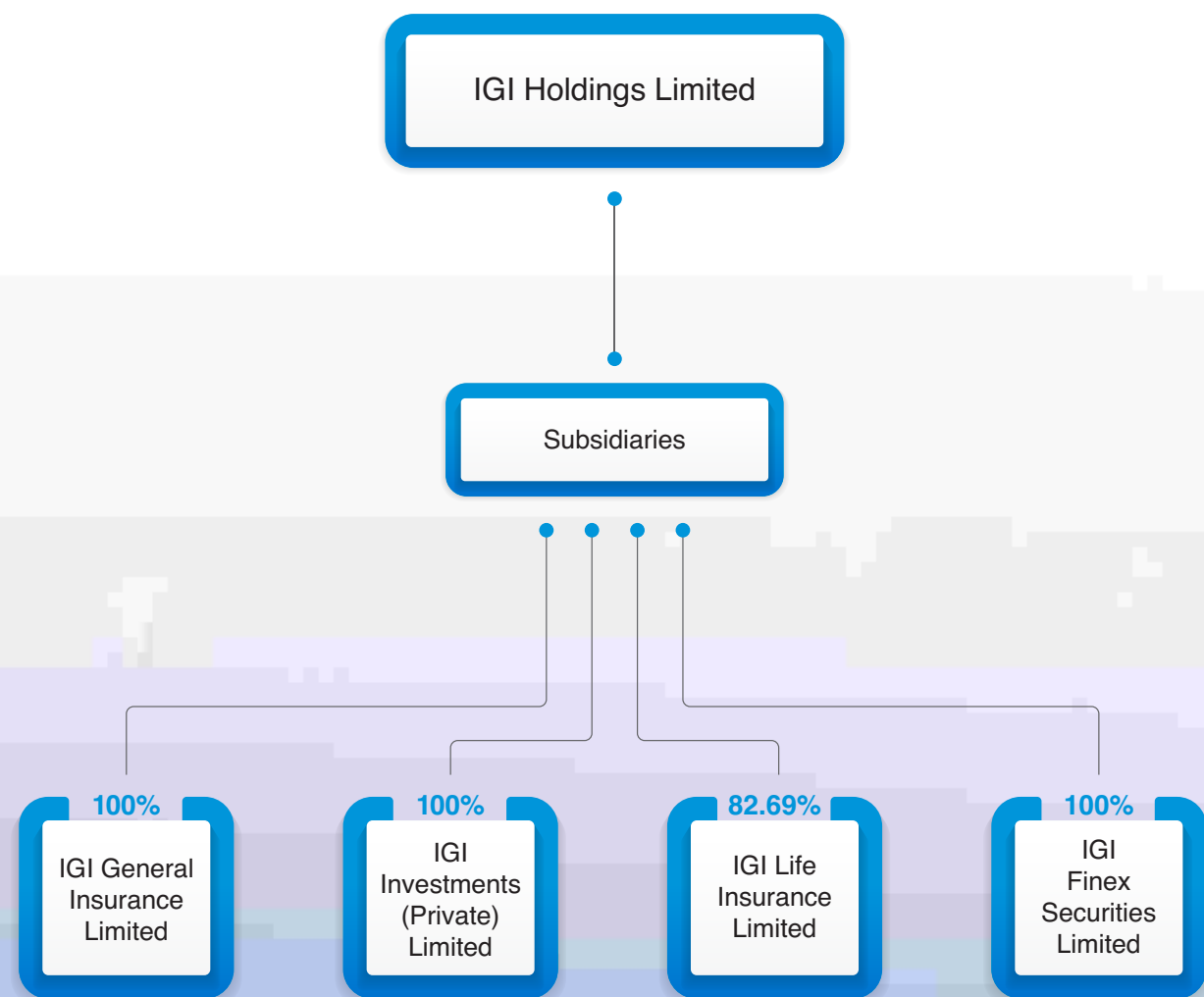
Employees:

Providing the environment necessary to be the employer of choice.

Community:

Compliance with the highest ethical and moral standards.

Group Structure



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. |

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. Tahir Masaud

Chief Executive Officer

Mr. Tahir Masaud

Chief Financial Officer

Syed Awais Amjad

Company Secretary (Acting)

Syed Muhammad Taha Naqvi

Audit Committee

Ms. Faryal Jooma (Chairperson)
Mr. Shamim Ahmad Khan
Syed Yawar Ali
Syed Hyder Ali
Syed Muhammad Taha Naqvi (Acting Secretary)

Human Resources & Remuneration Committee

Ms. Faryal Jooma (Chairperson)
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 Limited
State Bank of Pakistan
United Bank Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Hassan & Hassan Advocates
Access World Law Company
Chaudhary Abdul Rauf & Co.
S. & B. Durrani Law Advocates
Haidermota & Co.
Jurists & Arbitrators Advocates & Consultants
Lexicon Law Firm
Mohsin Tayedaly & 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: 111-308-308
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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 fairness in 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 and 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;
- 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.

Code of Conduct

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

All employees should be aware of and consider the potential impacts of their work on the environment. Play their part to reduce and minimize all kinds of polluting emissions. Use resources efficiently and reuse and recycle materials whenever possible to minimize waste.

IGI ensures compliance with all applicable local, national and international laws, regulations and voluntary commitments wherever we do business. IGI conducts business transactions with the best interests of the Group and community in mind. IGI show zero tolerance for corrupt activities of any kind, either in our own operations or when working with partners.

Taking or giving bribes is strictly prohibited in IGI Group companies. IGI comply vigorously, with the relevant anti-bribery laws. It is also IGI's policy to require all our stake holders working for, or representing, any of the Group Companies, in any capacity, including business partner, suppliers, vendors, consultants, financial advisers, agents, to comply with these laws and practices.

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

IGI expects all employees to be free from actual or potential conflicts of interest. 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 employee 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.

IGI employees shall not trade or pass on inside information at any time to any other person, inside or outside IGI.

IGI is committed to the highest possible standards of openness, transparency and accountability in all its affairs. The intent is to promote a culture of honesty and opposition to fraud in all its forms.

IGI expects its employees to show courage in all their dealings and conduct by working with the highest professional and ethical standards.

IGI is committed to highest standards of ethical, moral and legal business conduct. In line with this commitment and the company's commitment to open communication, this policy aims to provide an avenue for employees to raise concerns with reassurance that they will be protected from reprisals or victimization for whistle blowing.

Every employee of IGI needs to maintain a professional relationship with suppliers, customers and other stakeholders.

IGI recognizes the value of striving for a balanced work force and is committed to the principles of equal opportunity, equality of treatment and creating a dynamic environment where diversity is valued as a source of enrichment and opportunity. All phases of the employment relationship – including recruitment, hiring, training, promotion, compensation, benefits, transfers, layoffs and leaves of absence are carried out by all managers without regard to any race, color, religion, gender, age, ethnicity, national origin or disability.

All IGI employees shall personally contribute to promoting and maintaining a climate of common respect in the workplace. No employee in IGI shall work under the effect of alcohol or drugs, or substances with similar effect.

No employee of IGI shall provide any assistance or funding (including charity or donation) to prescribed individuals/ entities as notified by the concerned government, laws and regulations or by UN Security Council Sanctions Committee.

IGI's physical and intangible assets, as well as its proprietary information are the key to the IGI's success. They should be used only to achieve business goals and should be protected to preserve their value. Any use of IGI's assets or proprietary information by any employee in other business or personal activities is forbidden.

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 offer 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 always discharge 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 laws and regulations that govern our businesses. 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 Limited
- IGI General Insurance Limited
- IGI Life Insurance Limited
- Karandaaz (Pvt.) Limited
- Packages Foundation
- 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.) Limited
- IGI Investments (Pvt.) Limited
- IGI Life Insurance Limited
- Nestle Pakistan Limited
- Pak Afghan Joint Business Council
- Pakistan Business Council
- Pakistan Dairy Association
- Pakistan Expo Centers (Pvt.) Limited
- Pakistan India Joint Business Forum
- Prime Genetics (Pvt.) Limited
- Punjab Board of Investment & Trade
- Wazir Ali Industries Limited
- Wazir Ali Ventures (Pvt.) Limited



Syed Shahid Ali - Director since 1980

Other Engagements

- First Treet Manufacturing Modaraba
- Global Arts Limited
- Global Assets (Pvt.) Limited
- Hi-Tech Alloy Wheels Limited
- Liauat National Hospital
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Packages Limited
- Renacon Pharma Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycle (Pvt.) Limited
- Treet Corporation Limited
- Treet Holdings Limited
- Treet Power Limited

Board of Directors



Syed Hyder Ali - Director since 1989

Other Engagements

- Bulleh Shah Packaging (Pvt.) Limited
- Flexible Packages Convertors (Pty) Limited
- IGI General Insurance Limited
- IGI Investments (Pvt.) Limited
- IGI Life Insurance Limited
- Nestle Pakistan Limited
- Packages Lanka (Pvt.) Limited
- Packages Limited
- Packages Real Estate (Pvt.) Limited
- Pakistan Centre for Philanthropy
- Sanofi-Aventis Pakistan Limited
- Syed Maratib Ali Religious & Charitable Trust Society
- Tri-Pack Films Limited
- World Wide Fund for Nature
- **Member & Trustee**
- Ali Institute of Education
- Babar Ali Foundation
- International Chamber of Commerce Pakistan
- Lahore University of Management Sciences (LUMS)
- National Management Foundation
- Packages Foundation



Faryal Jooma - Director since 2015

Other Engagements

- Jooma Law Associates



Tahir Masaad - Chief Executive since 2014

Other Engagements

- IGI General Insurance Limited
- Systems Limited

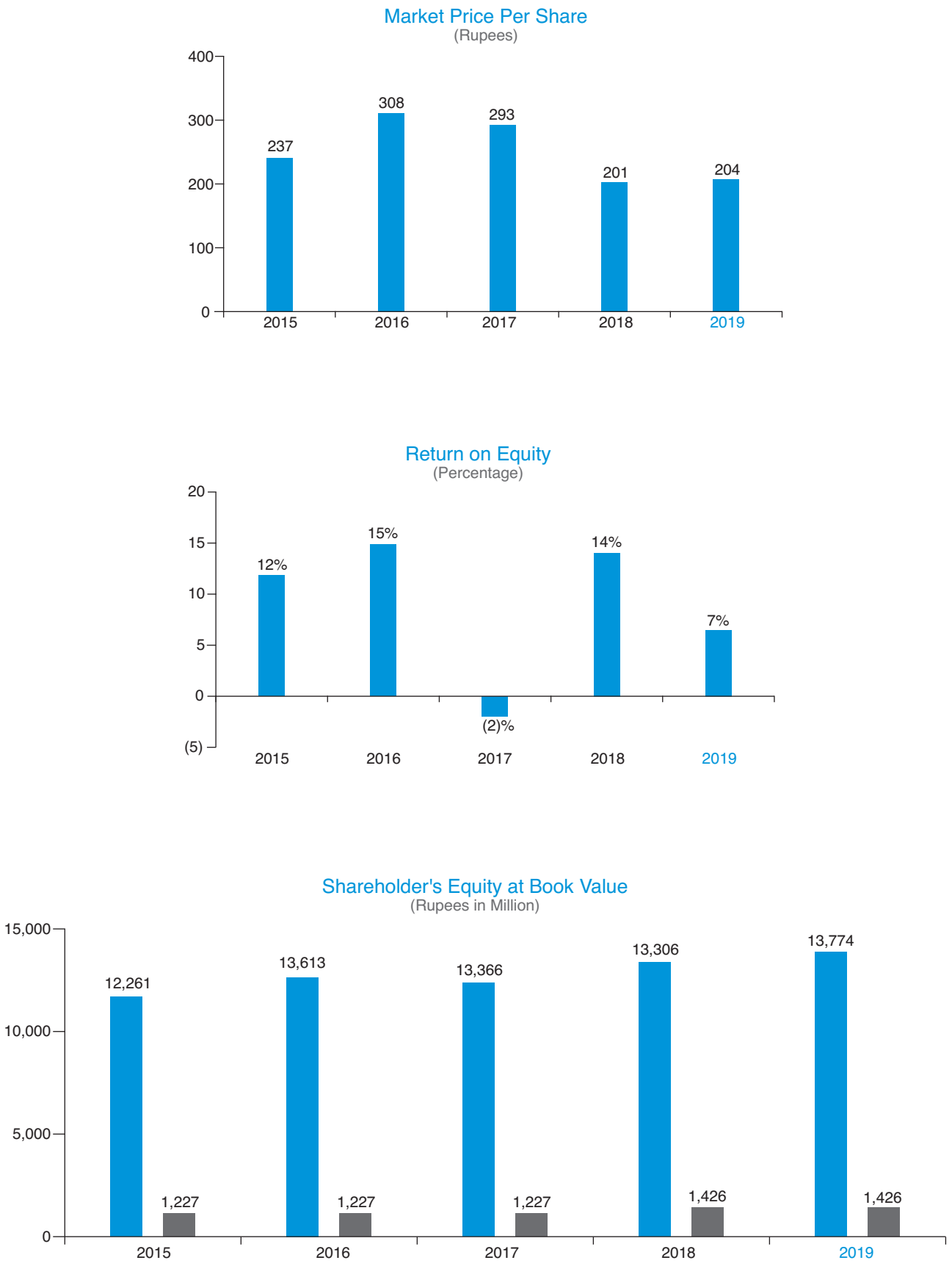
Key Financial Data

(Ten Years at a Glance)

| | (Rupees in '000) | | | | | | | | | |
|--|------------------|-------------|------------|-------------|-------------|------------|------------|------------|------------|------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Dividend Income | 1,107,950 | 2,180,501 | 82,385 | 1,898,895 | 1,041,828 | 882,904 | 680,328 | 230,192 | 272,247 | 319,064 |
| 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 |
| Balance Sheet | | | | | | | | | | |
| Paid Up Capital | 1,426,305 | 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 |
| General & Capital Reserves | 7,764,863 | 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 |
| Shareholders Equity | 13,774,006 | 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 |
| Investments-at Book Value | 15,744,638 | 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 |
| Investments-at Market Value | 17,859,267 | 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 |
| Fixed Assets | 1,384 | 2,044 | 2,981 | 262,298 | 220,743 | 240,178 | 222,085 | 163,797 | 165,115 | 270,822 |
| Total Assets-at Book Value | 16,091,770 | 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 |
| Underwriting Provisions * | - | - | - | 1,990,067 | 1,464,778 | 1,361,433 | 1,278,317 | 1,207,028 | 1,363,873 | 701,366 |
| Profit and Loss Account | | | | | | | | | | |
| Underwriting Profit * | - | - | 22,923 | 323,137 | 256,411 | 208,195 | 104,616 | 232,399 | 207,782 | 205,095 |
| Investment Income | 1,107,950 | 2,180,501 | 83,803 | 2,128,713 | 1,445,480 | 940,878 | 691,351 | 559,231 | 378,402 | 937,663 |
| Profit / (Loss) Before Tax | 911,542 | 1,839,889 | (248,776) | 2,067,126 | 1,531,753 | 942,101 | 555,232 | 613,856 | 440,385 | 995,369 |
| Taxation | 14,813 | 39,842 | (2,382) | 633,251 | 238,707 | 119,300 | 74,165 | 11,326 | 6,929 | 84,215 |
| Profit / (Loss) After Tax | 896,729 | 1,800,047 | (246,394) | 1,433,875 | 1,293,046 | 822,801 | 481,067 | 602,530 | 433,456 | 836,556 |
| Cash Flow Summary | | | | | | | | | | |
| Operating Activities | (63,563) | (141,518) | 78,043 | (186,179) | 34,479 | 232 | 155,276 | 177,039 | (18,106) | 278,667 |
| Investing Activities | 279,735 | 2,254,779 | (914,846) | (1,048,288) | 1,277,366 | (134,210) | 667,840 | 268,042 | 266,935 | 175,741 |
| Financing Activities | (923,339) | (2,538,206) | 1,480,620 | 393,808 | (1,328,060) | 444,856 | (260,305) | (616,604) | (319,720) | (369,442) |
| Cash & Cash Equivalents | (1,109,800) | (402,633) | 22,312 | (621,505) | 219,154 | 235,369 | (75,509) | (638,320) | (466,797) | (395,906) |
| Investment / Market Ratios | | | | | | | | | | |
| Earnings per share (Rs.) | 6.29 | 12.63 | (2.01) | 11.69 | 10.54 | 6.71 | 4.31 | 5.40 | 3.89 | 11.64 |
| Market value per share (Rs.) | 204 | 201.18 | 292.89 | 307.89 | 236.57 | 270.58 | 164.38 | 96.28 | 44.00 | 97.00 |
| Break up value per share (Rs.) | 96.57 | 93.29 | 108.94 | 110.95 | 99.93 | 94.38 | 97.98 | 95.70 | 100.23 | 161.13 |
| Price earning ratio (Times) | 32.43 | 15.93 | (145.84) | 26.34 | 22.45 | 40.35 | 38.11 | 17.82 | 11.32 | 8.33 |
| Price to book ratio (Times) | 2.11 | 2.16 | 2.69 | 2.78 | 2.37 | 2.87 | 1.68 | 1.01 | 0.44 | 0.60 |
| Dividend yield (%) | 1.47 | 2.98 | 1.37 | 2.60 | 2.54 | 1.11 | 1.52 | 3.12 | 11.36 | 3.09 |
| Dividend payout (%) | 47.69 | 47.51 | - | 68.45 | 56.93 | 44.73 | 57.96 | 55.53 | 128.66 | 25.76 |
| Dividend cover (Times) | 2.10 | 2.11 | - | 1.46 | 1.76 | 2.24 | 1.73 | 1.80 | 0.78 | 3.88 |
| Investment yield (%) | 6.20 | 13.07 | 0.43 | 2.92 | 2.64 | 1.64 | 1.67 | 2.17 | 2.04 | 6.53 |
| Market capitalization (Rs. M) | 29,097 | 28,694 | 35,935 | 37,775 | 29,025 | 33,197 | 18,334 | 10,739 | 4,908 | 6,969 |
| Cash dividend per share (Rs.) | 3 | 6 | 4 | 8 | 6.00 | 3.00 | 2.50 | 3.00 | 5.00 | 3.00 |
| Cash dividend (%) | 30 | 60 | 40 | 80 | 60.00 | 30.00 | 25.00 | 30.00 | 50.00 | 30.00 |
| 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 (%) | 6.62 | 13.83 | (1.86) | 15.19 | 12.49 | 8.14 | 5.08 | 5.75 | 3.94 | 8.60 |
| Return on assets (%) | 5.57 | 11.85 | (1.59) | 7.37 | 8.83 | 5.66 | 3.64 | 4.66 | 3.22 | 6.45 |
| EBITDA to gross premium (Times) * | - | - | - | 0.77 | 0.69 | 0.50 | 0.49 | (0.19) | 0.08 | 0.79 |
| Underwriting profit to gross premium (%) * | - | - | 4.32 | 11.46 | 10.94 | 9.73 | 5.14 | 12.58 | 11.89 | 15.82 |
| Profit before tax to gross premium (%) * | - | - | - | 73.30 | 65.36 | 44.03 | 27.28 | 33.24 | 25.21 | 76.76 |
| Profit after tax to gross premium (%) * | - | - | - | 50.85 | 55.17 | 38.45 | 23.64 | 32.62 | 24.81 | 64.51 |
| Cost / income ratios (Times) | 0.27 | 0.09 | 0.85 | 0.41 | 0.36 | 0.56 | 1.01 | 0.94 | 0.56 | 0.30 |
| Liquidity / Performance Ratios | | | | | | | | | | |
| Equity / Total assets (%) | 85.60 | 87.61 | 86.41 | 69.99 | 83.69 | 79.69 | 82.62 | 82.47 | 82.99 | 89.32 |
| Financial leverage | 0.15 | 0.12 | 0.13 | 0.20 | 0.01 | 0.07 | 0.03 | 0.06 | 0.05 | 0.03 |
| Paid up capital / Total assets (%) | 8.86 | 9.39 | 7.93 | 6.31 | 8.37 | 8.44 | 8.43 | 8.62 | 8.28 | 5.54 |
| Incurred loss ratio (%) | - | - | - | 50.54 | 52.27 | 56.84 | 71.87 | 62.08 | 62.24 | 50.56 |
| Total liabilities / Equity (Times) | 0.17 | 0.14 | 0.16 | 0.43 | 0.19 | 0.25 | 0.21 | 0.22 | 0.20 | 0.12 |
| Cash flow from operations to gross premium (Times) * | - | - | - | (0.07) | 0.01 | 0.00 | 0.08 | 0.10 | (0.01) | 0.21 |
| Total assets turnover (Times) | - | - | - | 0.14 | 0.16 | 0.15 | 0.15 | 0.14 | 0.13 | 0.10 |
| Fixed assets turnover (Times) | - | - | - | 10.75 | 10.62 | 8.91 | 9.16 | 11.28 | 10.58 | 4.79 |

* 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 Arrangement w.e.f. January 31, 2017.

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 reassure that they will be protected from reprisals or victimisation 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. Ms. Faryal Jooma (Independent Director and Chairperson)
2. Mr. Shamim Ahmad Khan (Member)
3. Syed Yawar Ali (Member)
4. Syed Hyder Ali (Member)
5. Syed Muhammad Taha Naqvi (Acting Secretary to the Committee)

The terms of reference of the Audit Committee include the following:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with regulations and other statutory and regulatory requirements; and
 - All related party transactions.
- c) Review of preliminary announcements of results prior to external communication and publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the Company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) Consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential remedial and mitigating measures;
- o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Code of Corporate Governance. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise, it shall record the reasons thereof;
- p) Ensuring that risk mitigation measures are robust;
- q) Ensuring that appropriate extent of disclosure of company's risk framework and internal control system is given in the Directors Report; and
- r) Consideration of any other issue or matter as may be assigned by the Board of Directors.

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. Ms. Faryal Jooma (Independent Director and Chairperson)
2. Syed Yawar Ali (Member)
3. Syed Shahid Ali (Member)
4. Syed Hyder Ali (Member)
5. Mr. Tahir Masaud (Member and Chief Executive)
6. Mr. Muhammad Adnan (Secretary to the Committee)

The terms of reference of the Human Resource and Remuneration (HR&R) Committee include the following:

- a) Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both Executive and Non-Executive Directors and members of senior management).
The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;
- b) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing therein name and qualifications of such consultant and major terms of his/its appointment;
- c) Recommending Human Resource Management Policies to the Board;
- d) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- e) Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer;
- f) Where human resource and remuneration consultants are appointed, they shall disclose to the Committee their credentials as to whether they have any other connection with the Company;
- g) Considering and making recommendations to the Board in respect of the Board's Committees and the chairmanship of the Board Committees; and
- h) Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

Shareholders' Information

Registered Office:

7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.
Tel : 111-308-308, Fax : 92-21-35301772
Website: www.igi.com.pk/holdings

Share Registrar Office:

FAMCO Associates (Pvt.) Ltd.
Block-6, P.E.C.H.S,
Near Hotel Faran, Nursery,
Shahrah-e-Faisal, Karachi.
Tel : 92-21-34380101-5
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 2019-2020 has been paid to PSX and SECP respectively 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. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 3,498 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. Ovais Khan at the Share Registrar Office and Syed Muhammad Taha Naqvi, A/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 share department undertakes activities pertaining to dematerialization of shares, shares transfer 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:

Syed Muhammad Taha Naqvi
Tel : 111-308-308
Email : taha.naqvi@igi.com.pk

Mr. Salman Rauf
Tel : 92-21-34380107
92-21-34380101-5

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 either through post or over the counter | |
|--|-------------------------------|
| Transfer of shares | 15 days after receipt |
| Transmission of shares | 15 days after receipt |
| Issue of duplicate share certificates | 30 days after receipt |
| Updation of IBAN No | 15 working days after receipt |
| Change of address | 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.

Dematerialization of Shares

The equity shares of the Company are under the compulsory dematerialize category. As at December 31, 2019, 30.93% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding 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 cash dividend of 30% (Rs.3/- per share) (2018: a total of 60% cash dividend i.e. Rs. 6/- 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 May 14, 2020 to May 21, 2020 (both days inclusive).

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after May 21, 2020, but within the statutory time limit of 15 working days:

- For shares held in physical form: to the shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.
- For shares held in electronic form: to the 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:

The Government of Pakistan through Finance Act, 2019 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies for the shareholders whose names are appearing on Active Taxpayer List (ATL) at the book closure date and for the shareholders whose names are not appearing on ATL. These rates are as under:

- (a) For shareholders whose names are appearing on ATL15%
- (b) For shareholders whose names are not appearing on ATL30%

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 30%, 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 date of the Company, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Zakat shall also be deducted at source from the dividend at the rate of 2.5% of face value of shares in accordance with the Zakat & Ushr Ordinance, 1980, other than corporate shareholders or individual shareholders who have provided the undertaking (CZ-50) for non-deduction of Zakat.

Shareholders are advised to ensure that they have provided their Passport/NTN/CNIC/Tax Exemption Certificates (for tax exemption, where applicable) and valid Zakat Declaration under Zakat & Ushr Ordinance, 1980 (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company’s Share Registrar prior to the date of book closure otherwise tax and zakat will be deducted according to applicable laws.

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 valid 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.

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 which is unresolved.

Legal Proceedings

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

General Meetings & Voting Rights

In accordance with the 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.

Proxies and Video Conference Facility

Please refer notes to the Notice of Annual General Meeting for details related to proxies and Video Conference Facility.

Web Presence

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

The website contains the latest financial results of the Company together with Company's profile and information regarding its subsidiaries.

Circulation of annual report 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.

Moreover, if a shareholder 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, 2019

| S. No. | Shareholders Category | No. of Shareholders | No. of Shares | Percentage |
|--------|---|---------------------|---------------|------------|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children | 24 | 42,675,905 | 29.92 |
| 2 | Associated Companies, Undertakings and related Parties | 6 | 54,544,217 | 38.24 |
| 3 | NIT and ICP | | | |
| 4 | Banks, Development Financial Institutions, Non Banking Financial Institutions | 26 | 8,041,402 | 5.64 |
| 5 | Insurance Companies | 8 | 2,116,519 | 1.48 |
| 6 | Modarabas and Mutual Funds | 11 | 497,501 | 0.35 |
| 7 | Shareholders holding 10% | 7 | 81,592,830 | 57.21 |
| 8 | General Public : | | | |
| | a. local | 3,303 | 22,530,175 | 15.80 |
| | b .Foreign | | | |
| 9 | Others | 120 | 12,224,831 | 8.57 |
| | Total (excluding: shareholders holding 10%) | 3,498 | 142,630,550 | 100.00 |

Information as required under the Code of Corporate Governance

As at December 31, 2019

| Shareholder's category | Number of shareholders | Number of shares held |
|--|------------------------|-----------------------|
| Associated Companies, Undertaking and Related Parties (name wise details) | | |
| BABAR ALI FOUNDATION | 3 | 15,529,116 |
| INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE PACKAGES LIMITED | 1 | 23,982,060 |
| | 2 | 15,033,041 |
| TOTAL | 6 | 54,544,217 |
| Mutual Funds (name wise details) | | |
| CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND | 1 | 12,000 |
| CDC - TRUSTEE ABL STOCK FUND | 1 | 40,300 |
| CDC - TRUSTEE AKD INDEX TRACKER FUND | 1 | 8,716 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 62,556 |
| CDC - TRUSTEE NBP FINANCIAL SECTOR FUND | 1 | 146,300 |
| CDC - TRUSTEE UBL DEDICATED EQUITY FUND | 1 | 15,000 |
| CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND | 1 | 38,000 |
| CDC - TRUSTEE UBL STOCK ADVANTAGE FUND | 1 | 158,000 |
| CDC-TRUSTEE NITPF EQUITY SUB-FUND | 1 | 16,625 |
| TOTAL | 9 | 497,497 |
| Directors and their spouse (name wise details) | | |
| CHAUDHRY TAHIR MASAUD | 1 | 115 |
| FARYAL JOOMA | 1 | 115 |
| MR. HASAN ASKARI | 1 | 150 |
| MRS. AMINA HYDER ALI | 2 | 340,325 |
| MRS. PERWIN BABAR ALI | 5 | 3,285,338 |
| SHAMIM AHMED KHAN | 1 | 7,251 |
| SYED BABAR ALI | 1 | 27,048,613 |
| SYED HYDER ALI | 5 | 8,642,402 |
| SYED SHAHID ALI | 3 | 1,534,974 |
| SYED YAWAR ALI | 3 | 1,440,057 |
| SYEDA NIGHAT ALI | 1 | 376,565 |
| TOTAL | 24 | 42,675,905 |
| 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 | 26 | 8,041,402 |
| Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details) | | |
| BABAR ALI FOUNDATION | 3 | 15,529,116 |
| INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE | 1 | 23,982,060 |
| PACKAGES LIMITED | 2 | 15,033,041 |
| SYED BABAR ALI | 1 | 27,048,613 |
| SYED HYDER ALI | 5 | 8,642,402 |
| TOTAL | 12 | 90,235,232 |

Pattern of Shareholding

As at December 31, 2019

| No. of Shareholder | No. of Shareholdings | | Total Number of Shareholders |
|--------------------|----------------------|------------|------------------------------|
| | From | To | |
| 1,805 | 1 | 100 | 44,674 |
| 601 | 101 | 500 | 142,646 |
| 222 | 501 | 1,000 | 156,408 |
| 432 | 1,001 | 5,000 | 998,959 |
| 138 | 5,001 | 10,000 | 992,216 |
| 83 | 10,001 | 15,000 | 980,599 |
| 27 | 15,001 | 20,000 | 467,091 |
| 20 | 20,001 | 25,000 | 445,956 |
| 17 | 25,001 | 30,000 | 460,038 |
| 23 | 30,001 | 35,000 | 752,160 |
| 6 | 35,001 | 40,000 | 225,220 |
| 8 | 40,001 | 45,000 | 331,488 |
| 1 | 45,001 | 50,000 | 47,403 |
| 10 | 50,001 | 55,000 | 524,447 |
| 4 | 55,001 | 60,000 | 226,875 |
| 5 | 60,001 | 65,000 | 315,041 |
| 3 | 65,001 | 70,000 | 200,806 |
| 2 | 75,001 | 80,000 | 154,682 |
| 5 | 80,001 | 85,000 | 414,330 |
| 1 | 85,001 | 90,000 | 85,447 |
| 1 | 90,001 | 95,000 | 92,525 |
| 7 | 95,001 | 100,000 | 682,895 |
| 1 | 100,001 | 105,000 | 101,890 |
| 3 | 110,001 | 115,000 | 345,000 |
| 1 | 115,001 | 120,000 | 119,830 |
| 1 | 125,001 | 130,000 | 125,331 |
| 2 | 130,001 | 135,000 | 267,232 |
| 3 | 135,001 | 140,000 | 413,298 |
| 1 | 145,001 | 150,000 | 146,300 |
| 3 | 150,001 | 155,000 | 461,744 |
| 2 | 155,001 | 160,000 | 316,269 |
| 2 | 160,001 | 165,000 | 325,069 |
| 1 | 165,001 | 170,000 | 167,700 |
| 4 | 170,001 | 175,000 | 689,219 |
| 2 | 190,001 | 195,000 | 385,321 |
| 2 | 195,001 | 200,000 | 391,254 |
| 1 | 225,001 | 230,000 | 230,000 |
| 1 | 240,001 | 245,000 | 242,200 |
| 2 | 250,001 | 255,000 | 506,994 |
| 2 | 255,001 | 260,000 | 517,006 |
| 1 | 260,001 | 265,000 | 260,170 |
| 1 | 280,001 | 285,000 | 282,785 |
| 1 | 290,001 | 295,000 | 292,425 |
| 1 | 305,001 | 310,000 | 305,250 |
| 1 | 325,001 | 330,000 | 328,312 |
| 1 | 330,001 | 335,000 | 331,670 |
| 2 | 335,001 | 340,000 | 678,360 |
| 2 | 345,001 | 350,000 | 696,977 |
| 1 | 375,001 | 380,000 | 376,565 |
| 1 | 455,001 | 460,000 | 460,000 |
| 1 | 490,001 | 495,000 | 493,655 |
| 1 | 625,001 | 630,000 | 626,675 |
| 1 | 665,001 | 670,000 | 667,202 |
| 1 | 670,001 | 675,000 | 673,275 |
| 2 | 715,001 | 720,000 | 1,437,495 |
| 1 | 745,001 | 750,000 | 747,500 |
| 1 | 765,001 | 770,000 | 767,383 |
| 1 | 825,001 | 830,000 | 826,505 |
| 1 | 850,001 | 855,000 | 854,375 |
| 1 | 870,001 | 875,000 | 872,850 |
| 1 | 1,110,001 | 1,115,000 | 1,110,927 |
| 1 | 1,155,001 | 1,160,000 | 1,157,825 |
| 1 | 1,220,001 | 1,225,000 | 1,222,688 |
| 1 | 1,310,001 | 1,315,000 | 1,313,875 |
| 2 | 1,340,001 | 1,345,000 | 2,684,602 |
| 1 | 1,405,001 | 1,410,000 | 1,409,902 |
| 1 | 1,410,001 | 1,415,000 | 1,412,377 |
| 1 | 1,450,001 | 1,455,000 | 1,450,528 |
| 1 | 1,930,001 | 1,935,000 | 1,932,000 |
| 1 | 2,235,001 | 2,240,000 | 2,238,318 |
| 1 | 2,315,001 | 2,320,000 | 2,315,493 |
| 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 | 27,045,001 | 27,050,000 | 27,048,613 |
| 3,498 | | | 142,630,550 |

Pattern of Shareholding (CDC)

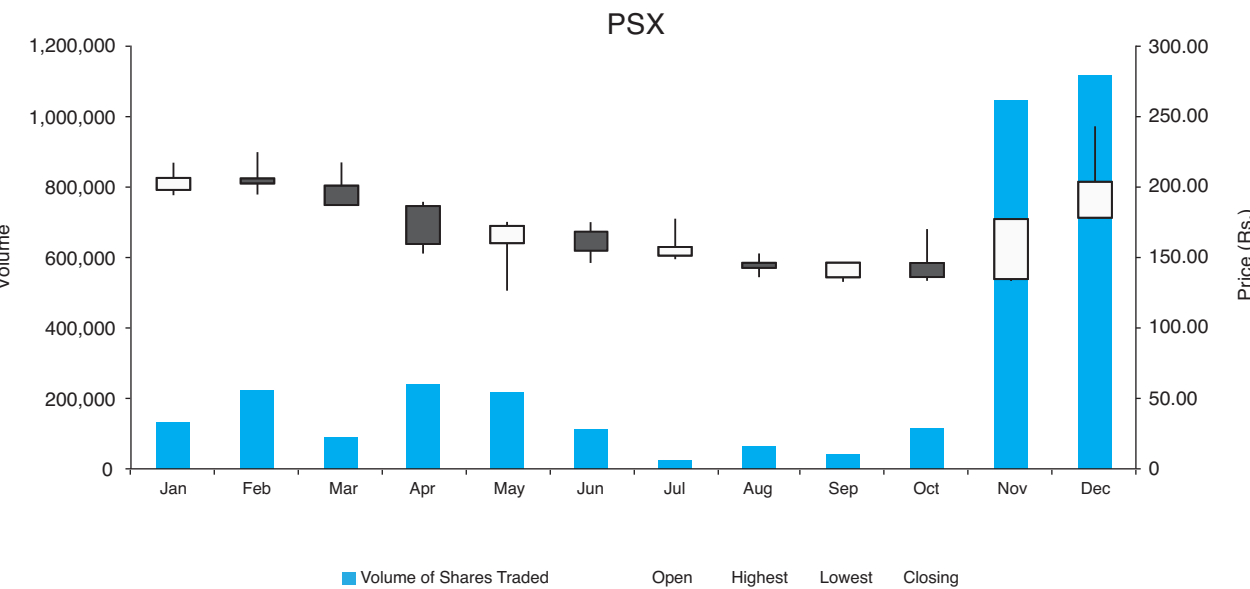
As at December 31, 2019

| No. of Shareholder | No. of Shareholdings | | Total Shares |
|--------------------|----------------------|-----------|-------------------|
| | From | To | |
| 1,218 | 1 | 100 | 34,867 |
| 483 | 101 | 500 | 113,730 |
| 167 | 501 | 1,000 | 117,877 |
| 346 | 1,001 | 5,000 | 794,152 |
| 104 | 5,001 | 10,000 | 746,529 |
| 60 | 10,001 | 15,000 | 725,335 |
| 23 | 15,001 | 20,000 | 394,017 |
| 19 | 20,001 | 25,000 | 425,035 |
| 13 | 25,001 | 30,000 | 354,576 |
| 20 | 30,001 | 35,000 | 655,487 |
| 6 | 35,001 | 40,000 | 225,220 |
| 5 | 40,001 | 45,000 | 204,766 |
| 1 | 45,001 | 50,000 | 47,403 |
| 8 | 50,001 | 55,000 | 421,044 |
| 3 | 55,001 | 60,000 | 171,716 |
| 5 | 60,001 | 65,000 | 315,041 |
| 2 | 65,001 | 70,000 | 132,292 |
| 2 | 75,001 | 80,000 | 154,682 |
| 5 | 80,001 | 85,000 | 414,330 |
| 4 | 95,001 | 100,000 | 392,201 |
| 1 | 110,001 | 115,000 | 115,000 |
| 1 | 115,001 | 120,000 | 119,830 |
| 1 | 125,001 | 130,000 | 125,331 |
| 2 | 130,001 | 135,000 | 267,232 |
| 3 | 135,001 | 140,000 | 413,298 |
| 1 | 145,001 | 150,000 | 146,300 |
| 2 | 150,001 | 155,000 | 308,744 |
| 1 | 155,001 | 160,000 | 158,000 |
| 2 | 160,001 | 165,000 | 325,069 |
| 1 | 165,001 | 170,000 | 167,700 |
| 2 | 170,001 | 175,000 | 344,550 |
| 1 | 190,001 | 195,000 | 191,874 |
| 1 | 225,001 | 230,000 | 230,000 |
| 1 | 240,001 | 245,000 | 242,200 |
| 2 | 250,001 | 255,000 | 506,994 |
| 1 | 255,001 | 260,000 | 258,750 |
| 1 | 280,001 | 285,000 | 282,785 |
| 1 | 305,001 | 310,000 | 305,250 |
| 1 | 330,001 | 335,000 | 331,670 |
| 1 | 335,001 | 340,000 | 338,905 |
| 2 | 345,001 | 350,000 | 696,977 |
| 1 | 375,001 | 380,000 | 376,565 |
| 1 | 455,001 | 460,000 | 460,000 |
| 1 | 490,001 | 495,000 | 493,655 |
| 1 | 625,001 | 630,000 | 626,675 |
| 1 | 665,001 | 670,000 | 667,202 |
| 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 | 1,155,001 | 1,160,000 | 1,157,825 |
| 1 | 1,310,001 | 1,315,000 | 1,313,875 |
| 2 | 1,340,001 | 1,345,000 | 2,684,602 |
| 1 | 1,405,001 | 1,410,000 | 1,409,902 |
| 1 | 1,410,001 | 1,415,000 | 1,412,377 |
| 1 | 1,450,001 | 1,455,000 | 1,450,528 |
| 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 |
| 2,542 | | | 44,109,949 |

Share Price / Volume

| Month | Volume of shares traded | Share price on PSX (Rs.) | | | |
|-----------|-------------------------|--------------------------|---------|--------|---------|
| | | Opening | Highest | Lowest | Closing |
| January | 116,900 | 201.00 | 214.99 | 197.00 | 207.00 |
| February | 210,000 | 207.20 | 221.01 | 195.00 | 203.60 |
| March | 88,700 | 200.00 | 212.49 | 188.00 | 188.02 |
| April | 217,800 | 185.00 | 188.30 | 152.00 | 157.54 |
| May | 205,900 | 157.54 | 169.85 | 126.96 | 168.24 |
| June | 97,200 | 165.00 | 174.00 | 144.50 | 152.00 |
| July | 19,700 | 150.00 | 169.85 | 147.48 | 154.89 |
| August | 51,700 | 147.00 | 153.00 | 136.00 | 143.00 |
| September | 38,500 | 135.91 | 146.46 | 134.00 | 145.80 |
| October | 104,200 | 145.00 | 165.79 | 134.25 | 135.74 |
| November | 1,047,000 | 135.50 | 176.27 | 133.50 | 176.08 |
| December | 1,109,000 | 180.10 | 246.00 | 179.00 | 204.00 |

Pakistan Stock Exchange



Corporate Calendar 2019

MARCH

29th

Audit Committee and Board of Directors (BOD) meetings to consider annual accounts of the Company for the year ended December 31, 2018.

APRIL

26th

Annual General Meeting of shareholders to consider and approve annual accounts of the Company for the year ended December 31, 2018 and dividend announcement.

26th

Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2019.

MAY

2nd

E-Credit of 30% Final Cash Dividend to the Shareholders for the year ended December 31, 2018.

JULY

29th

Extra Ordinary General Meeting of shareholders to approve an equity investment of up to Rs. 1,000 million through subscription of Rights Shares announced and offered by its subsidiary IGI Life Insurance Limited

AUGUST

28th

Audit Committee and BOD meetings to consider half yearly accounts of the Company for the half year ended June 30, 2019.

OCTOBER

28th

Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended September 30, 2019.

DECEMBER

19th

Corporate Briefing Session to brief the investors and analysts about the Company's current Financial Performance and Outlook.

27th

Awarded PSX Top 25 Companies Award for the year 2018

Chairman's Review Report

I am pleased by the performance of IGI Holdings Limited for the year ended December 31, 2019. The Company is operating as a holding company and derives 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 they 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.

For and on behalf of the Board



Syed Babar Ali

Chairman

Lahore: March 9, 2020

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, 2019.

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

| | 2019 | 2018 |
|--|------------------|-----------|
| | (Rupees in '000) | |
| Operating revenue | 1,107,950 | 2,182,664 |
| Operating income | 803,832 | 1,992,145 |
| Profit before taxation | 911,542 | 1,839,889 |
| Taxation | (14,813) | (39,842) |
| Profit after taxation | 896,729 | 1,800,047 |
| Earnings per share (in rupees)-basic / diluted | 6.29 | 12.63 |

The Company has earned operating income of Rs 804 million during the year against Rs 1,992 million earned during 2018 with profit after taxation of Rs 897 million against profit after tax of Rs 1,800 million during 2018. The decline is mainly attributable to less amount of dividend from IGI Investments (Private) Limited.

In respect of the Company's investment in IGI Finex Securities Limited, a wholly owned subsidiary, during the current year, impairment loss amounting to Rs. 92.720 million has been reversed which was recognised in previous years. Key assumptions behind such reversal 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.

APPROPRIATIONS

The Company has generated a profit of Rs 897 million during the year, accordingly, the directors have recommended cash dividend of 30% (i.e. Rs 3 per share) (2018: 30%, Rs 3 per share). Therefore, the Company has appropriated Rs. 427.9 million (2018: Rs 427.9 million) for the payment of final cash dividend.

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 its major source of income. 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, 2019 issued by Securities and Exchange Commission of Pakistan is applicable to the Company and its provisions have been fully complied with. A statement to this effect is annexed.

MATERIAL CHANGES

There has been no material change since December 31, 2019 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, 2019.

BOARD OF DIRECTORS

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

| Total number of directors | |
|---------------------------|---|
| Male | 7 |
| Female | 1 |
| Composition | |
| Independent Directors | 1 |
| Non-executive Directors | 6 |
| Executive Directors | 1 |

The names of the directors as at December 31, 2019 are as follows:

- Syed Babar Ali
- Mr. Shamim Ahmad Khan
- Syed Yawar Ali
- Syed Shahid Ali
- Syed Hyder Ali
- Ms. Faryal Jooma
- Mr. Hasan Askari
- Mr. Tahir Masaud

During the year, one casual vacancy occurred on the Board due to resignation of Mr. Osman Khalid Waheed which was duly filled with the appointment of Mr. Hasan Askari as a director for the remaining term of the Board.

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:

- 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;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- 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;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no doubt about the Company’s ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Summary of key operational and financial data for the last six years is annexed in this annual report;

- 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;
- 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;
- At present, out of eight members on the board, four Directors have undergone formal Directors training program and four of them were exempt from Directors training program as provided under Code of Corporate Governance;
- 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 689,350 shares.
Syed Babar Ali, Director donated (854,375) shares to Babar Ali Foundation
Mrs. Perwin Babar Ali purchased 86,100 shares.
Syed Hyder Ali, Director purchased 5,300 shares
Mr. Hasan Askari, Director purchased 150 shares

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

- Information about taxes and levies is given in the notes to the financial statements.
- The Board held five meetings during the year, attendance by each director was as follows:

| Director Name | Attendance |
|-------------------------|------------|
| Syed Babar Ali | 3 |
| Mr. Shamim Ahmad Khan | 4 |
| Syed Yawar Ali | 5 |
| Syed Shahid Ali | 4 |
| Syed Hyder Ali | 4 |
| Ms. Faryal Jooma | 5 |
| Mr. Osman Khalid Waheed | 1 |
| Mr. Hasan Askari | 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 only four meetings during the year and attendance by each member was as follows:

| Director Name | Attendance |
|-----------------------|------------|
| Mr. Shamim Ahmad Khan | 3 |
| Syed Yawar Ali | 4 |
| Syed Hyder Ali | 4 |
| Ms. Faryal Jooma | 4 |

Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019

IGI Holdings Limited
For the year ended December 31, 2019

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 the Board is as follows:

| Category | Names |
|-------------------------|----------------------------|
| Independent Director* | Ms. Faryal Jooma - 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 | Hasan Askari - Member |
| | Tahir Masaud - Member |

* As per regulation 6(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the mandatory requirement to comply with the of appointment of at least two or one third members of the Board, whichever is higher, as independent directors on the Board shall fall due on the expiry of term of existing directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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. The Board has ensured that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Board;
8. The Board 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, three (3) Directors have acquired the Directors Training Program Certifications, one (1) Director will obtain certificate in stipulated time whilst four (4) remaining directors are exempt from the directors training program;
10. The Board has approved appointment of chief financial officer, 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. Chief financial officer and chief executive officer 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 |
|--------------------|-----------------------------------|
| Faryal Jooma | Chairperson/ 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 committee were as per following,-
- | | |
|----------------------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are 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 Institute of Chartered Accountants of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
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; and
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.


Syed Babar Ali
Chairman
Lahore: March 29, 2019

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 | 0 |
| Syed Hyder Ali | 1 |
| Mr. Osman Khalid Waheed | 1 |
| Mr. Tahir Masaud | 1 |

AUDITORS

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 66th 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, 2019, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.


FUTURE OUTLOOK

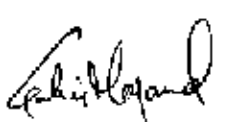
IGI Holdings is operating as a holding company, its performance would be determined by the financial performance of its subsidiaries, which in turn, would be influenced by the general economic environment and performance of the investee companies.

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 9, 2020


Tahir Masaud
Chief Executive Officer
Lahore: March 9, 2020



A·F·FERGUSON&Co.

Independent Auditor's Review Report

To the members of IGI Holdings Limited

Review Report on the Statement of Compliance under Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **IGI Holdings Limited** (the Company) for the year ended December 31, 2019 in accordance with the requirements of regulation 36 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, 2019.

A·F·Ferguson & Co

Chartered Accountants

Karachi

Date: March 27, 2020

Unconsolidated Financial Statements



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, 2019, 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, 2019 and of the profit and other comprehensive loss, 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 Matter

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.

Following is the Key audit matter:

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|--|---|
| 1 | Assessment of carrying value of investment in IGI Finex Securities Limited (Refer note 6.1.3 to the annexed unconsolidated financial statements) | |

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|---|--|
| | <p>In respect of the Company's investment in IGI Finex Securities Limited, a wholly owned subsidiary of the Company, during the current year, the management has reversed impairment loss of Rs. 92.720 million recognised in previous years. 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.</p> <p>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 reversal of impairment as a key audit matter</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Understood and reviewed the management's process for assessment of carrying value of investment in IGI Finex Securities Limited. Involved our valuation specialists to assist us in performing our audit procedures in this area. 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 assessment of carrying value of investment in IGI Finex Securities Limited were in accordance with the applicable financial reporting framework. |

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 reports 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.

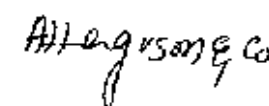
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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**.



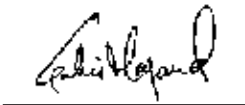
A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 27, 2020

Unconsolidated Statement of Financial Position

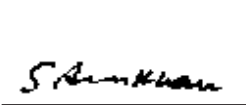
As at December 31, 2019

| | Note | 2019 | 2018 |
|---|------|--------------------------|------------|
| | | --- (Rupees in '000) --- | |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Property and equipment | 4 | 1,384 | 2,044 |
| - Intangible asset | 5 | - | - |
| Investments | 6 | 15,744,638 | 14,820,667 |
| Long-term deposits | | 1,738 | 4,461 |
| Deferred tax asset - net | 7 | 43,958 | 55,485 |
| | | 15,791,718 | 14,882,657 |
| Current assets | | | |
| Loans and advances | 8 | 7,400 | 10,200 |
| Deposits and prepayments | | 6,832 | 5,644 |
| Other receivables | 9 | 219,485 | 226,512 |
| Taxation recoverable | | 54,972 | 54,694 |
| Bank balances | 10 | 11,363 | 6,990 |
| | | 300,052 | 304,040 |
| TOTAL ASSETS | | 16,091,770 | 15,186,697 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital | | | |
| 200,000,000 ordinary shares of Rs. 10 each | | | |
| (2018: 200,000,000 ordinary shares of Rs. 10 each) | | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 11 | 1,426,305 | 1,426,305 |
| Reserves | | 7,764,863 | 7,764,863 |
| Deficit on remeasurement of financial assets at fair value through other comprehensive income | | (11,433) | - |
| Unappropriated profit | | 4,594,271 | 4,114,637 |
| Total equity | | 13,774,006 | 13,305,805 |
| Non-current liabilities | | | |
| Long term loan - secured | 12 | 600,000 | 900,000 |
| Current liabilities | | | |
| Short term loan | 13 | 1,121,163 | 409,623 |
| Current portion of long - term loan - secured | 12 | 300,000 | 300,000 |
| Unclaimed dividend | | 28,464 | 32,748 |
| Trade and other payables | 14 | 268,137 | 238,521 |
| | | 1,717,764 | 980,892 |
| Total liabilities | | 2,317,764 | 1,880,892 |
| TOTAL EQUITY AND LIABILITIES | | 16,091,770 | 15,186,697 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | | |

The annexed notes from 1 to 30 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer

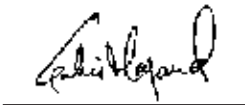

Director

Unconsolidated Statement of Profit or Loss

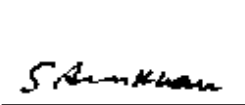
For the year ended December 31, 2019

| | Note | 2019 | 2018 |
|---|---------------|--------------------------|-----------|
| | | --- (Rupees in '000) --- | |
| Operating revenue | 16 | 1,107,950 | 2,182,664 |
| Other income | 17 | 3,585 | 9,943 |
| Total income | | 1,111,535 | 2,192,607 |
| General and administrative expenses | 18 | (97,597) | (100,904) |
| Finance costs | 19 | (210,106) | (99,558) |
| Total expenses | | (307,703) | (200,462) |
| | | 803,832 | 1,992,145 |
| Reversal of provision / (provision) against investments - net | 6.1.1 & 6.2.2 | 92,720 | (156,381) |
| Recoveries against bad and doubtful loans and advances / lease losses | | 14,990 | 4,125 |
| Profit before taxation | | 911,542 | 1,839,889 |
| Taxation | 20 | (14,813) | (39,842) |
| Profit after taxation | | 896,729 | 1,800,047 |
| ----- Rupees ----- | | | |
| Earnings per share - basic and diluted | 21 | 6.29 | 12.63 |

The annexed notes from 1 to 30 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer

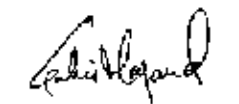

Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

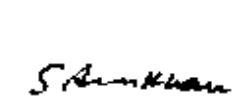
For the year ended December 31, 2019

| | 2019 | 2018 |
|--|--------------------------|-----------|
| | --- (Rupees in '000) --- | |
| Profit after taxation | 896,729 | 1,800,047 |
| Other comprehensive loss | | |
| Items that will not be reclassified to unconsolidated statement of profit or loss subsequently | | |
| Deficit on remeasurement of financial assets at fair value through other comprehensive income | (636) | - |
| Total comprehensive income for the year | 896,093 | 1,800,047 |

The annexed notes from 1 to 30 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer

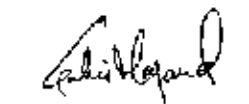

Director

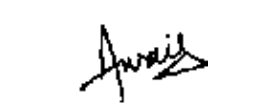
Unconsolidated Statement of Changes in Equity

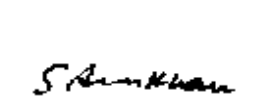
For the year ended December 31, 2019

| | Issued, subscribed and paid-up share capital | Proposed shares to be issued on amalga- mation | Capital reserves | | | Revenue reserves | | Total |
|--|--|---|----------------------------|------------------------|--|------------------|-------------------------------|------------|
| | | | Premium on issue of shares | Other capital reserves | Deficit on remeasure- ment of financial assets at fair value through other comprehen- sive income | General reserve | Unappro- priated profit | |
| (Rupees in '000) | | | | | | | | |
| Balance as at January 1, 2018 | 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 the 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 March 21, 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% 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 |
| Impact of adoption of IFRS 9 (note 3.1) | - | - | - | - | (10,797) | - | 10,797 | - |
| Balance as at January 1, 2019 | 1,426,305 | - | 434,051 | 33,267 | (10,797) | 7,297,545 | 4,125,434 | 13,305,805 |
| Profit after taxation for the year ended December 31, 2019 | - | - | - | - | - | - | 896,729 | 896,729 |
| Other comprehensive loss for the year | - | - | - | - | (636) | - | - | (636) |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | - | (636) | - | 896,729 | 896,093 |
| Transactions with owners directly recorded in equity | | | | | | | | |
| - Final dividend for the year ended December 31, 2018 at the rate of Rs. 3 per share approved on March 29, 2019 | - | - | - | - | - | - | (427,892) | (427,892) |
| Balance as at December 31, 2019 | 1,426,305 | - | 434,051 | 33,267 | (11,433) | 7,297,545 | 4,594,271 | 13,774,006 |

The annexed notes from 1 to 30 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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

| | Note | 2019 --- (Rupees in '000) --- | 2018 |
|---|---------------|----------------------------------|-------------|
| Profit before taxation | | 911,542 | 1,839,889 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 573 | 596 |
| Finance costs | 19 | 210,106 | 99,558 |
| Gain on disposal of property and equipment | | (285) | (835) |
| Gain on disposal of equity investments | | (1,562) | - |
| (Reversal of provision) / provision against investments - net | 6.1.1 & 6.2.2 | (92,720) | 156,381 |
| Recovery against bad and doubtful loans and advances / lease losses | | (14,990) | (4,125) |
| Profit on saving accounts and term deposits | | (1,738) | (8,603) |
| Dividend income | 16 | (1,107,950) | (2,180,501) |
| | | (1,008,566) | (1,937,529) |
| | | (97,024) | (97,640) |
| Changes in working capital | | | |
| Decrease in current assets | | | |
| Long term deposits, deposits and prepayments, other receivables | | 8,152 | 51 |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables other than certificate of deposits | | 10,673 | (52,829) |
| | | (78,199) | (150,418) |
| Net recovery from long term loans and advances | | 11,500 | 17,024 |
| Net recovery from finance leases | | 6,700 | 1,574 |
| Tax paid - net | | (3,564) | (9,698) |
| Net cash used in operating activities | | (63,563) | (141,518) |

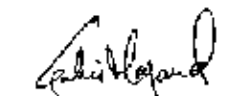
CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-----------|-----------|
| Proceeds on disposal of property and equipment | 372 | 1,180 |
| Proceeds on disposal of short term investments | 1,698 | - |
| Dividend received | 1,107,950 | 2,244,996 |
| Profit / return received | 1,738 | 8,603 |
| Investment in subsidiary company | (832,023) | - |
| Net cash generated from investing activities | 279,735 | 2,254,779 |

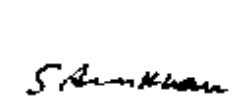
CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|--------------------|--------------------|
| Dividend paid | (432,176) | (1,841,472) |
| Repayment of certificate of deposits | (20) | (4,699) |
| Loan repayments | (300,000) | (595,860) |
| Financial charges paid | (191,143) | (96,175) |
| Net cash used in financing activities | (923,339) | (2,538,206) |
| Net decrease in cash and cash equivalents | (707,167) | (424,945) |
| Cash and cash equivalent at beginning of the year | (402,633) | 22,312 |
| Cash and cash equivalents at end of the year | (1,109,800) | (402,633) |

The annexed notes from 1 to 30 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

For the year ended December 31, 2019

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 the Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are 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 allowed by the International Financial Reporting Standards (IFRSs), the Company opted to present segment information 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 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

- 2.2.1** The impact of adoption of IFRS 9 is presented in note 3.1 to the unconsolidated financial statements.
- 2.2.2** There are certain other standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 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.

2.3 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 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 beginning on or after) |
|---|---|
| - IAS 1 - 'Presentation of financial statements' (amendments) | January 01, 2020 |
| - IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments) | January 01, 2020 |
| - IFRS 9 - 'Financial Instruments (amendments) | January 01, 2020 |

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

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting year beginning on or after January 1, 2020 but are not considered to be relevant or will not have any significant effect on the Company's operations and therefore, have not been detailed in these unconsolidated financial statements.

2.4 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value and investment in a subsidiary which has been impaired.

2.5 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 unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.6 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with the 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 Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Determination and measurement of useful life and residual value of property and equipment (notes 3.4.1 and 4);
- ii) Classification and valuation of investments (notes 3.5, 3.6, 3.7 and 6);
- iii) Impairment of assets (notes 3.6.1.4, 3.7.1.2, 3.12, 6.1.1 and 6.2.1); and
- iv) Provision for taxation and deferred tax (notes 3.13, 7 and 20).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes as disclosed in note 3.1 to these unconsolidated financial statements.

3.1 Effective from January 1, 2019, the Company has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL have impacts on the assets of the Company which are exposed to credit risk. However, majority of the assets of the Company that are exposed to credit risk pertain to bank balances, loans and other receivables which have high credit ratings.

The Company has made investment in equity securities which are required to be measured at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other Comprehensive Income (FVOCI). The Company has made an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income rather than profit or loss.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the unconsolidated financial statements of the Company.

Classification and measurement of financial instruments

The measurement category and the carrying amounts of financial assets in accordance with IAS 39 and IFRS 9 at January 1, 2019 are compared as follows:

| IAS 39 | | IFRS 9 | |
|--------------------------------|------------------------|----------------------------|-----------------|
| Measurement category | Carrying amount | Measurement category | Carrying amount |
| (Rupees in '000) | | (Rupees in '000) | |
| - Loans and receivables | | - At amortised cost | |
| Cash and bank balances | Amortised cost 6,990 | Amortised cost | 6,990 |
| Loans and advances | Amortised cost 10,200 | Amortised cost | 10,200 |
| Deposits | Amortised cost 3,512 | Amortised cost | 3,512 |
| Other receivables | Amortised cost 219,982 | Amortised cost | 219,982 |
| | 240,684 | | 240,684 |

On adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as fair value through other comprehensive income. The Company has adopted modified retrospective approach for adopting IFRS 9 and accordingly, all changes arising on adoption of IFRS 9 have been adjusted at the beginning of the current year.

| | As at December 31, 2018 (as previously stated) | Change | As at January 1, 2019 |
|--|--|----------|-----------------------|
| ----- Rupees in '000 ----- | | | |
| Impact on unconsolidated statement of financial position | | | |
| Investments - 'Available for sale' | 9,077 | (9,077) | - |
| Investments - 'At fair value through other comprehensive income' | - | 9,077 | 9,077 |
| Impact on unconsolidated statement of changes in equity | | | |
| Unappropriated profit (note 6.2.1) | 4,114,637 | 10,797 | 4,125,434 |
| Deficit on remeasurement of investments at 'fair value through other comprehensive income' | - | (10,797) | (10,797) |

There is no impact on the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income and unconsolidated statement of cash flows due to adoption of IFRS 9.

3.2 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.

3.3 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.

3.4 Fixed assets

3.4.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on all fixed assets is calculated using the straight line method in accordance with the rates specified in note 4 to these unconsolidated financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Normal repairs and maintenance are charged to unconsolidated statement of profit or loss as and when incurred. Gains and losses on disposals of assets, if any, are included in the unconsolidated statement of profit or loss.

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

3.4.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if significant, at the rates specified in note 5 to these unconsolidated financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives, assets residual value and amortisation method are reviewed and adjusted, if significant, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

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 unconsolidated statement of profit or loss when the asset is derecognised.

3.5 Investments

3.5.1 Investment in associates

Investment in associates are presented in the unconsolidated statement of financial position on the basis of historical cost less accumulated impairment losses. In addition dividend income is accounted for when the Company's right to receive such dividend is established.

3.5.2 Investment in subsidiaries

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

3.6 Financial instruments under IAS 39 (For determining classification and measurement as at and for the year ended December 31, 2018)

3.6.1 Financial assets

3.6.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase / initial recognition of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category. The Company did not have any financial assets in this category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's assets under the loans and receivables category comprise of trade receivables, advances, deposits, bank balances and other receivables in the unconsolidated statement of financial position.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold till maturity. Currently, the Company does not have any financial assets in this category.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available-for-sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as 'available for sale' or are not classified as (a) loans and receivables; (b) held-to-maturity; or (c) financial assets at fair value through profit or loss. The Company's investments have been classified as available for sale.

3.6.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.6.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' and 'available for sale'

Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the unconsolidated statement of profit or loss in the period in which these arise.

Available for sale' financial assets are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income till the time these are sold. At that time the cumulative gain / loss previously recognised in the 'other comprehensive income' is taken to the unconsolidated statement of profit or loss.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.6.1.4 Impairment

The Company assesses at each reporting date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the unconsolidated statement of profit or loss.

3.6.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.6.1.6 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

3.6.1.7 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of profit or loss.

3.6.1.8 Advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the unconsolidated statement of financial position date. Balances considered bad and irrecoverable are written off when identified.

3.6.1.9 Other receivables

Other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

3.7 Financial instruments under IFRS 9 (Effective from January 1, 2019)

3.7.1 Financial assets

3.7.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.7.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.7.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from deficit on remeasurement of financial assets at fair value through other comprehensive income to unconsolidated statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the unconsolidated profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the unconsolidated statement of financial position at fair value, with gains and losses recognised in the unconsolidated statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the unconsolidated statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the unconsolidated statement of profit or loss on derecognition. Furthermore, on derecognition of a financial asset in its entirety, the difference between:

- (a) the carrying amount (measured at the date of derecognition) and;
- (b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

3.7.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.7.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.7.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.7.2 Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

3.7.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of profit or loss.

3.7.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the unconsolidated statement of profit or loss.

3.7.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.8 Cash and cash equivalents

Cash and cash equivalents are measured in the unconsolidated statement of financial position at amortised cost. Cash and cash equivalents include cash in hand, bank balances, short term loan and liquid investments having original maturity of three months or less.

3.9 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 using 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 unconsolidated statement of profit or loss currently.

3.10 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.

3.11 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 unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

3.12 Provisions

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.

3.13 Taxation

Income tax expense comprises current and deferred tax. The Commissioner vide its letter dated June 20, 2018 has designated the Company and its wholly-owned subsidiaries IGI Investments (Pvt.) Limited and 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 the current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for the current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from the 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 reporting date. Deferred tax is charged or credited to the unconsolidated statement of profit and loss, 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 realisability 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 the 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 dividends and transfers are made.

3.15 Earnings per share (EPS)

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 PROPERTY AND EQUIPMENT

| | Furniture and fixtures | Office equipment | Computer equipment | Buildings / leasehold improvements | Motor vehicles owned | Total |
|--------------------------------------|------------------------|------------------|--------------------|------------------------------------|----------------------|----------|
| | (Rupees in '000) | | | | | |
| As at January 1, 2018 | | | | | | |
| 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 as at January 1, 2018 | 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 |
| Year ended December 31, 2019 | | | | | | |
| Opening net book value | 103 | 14 | 19 | 352 | 1,556 | 2,044 |
| Additions during the year | - | - | - | - | - | - |
| Disposals | | | | | | |
| - Cost | - | 14 | - | - | 528 | 542 |
| - Accumulated depreciation | - | (14) | - | - | (441) | (455) |
| | - | - | - | - | 87 | 87 |
| Depreciation charge for the year | (79) | (12) | (16) | (161) | (305) | (573) |
| Closing net book value | 24 | 2 | 3 | 191 | 1,164 | 1,384 |
| As at December 31, 2019 | | | | | | |
| Cost | 3,091 | 3,420 | 4,295 | 9,377 | 5,280 | 25,463 |
| Accumulated depreciation | (3,067) | (3,418) | (4,292) | (9,186) | (4,116) | (24,079) |
| Net book value | 24 | 2 | 3 | 191 | 1,164 | 1,384 |
| Depreciation rate % per annum - 2018 | 10% | 20% | 20% | 10% | 20% | |
| Depreciation rate % per annum - 2019 | 10% | 20% | 20% | 10% | 20% | |

4.1 The aggregate net book value of disposals is not in excess of Rs. 5 million.

4.2 The cost of fully depreciated property and equipment still in use at the end of the year amounts to Rs. 15.075 million (2018: Rs. 15.4 million).

5 INTANGIBLE ASSET

| 2019 | | | | | | | |
|------------------------------|-----------|--------------------|---------------------------------------|--------------|--------------------|---------------------------------------|-------------|
| Cost | | | Accumulated amortisation / impairment | | | Written down value as at Dec 31, 2019 | Useful life |
| As at Jan 1, 2019 | Additions | As at Dec 31, 2019 | As at Jan 1, 2019 | For the year | As at Dec 31, 2019 | | |
| ----- (Rupees in '000) ----- | | | | | | | |
| Computer software | 4 | - | 4 | 4 | - | 4 | 5 years |
| | 4 | - | 4 | 4 | - | 4 | |
| | 4 | - | 4 | 4 | - | 4 | |
| 2018 | | | | | | | |
| Cost | | | Accumulated amortisation / impairment | | | Written down value as at Dec 31, 2018 | Useful life |
| As at Jan 1, 2018 | Additions | As at Dec 31, 2018 | As at Jan 1, 2018 | For the year | As at Dec 31, 2018 | | |
| ----- (Rupees in '000) ----- | | | | | | | |
| Computer software | 4 | - | 4 | - | 4 | 4 | 5 years |
| | 4 | - | 4 | - | 4 | 4 | |
| | 4 | - | 4 | - | 4 | 4 | |

5.1 Cost of fully amortised intangible assets still in use at the end of the year amounts to Rs. 0.004 million (2018: Rs. 0.004 million).

6 INVESTMENTS

| | Note | 2019 --- (Rupees in '000) --- | 2018 |
|---|------|----------------------------------|------------|
| Investments in subsidiaries | 6.1 | 15,736,333 | 14,811,590 |
| Equity instruments | | | |
| - Available for sale | 6.2 | - | 9,077 |
| - Financial assets at 'fair value through other comprehensive income' | 6.2 | 8,305 | - |
| Debt instruments - term finance certificates | | | |
| - Available for sale | 6.3 | - | - |
| - Financial assets at 'fair value through other comprehensive income' | 6.3 | - | - |
| | | 15,744,638 | 14,820,667 |

6.1 Investments in subsidiaries

| | 2019 | | | | 2018 | | | |
|---|------------------|------------|-------------------------------------|-----------------|------------------|------------|-------------------------------------|-----------------|
| | Number of shares | Cost | Impairment / provision (note 6.1.1) | Carrying amount | Number of shares | Cost | Impairment / provision (note 6.1.1) | Carrying amount |
| | Rupees in 000 | | | | Rupees in 000 | | | |
| Quoted | | | | | | | | |
| IGI Life Insurance Limited (note 6.1.2) | 141,048,278 | 1,690,854 | - | 1,690,854 | 57,846,319 | 858,831 | - | 858,831 |
| Unquoted | | | | | | | | |
| IGI Finex Securities Limited (note 6.1.3) | 52,000,000 | 441,883 | (196,883) | 245,000 | 52,000,000 | 441,883 | (289,603) | 152,280 |
| IGI General Insurance Limited (note 6.1.4) | 191,838,400 | 1,918,384 | - | 1,918,384 | 191,838,400 | 1,918,384 | - | 1,918,384 |
| IGI Investments (Pvt.) Limited (note 6.1.5) | 118,820,950 | 11,882,095 | - | 11,882,095 | 118,820,950 | 11,882,095 | - | 11,882,095 |
| Total | | 15,933,216 | (196,883) | 15,736,333 | | 15,101,193 | (289,603) | 14,811,590 |

| | Note | 2019 ----- (Rupees in '000) ----- | 2018 |
|-------------------------------------|-------|--------------------------------------|---------|
| Opening balance | | 289,603 | 136,732 |
| (Reversal) / charge during the year | 6.1.3 | (92,720) | 152,871 |
| Closing balance | | 196,883 | 289,603 |

6.1.2 This represents 82.694% (2018: 81.967%) holding in IGI Life Insurance Limited having market value of Rs 26.98 (2018: Rs 47.10) per share.

During the year, the Company subscribed 83,201,959 shares of IGI Life Insurance Limited, its subsidiary, amounting to Rs. 832.023 million in accordance with the approval accorded by its shareholders in extra ordinary general meeting held on July 29, 2019. Consequently, the Company's shareholding in IGI Life Insurance Limited has increased from 81.967% to 82.694%.

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 withhold 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 suit was filed by the Company in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by the Company and a stay order was granted by the High Court of Sindh in favour of the Company.

During the year, the above suit was dismissed by the single bench of the Honorable High Court of Sindh on account of decisions made by the single bench in similar cases earlier and vacated the stay order earlier granted by the Court.

The Company has filed an appeal on June 27, 2019 before division bench of the Honorable High Court of Sindh against the above judgment issued by the single bench and has also obtained stay order against initiation of any recovery proceedings on the basis of judgement made by the single bench of the Honorable High Court of Sindh.

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.

6.1.3 This represents 100% (2018: 100%) holding in IGI Finex Securities Limited having break - up value of Rs 5.38 (2018: Rs 5.10) per share on the basis of audited financial statements for the year ended December 31, 2019.

The management on an ongoing basis assesses 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 a reversal of impairment amounting to Rs. 92.720 million against the Company's investment in IGI Finex Securities Limited as at December 31, 2019.

6.1.3.1 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 Securities 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 the 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:

| | 2019 | 2018 |
|----------------------|-------|-------|
| Discount rate | 23.5% | 23.7% |
| Terminal growth rate | 9% | 9% |

6.1.4 This represents 100% (2018: 100%) holding in IGI General Insurance Limited having break - up value of Rs 12.83 (2018: Rs 11.70) per share on the basis of audited financial statements for the year ended December 31, 2019.

The Company incorporated a wholly owned subsidiary namely IGI General Insurance Limited on November 18, 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.

6.1.5 This represents 100% (2018: 100%) holding in IGI Investments (Pvt.) Ltd having break - up value of Rs 369.12 (2018: Rs 399.44) per share on the basis of audited financial statements for the year ended December 31, 2019.

The Company incorporated a wholly owned subsidiary namely IGI Investments (Pvt.) Limited on October 31, 2016. The objective of this Company is to act as an investment holding Company and to invest, acquire, sell and hold investments.

6.2 Equity instruments

| | Financial assets at fair value through other comprehensive income | | | | Available for sale investments | | | |
|--|---|--------|--------------------------|-------------------------|--------------------------------|--------|-------------------------------------|-------------------------|
| | 2019 | | | | 2018 | | | |
| | Number of shares | Cost | Deficit on remeasurement | Market / carrying value | Number of shares | Cost | Impairment / provision (Note 6.2.1) | Market / carrying value |
| | -----Rupees in 000----- | | | | -----Rupees in 000----- | | | |
| Quoted | | | | | | | | |
| Agritech Limited | 1,352,992 | 17,156 | (11,433) | 5,723 | 1,352,992 | 17,156 | (10,797) | 6,359 |
| Unquoted | | | | | | | | |
| DHA Cogen Limited | 7,600,000 | - | - | - | 7,600,000 | - | - | - |
| Techlogix International Limited (note 6.2.2) | 1,067,152 | 2,582 | - | 2,582 | 1,123,318 | 2,718 | - | 2,718 |
| | | 2,582 | - | 2,582 | | 2,718 | - | 2,718 |
| | | 19,738 | (11,433) | 8,305 | | 19,874 | (10,797) | 9,077 |

6.2.1 Movement in provision

| | 2019 | 2018 |
|---|--------------------------|--------|
| | --- (Rupees in '000) --- | |
| Opening balance | 10,797 | 10,567 |
| Charge for the year | - | 230 |
| Transfers from unappropriated profit to deficit on remeasurement of financial assets at fair value through other comprehensive income | (10,797) | - |
| Closing balance | - | 10,797 |

6.2.2 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.

During the year, the Company has disposed 56,166 shares of Techlogix International Limited under Buy-back scheme offered to the Company resulting in the gain of Rs 1.562 million.

6.3 Debt instrument - term finance certificates

| Number of certificates | | Particulars | Issue date | Note | 2019 | 2018 |
|------------------------------------|--------|--|--------------------|-------|--------------------------|---------|
| 2019 | 2018 | | | | --- (Rupees in '000) --- | |
| | | | | | | |
| Listed term finance certificates | | | | | | |
| 5,000 | 5,000 | Azgard Nine Limited II | September 20, 2005 | 6.3.2 | - | - |
| Unlisted term finance certificates | | | | | | |
| 4,000 | 4,000 | Agritech Limited I | November 30, 2007 | 6.3.2 | - | - |
| 861 | 861 | Agritech Limited IV | July 01, 2011 | 6.3.2 | - | - |
| 13,000 | 13,000 | Azgard Nine Limited IV | December 04, 2007 | 6.3.2 | - | - |
| 5,348 | 5,348 | Azgard Nine Limited V | March 31, 2012 | 6.3.2 | - | - |
| 10,000 | 10,000 | Eden Housing Limited | December 31, 2007 | 6.3.2 | - | 3,280 |
| 10,000 | 10,000 | New Allied Electronics Industries (Private) Limited | December 03, 2007 | 6.3.2 | - | - |
| | | | | | - | 3,280 |
| | | | | | - | 3,280 |
| Less: Provision for impairment | | | | | - | (3,280) |
| | | | | | - | - |

6.3.1 These term finance certificates have been fully impaired and written off.

6.3.2 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. |
| 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. |
| | | | | | 2019 --- (Rupees in '000) --- |
| | | | | | 2018 --- (Rupees in '000) --- |

7 DEFERRED TAX ASSET - NET

Deferred tax asset arising on deductible temporary difference:

| | | |
|--|--------|--------|
| - Accelerated tax depreciation | 1,136 | 1,184 |
| - Impairment of investment in IGI Finex Securities Limited | 42,822 | 54,301 |
| | 43,958 | 55,485 |

| 8 | LOANS AND ADVANCES | Note | 2019 --- (Rupees in '000) --- | 2018 |
|------|--|-------------|--|-------------|
| | Considered doubtful | | | |
| | Loans and advances | 8.1 | 7,400 | 10,200 |
| 8.1 | These loans pertain to Ex. IGI Investment Bank Limited which had been transferred to the Company under the scheme of amalgamation. | | | |
| 9 | OTHER RECEIVABLES | Note | 2019 --- (Rupees in '000) --- | 2018 |
| | Net investment in finance lease | 9.1 | 212,955 | 219,982 |
| | Withholding tax on bonus shares | 9.2 | 6,530 | 6,530 |
| | | | 219,485 | 226,512 |
| 9.1 | This also includes residual values relating to net investment in finance lease. | | | |
| 9.2 | 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 6.1.2 to these unconsolidated financial statements). The matter is already pending adjudication in the Honorable High Court of Sindh and the management, based on advice from legal advisors, is confident of favorable outcome of the proceedings. | | | |
| 10 | BANK BALANCES | Note | 2019 --- (Rupees in '000) --- | 2018 |
| | Cash at bank | | | |
| | Savings accounts | 10.1 | 210 | 6,438 |
| | Current accounts | | 11,153 | 552 |
| | | | 11,363 | 6,990 |
| 10.1 | These savings accounts carry mark-up at 11.25% (2018: 3% to 5%) per annum. | | | |
| 10.2 | Cash and cash equivalents for the purpose of unconsolidated statement of cash flows: | Note | 2019 ---- (Rupees in '000) ---- | 2018 |
| | Bank balances | | 11,363 | 6,990 |
| | Short term loan | 13 | (1,121,163) | (409,623) |
| | | | (1,109,800) | (402,633) |
| 11 | ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL | | | |
| | 2019 | 2018 | 2019 | 2018 |
| | ----- (Number of shares) ----- | | ----- (Rupees in '000) ----- | |
| | 1,942,187 | 1,942,187 | 19,422 | 19,422 |
| | 139,351,330 | 139,351,330 | 1,393,513 | 1,393,513 |
| | 1,337,033 | 1,337,033 | 13,370 | 13,370 |
| | 142,630,550 | 142,630,550 | 1,426,305 | 1,426,305 |
| | | | | |
| 11.1 | Movement of issued, subscribed and paid-up share capital | | 2019 ----- (Number of shares) ----- | 2018 |
| | At January 1 | | 142,630,550 | 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 | 142,630,550 |

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

| | 2019 (% of shareholding) | 2018 | 2019 (Number of shares) | 2018 |
|--|-----------------------------|--------|----------------------------|------------|
| Packages Limited | 10.54% | 10.54% | 15,033,041 | 15,033,041 |
| Babar Ali Foundation | 10.89% | 10.29% | 15,529,116 | 14,674,741 |
| Industrial Technical and Educational Institute | 16.81% | 16.81% | 23,982,060 | 23,982,060 |
| | 38.24% | 37.64% | 54,544,217 | 53,689,842 |

| 12 | LONG TERM LOAN - SECURED | Note | 2019 --- (Rupees in '000) --- | 2018 |
|----|---|------|----------------------------------|-----------|
| | Secured | | | |
| | Long term loan | 12.1 | 900,000 | 1,200,000 |
| | Less: Current portion of long term loan | | (300,000) | (300,000) |
| | | | 600,000 | 900,000 |

12.1 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 (2018: 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 18.3.

13 SHORT TERM LOAN

This represents short term credit facility available from Habib Bank Limited under a mark-up arrangement amounting to Rs. 1,500 million. Unutilised amount as at December 31, 2019 amounts to Rs. 378.837 million. The rate of mark-up on this facility is 1-month KIBOR + 0.25% per annum (2018: 1-month KIBOR + 0.25% per annum). The 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 18.3

| 14 | TRADE AND OTHER PAYABLES | Note | 2019 --- (Rupees in '000) --- | 2018 |
|----|--------------------------------|------|----------------------------------|---------|
| | Certificates of deposit | 14.1 | 594 | 614 |
| | Deposits under lease contracts | 14.2 | 193,965 | 200,583 |
| | Accrued expenses | | 50,162 | 23,844 |
| | Others | | 23,416 | 13,480 |
| | | | 268,137 | 238,521 |

14.1 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 repayments of deposits amounting to Rs. 0.02 million (2018: Rs. 4.699 million) along with mark-up, except for two depositors with aggregate deposits amounting to Rs 0.594 million (2018: Rs. 0.614 million) as they are untraceable. These certificates of deposits have already matured and mark-up payable on these till maturity is Rs. 0.034 million (2018: Rs. 0.041 million). In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter is settled, the Company has placed this amount in a money market fund of NBP fund management limited 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 the Securities and Exchange Commission of Pakistan (SECP).

14.2 This represents security deposits under lease contracts acquired as part of the amalgamation of IGI Investment Bank 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.

15 CONTINGENCIES AND COMMITMENTS

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

15.1 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 Company 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 the 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 accounting depreciation as a result of restricting the claim of accounting depreciation upto net income from leased assets (Tax year 2003). The Appellate Tribunal Inland Revenue, Lahore (ATIR) vide order No. ITA No. 1074/LB/2008 dated November 07, 2018 decided the appeal on the said point in favour of the Company.
- (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). The ATIR vide consolidated order No. ITA No. 1716/LB/2013 & ITA No. 1717/LB/2013 dated January 09, 2019 decided the appeals on the said point in favour of the Company.
- (f) Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007). For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being Time Barred. For tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.
- (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). For assessment year 2002-03, appeal is pending before ATIR. For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being time barred. For Tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.
- (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.

15.2 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.

15.3 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.

15.4 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, during year ended December 31, 2018, 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.

The principal observations raised by ACIR were related to levy of tax on undistributed profits and super tax, admissibility of tax losses of formerly IGI Investment Bank Limited and deductions claimed on account of write-offs. The Company filed constitutional petitions for the matters pertaining to the levy of tax on undistributed profits and super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

During the year, ACIR passed order against the response submitted by the Company and raised tax demand of Rs. 435.869 million on matters raised in the notice except for the admissibility of deductions on account of write-offs. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, decided appeal in favor of the Company on account of admissibility of tax losses of formerly IGI Investment Bank Limited, while upheld decision of ACIR on the matters pertaining to levy of tax on undistributed profits and super tax which is already pending adjudication at the Honorable High Court of Sindh. As a result of order passed by CIRA, management estimates that tax demand has been reduced by Rs. 223.221 million. However, an appeal effect order is pending in this regard.

Subsequent to the year end, the Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on the matters decided in favor of ACIR by the learned CIRA, while ACIR has also filed an appeal with ATIR on the matter of admissibility of tax losses decided in favor of Company, both of which are currently pending adjudication.

15.5 Income tax return for the tax year 2018 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Company received a notice to amend assessment under section 122 (5A) 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.

The principal observations raised by ACIR were related to taxation of dividend and commission income at corporate tax rate, levy of super tax and inadmissible deductions of provision against investments and doubtful debts and impairment of goodwill. The Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

The ACIR passed order against the response submitted by the Company and raised tax demand of Rs. 475.538 million on matters raised in the notice except for the matters related to admissibility of deductions of provision against investments and doubtful debts. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, remanded back matters related to taxation of dividend and commission income at corporate tax rate and impairment of goodwill while confirming decision of ACIR on account of levy of super tax which is already pending adjudication at the Honourable High Court of Sindh.

The Company has filed response to ACIR on the issues remanded back by the learned CIRA and has also filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against order of the learned CIRA in the matters related to taxation of dividend and commission income at corporate tax rate, impairment of goodwill and levy of super tax which is currently pending adjudication.

15.6 Income tax return for the tax year 2019 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Company received a notice to amend assessment under section 122 (5A) 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.

The principal observations raised by ACIR are related to levy of super tax and apportionment of expenses. The Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto. Subsequent to the year end, the Company has also submitted its responses / explanations to ACIR.

The management, based on the advice of its tax advisor, is confident of favourable outcome of the above proceedings.

15.7 There are no material commitments as at December 31, 2019 and December 31, 2018.

16 OPERATING REVENUE

| | Note | 2019 | 2018 |
|-----------------|------|--------------------------|------------------|
| | | --- (Rupees in '000) --- | |
| Dividend income | 16.1 | 1,107,950 | 2,180,501 |
| Advisory fee | | - | 2,163 |
| | | <u>1,107,950</u> | <u>2,182,664</u> |

16.1 Dividend income**Subsidiary Companies**

| | | |
|----------------------------------|------------------|------------------|
| - IGI Life Insurance Limited | - | 56,893 |
| - IGI General Insurance Limited | 513,348 | 163,062 |
| - IGI Investments (Pvt.) Limited | 594,105 | 1,960,546 |
| Techlogix International Limited | 497 | - |
| | <u>1,107,950</u> | <u>2,180,501</u> |

17 OTHER INCOME**From financial assets**

| | | |
|---|--------------|--------------|
| Profit on saving accounts and term deposits | 1,738 | 8,603 |
| Exchange gain | - | 438 |
| | <u>1,738</u> | <u>9,041</u> |

From non - financial assets

| | | |
|--|--------------|--------------|
| Gain on disposal of property and equipment | 285 | 835 |
| Gain on disposal of equity investments | 1,562 | - |
| Others | - | 67 |
| | <u>1,847</u> | <u>902</u> |
| | <u>3,585</u> | <u>9,943</u> |

18 GENERAL AND ADMINISTRATIVE EXPENSES

| | | | |
|------------------------------------|-------|---------------|----------------|
| Salaries, allowances and benefits | | 52,144 | 46,216 |
| Depreciation and amortisation | 5 & 6 | 573 | 596 |
| Auditors' remuneration | 18.2 | 14,791 | 10,285 |
| Rent, rates and taxes | | 968 | 1,013 |
| Travelling expenses | | 1,026 | 754 |
| Telephone, lighting, telex and fax | | 276 | 1,145 |
| Printing, postage and stationery | | 2,437 | 4,179 |
| Insurance | | 229 | 378 |
| Repairs and maintenance | | 2 | 142 |
| IT related expenses | | 949 | 833 |
| Commission expense | 18.3 | 7,614 | 5,814 |
| Legal and professional fees | | 13,710 | 24,411 |
| Subscriptions | | 1,895 | 3,182 |
| Advertisement | | 708 | 425 |
| Other expenses | | 275 | 1,531 |
| | | <u>97,597</u> | <u>100,904</u> |

18.1 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 the Group companies. During the year, an amount of Rs 54.111 million (2018: Rs. 45.332 million) was charged in respect of common expenses.

18.2 Auditors' remuneration

| | 2019 | 2018 |
|--|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Fee for statutory audit | 850 | 750 |
| Fee for interim review | 300 | 300 |
| Fee for the audit of consolidated financial statements | 1,000 | 800 |
| Special certifications and sundry services | 11,592 | 8,000 |
| Out of pocket expenses | 1,049 | 435 |
| | <u>14,791</u> | <u>10,285</u> |

18.3 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 kept in order to obtain long and short term loan as disclosed in notes 12.1 and 13 respectively.

19 FINANCE COSTS

| | 2019 | 2018 |
|----------------------------|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Mark-up on long term loan | 132,742 | 97,179 |
| Mark-up on short term loan | 77,335 | 2,340 |
| Bank charges | 29 | 39 |
| | <u>210,106</u> | <u>99,558</u> |

20 TAXATION

| | | |
|---------------------|---------------|---------------|
| For the year | | |
| - Current tax | 184,944 | 376,279 |
| - Group adjustments | (178,632) | (350,112) |
| | <u>6,312</u> | <u>26,167</u> |
| - Deferred tax | 11,527 | (52,064) |
| Prior year | (3,026) | 65,739 |
| | <u>14,813</u> | <u>39,842</u> |

20.1 Tax charge reconciliation

| | | |
|---|---------------|---------------|
| Profit before tax | 911,542 | 1,839,889 |
| Tax calculation at the rate of 29% | 264,347 | 533,568 |
| Effect of items taxable under lower rates | (155,113) | (305,270) |
| Effect of group taxation | (178,632) | (350,112) |
| Effect of super tax | - | 43,971 |
| Effect of permanent differences | 102,599 | 57,813 |
| Prior year tax | (3,026) | 65,739 |
| Impairment on investments | (26,889) | 45,351 |
| Effect of charge / (reversal) of deferred tax | 11,527 | (52,064) |
| Others | - | 846 |
| | <u>14,813</u> | <u>39,842</u> |

21 EARNINGS PER SHARE**Basic / diluted earnings per share**

| | | |
|---------------------|---------|-----------|
| Profit for the year | 896,729 | 1,800,047 |
|---------------------|---------|-----------|

Number of shares

| | | |
|--|-------------|-------------|
| Weighted average number of ordinary shares | 142,630,550 | 142,478,897 |
|--|-------------|-------------|

Rupees

| | | |
|--------------------|------|-------|
| Earnings per share | 6.29 | 12.63 |
|--------------------|------|-------|

22 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | Directors | | Executives | | Total | |
|--|------------------------------|--------------|------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | ----- (Rupees in '000) ----- | | | | | |
| Fee for attending board meeting | 1,775 | 1,950 | - | - | 1,775 | 1,950 |
| Managerial remuneration | - | - | - | 945 | - | 945 |
| Bonus | - | - | - | 1,092 | - | 1,092 |
| Retirement benefits (including provident fund) | - | - | - | 95 | - | 95 |
| Housing and utilities | - | - | - | 520 | - | 520 |
| Medical expenses | - | - | - | 95 | - | 95 |
| Conveyance allowance | - | - | - | 126 | - | 126 |
| Others | - | - | - | 1,646 | - | 1,646 |
| | <u>1,775</u> | <u>1,950</u> | <u>-</u> | <u>4,519</u> | <u>1,775</u> | <u>6,469</u> |
| Number of persons | 8 | 8 | 1 | 1 | | |

23 NUMBER OF EMPLOYEES

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

24 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 | |
|--|------------------|------------|------------------|---------|-------------------------------|------|--|---------|-----------------------|---------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | |
| Transactions | | | | | | | | | | |
| Commission expense / paid | 7,614 | 5,814 | - | - | - | - | - | - | - | - |
| Dividend income | 1,107,453 | 2,180,501 | - | - | - | - | - | - | - | - |
| Dividend received | 1,107,453 | 2,244,996 | - | - | - | - | - | - | - | - |
| Dividend paid | - | - | 45,099 | 196,083 | - | - | - | - | 115,970 | 440,646 |
| Key Management Personnel Compensation | - | - | - | - | - | - | 1,775 | 6,469 | - | - |
| Mark-up paid on long term loan | - | 16,870 | - | - | - | - | - | - | - | - |
| Mark-up expense on long term loan | - | 1,630 | - | - | - | - | - | - | - | - |
| Long term loan repaid | - | 69,860 | - | - | - | - | - | 226,000 | - | - |
| Insurance premium paid | 145 | 48 | - | - | - | - | - | - | - | - |
| Receipts against Group Shared Services | 10,772 | 4,623 | - | - | - | - | - | - | - | - |
| Payments against Group Shared Services | 14,871 | 25,250* | 29,276 | 21,393 | - | - | - | - | 14 | - |
| Balances | | | | | | | | | | |
| Investment in shares | 15,736,333 | 14,811,590 | - | - | - | - | - | - | - | - |
| Group shared service payable | 9,930 | - | - | - | - | - | - | - | - | - |

* This also includes payment in lieu of directors' meetings attendance fee in 2018.

24.1 Maximum amount payable to IGI General Insurance Limited (subsidiary), IGI Finex Securities Limited (subsidiary) and IGI Life Insurance Limited (subsidiary) at the end of any month during the year was Rs 5.4 million, Rs 3.05 million and Rs 9.9 million respectively.

24.2 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 | 82.694% |
| 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 |
| 7 | Babar Ali Foundation | Other related party | N/A |
| 8 | Industrial Technical and Educational Institute | Other related party | N/A |

25 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Non-current assets

Investments
Long-term deposits

Current assets

Loans and advances
Deposits
Other receivables
Bank balances

| 2019 | | |
|------------------------------|--|-------|
| At amortised cost | At fair value through other comprehensive income | Total |
| ----- (Rupees in '000) ----- | | |

| | | |
|---------|-------|---------|
| - | 8,305 | 8,305 |
| 1,738 | - | 1,738 |
| 1,738 | 8,305 | 10,043 |
| 7,400 | - | 7,400 |
| 3,279 | - | 3,279 |
| 212,955 | - | 212,955 |
| 11,363 | - | 11,363 |
| 234,997 | - | 234,997 |
| 236,735 | 8,305 | 245,040 |

| 2019 | |
|------------------------------|-------|
| At amortised cost | Total |
| ----- (Rupees in '000) ----- | |

Financial liabilities

Long term loan - secured
Current portion of long-term loan - secured
Short term loan
Unclaimed dividend
Trade and other payables

| | |
|-----------|-----------|
| 600,000 | 600,000 |
| 300,000 | 300,000 |
| 1,121,163 | 1,121,163 |
| 28,464 | 28,464 |
| 268,137 | 268,137 |
| 2,317,764 | 2,317,764 |

| 2018 | | |
|-----------------------|--------------------|-------|
| Loans and receivables | Available for sale | Total |
| ----- Rupees ----- | | |

Financial assets

Non-current assets

Investments
Long-term deposits

Current assets

Loans and advances
Deposits
Other receivables
Bank balances

| | | |
|---------|-------|---------|
| - | 9,077 | 9,077 |
| 4,461 | - | 4,461 |
| 4,461 | 9,077 | 13,538 |
| 10,200 | - | 10,200 |
| 3,512 | - | 3,512 |
| 219,982 | - | 219,982 |
| 6,990 | - | 6,990 |
| 240,684 | - | 240,684 |

| 2018 | |
|--------------------|-------|
| At amortised cost | Total |
| ----- Rupees ----- | |

Financial liabilities

Long term loan - secured
Current portion of long term loan - secured
Short term loan
Unclaimed dividend
Trade and other payables

| | |
|-----------|-----------|
| 900,000 | 900,000 |
| 300,000 | 300,000 |
| 409,623 | 409,623 |
| 32,748 | 32,748 |
| 238,521 | 238,521 |
| 1,880,892 | 1,880,892 |

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.

26.1 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:

| 2019 | | | | | | | |
|-----------------------------------|----------------------------|-------------------------|-----------|--------------------------------|-------------------------|-----------|-------------|
| 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 | - | - | - | 8,305 | - | 8,305 | 8,305 |
| Long term deposits | - | - | - | - | 1,738 | 1,738 | 1,738 |
| Loans and advances | - | - | - | 7,400 | - | 7,400 | 7,400 |
| Deposits | - | - | - | 3,279 | - | 3,279 | 3,279 |
| Other receivables | - | - | - | 212,955 | - | 212,955 | 212,955 |
| Bank balances | 11.25% | 210 | - | 210 | 11,153 | - | 11,153 |
| | | 210 | - | 210 | 243,092 | 1,738 | 244,830 |
| Financial liabilities | | | | | | | |
| Long term loan | 13.48% | - | 600,000 | 600,000 | - | - | 600,000 |
| Current portion of long term loan | 13.48% | 300,000 | - | 300,000 | - | - | 300,000 |
| Short term loan | 13.89% | 1,121,163 | - | 1,121,163 | - | - | 1,121,163 |
| Unclaimed dividend | | - | - | - | 28,464 | - | 28,464 |
| Trade and other payables | | - | - | - | 268,137 | - | 268,137 |
| | | 1,421,163 | 600,000 | 2,021,163 | 296,601 | - | 296,601 |
| | | (1,420,953) | (600,000) | (2,020,953) | (53,509) | 1,738 | (51,771) |
| | | | | | | | (2,072,724) |

| 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 | - | - | - | 9,077 | - | 9,077 | 9,077 | |
| Long term deposits | - | - | - | - | 4,461 | 4,461 | 4,461 | |
| Loans and advances | - | - | - | 10,200 | - | 10,200 | 10,200 | |
| Deposits | - | - | - | 3,512 | - | 3,512 | 3,512 | |
| Other receivables | - | - | - | 219,982 | - | 219,982 | 219,982 | |
| Bank balances | 3.0% to 5.0% | 6,438 | - | 6,438 | 552 | - | 552 | 6,990 |
| | | 6,438 | - | 6,438 | 243,323 | 4,461 | 247,784 | 254,222 |
| Financial liabilities | | | | | | | | |
| Long term loan | 10.74% | - | 900,000 | 900,000 | - | - | - | 900,000 |
| Current portion of long term loan | 10.74% | 300,000 | - | 300,000 | - | - | - | 300,000 |
| Short term loan | 10.84% | - | - | - | 32,748 | - | 32,748 | 32,748 |
| Unclaimed dividend | | 409,623 | - | 409,623 | - | - | - | 409,623 |
| 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) |

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, 2019 and December 31, 2018 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

| | Impact on unconsolidated statement of profit or loss | |
|---|--|----------|
| | Increase | Decrease |
| (Rupees in '000) | | |
| As at December 31, 2019 | | |
| Cash flow sensitivity - variable rate financial instruments | (2,689) | 2,689 |
| As at December 31, 2018 | | |
| Cash flow sensitivity - variable rate financial instruments | (637) | 637 |

(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. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 5.723 million at the reporting date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, the 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. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Company manages price risk by monitoring exposure in equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on 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 the Company's equity price risk as of December 31, 2019 and 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 the 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 total comprehensive income |
|------------------|------------|---------------------------|--|--|--|
| (Rupees in '000) | | | | | |
| 2019 | 8,305 | 10% increase | 9,136 | 831 | 831 |
| | | 10% decrease | 7,475 | (831) | (831) |
| 2018 | 9,077 | 10% increase | 9,985 | 908 | 908 |
| | | 10% decrease | 8,169 | (908) | (908) |

(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.

| | 2019 | | | |
|-----------------------------------|-----------------|-----------------------|---------------|--------------------|
| | Carrying amount | Contractual cash flow | Upto one year | More than one year |
| (Rupees in '000) | | | | |
| Long term loan | 600,000 | 600,000 | - | 600,000 |
| Current portion of long term loan | 300,000 | 300,000 | 300,000 | - |
| Short term loan | 1,121,163 | 1,121,163 | 1,121,163 | - |
| Unclaimed dividend | 28,464 | 28,464 | 28,464 | - |
| Trade and other payables | 268,137 | 268,137 | 268,137 | - |
| | 2,317,764 | 2,317,764 | 1,717,764 | 600,000 |

| | 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 |

(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 and Investment in Finance Lease is secured against deposits under lease contracts.

| | 2019 | 2018 |
|-------------------|------------------|---------|
| | (Rupees in '000) | |
| Bank balances | 11,363 | 6,990 |
| Other receivables | 212,955 | 219,982 |

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

| Bank balances | Rating Agency | Rating | |
|--|---------------|------------|-----------|
| | | Short Term | Long Term |
| MCB Bank Limited | PACRA | A1+ | AAA |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | AAA |
| Habib Bank Limited | VIS | A-1+ | AAA |
| Bank Al-Habib Limited | PACRA | A1+ | AA+ |
| United Bank Limited | VIS | A-1+ | AAA |
| Allied Bank Limited | PACRA | A1+ | AAA |
| Soneri Bank Limited | PACRA | A1+ | AA- |
| Bank Alfalah Limited | PACRA | A1+ | AA+ |
| Faysal Bank Limited | PACRA | A1+ | AA |
| Summit Bank Limited | N/A | Not rated | |
| National Bank of Pakistan | PACRA | A1+ | AAA |

27 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company 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:

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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and December 31, 2018, the Company held the following financial instruments measured at fair values:

| Financial assets | 2019 | | |
|--|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Rupees in '000 | | | |
| - Investments - at fair value through other comprehensive income | 5,723 | 2,582 | - |

| Financial assets | 2018 | | |
|------------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Rupees in '000 | | | |
| - Investments - available for sale | 6,359 | 2,718 | - |

28 GENERAL

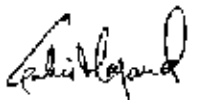
- 28.1 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees.
- 28.2 Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated financial statements for the purpose of better presentation. There were no material reclassifications during the year.

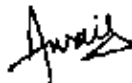
29 DATE OF AUTHORISATION FOR ISSUE

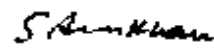
These unconsolidated financial statements were authorised for issue on March 09, 2020 by the Board of Directors of the Company.

30 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2019 of Rs. 3 per share (2018: Rs. 3 per share), amounting to Rs. 427.892 million (2018: Rs 427.892 million) in its meeting held on March 09, 2020, for the approval of the members at the annual general meeting to be held on May 21, 2020. The unconsolidated financial statements for the year ended December 31, 2019 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2020.


Chief Executive Officer


Chief Financial Officer


Director

Directors’ Report to the Shareholders
on Consolidated Financial Statements
for the year ended December 31, 2019

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 Insurance), 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, 2019.

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

GROUP PERFORMANCE REVIEW

| | 2019 | 2018 |
|--|------------------|--------------|
| | (Rupees in '000) | |
| Profit before tax | 939,097 | 1,480,844 |
| Taxation | (288,773) | (512,787) |
| Profit after tax | 650,324 | 968,057 |
| Other comprehensive (loss) | (4,981,068) | (14,268,619) |
| Total comprehensive (loss) | (4,330,744) | (13,300,562) |
| Attributable to non-controlling interest | (22,890) | (23,889) |
| Attributable to ordinary shareholders | (4,307,854) | (13,276,673) |

| | 2019 | 2018 |
|--------------------|----------|------|
| | (Rupees) | |
| Earnings per share | 4.56 | 6.79 |

During the current year, the Group recorded profit after tax of Rs 650 million compared to Rs 968 million earned in 2018 representing decline of 32%. This decline is primarily attributable to lower dividend income received from investments, decrease in share of profit from associates and decrease in profitability of life insurance businesses. However, the general insurance and brokerage businesses performed better than last year.

Other comprehensive loss of Rs 4,981 million as compared to that of Rs 14,269 million generated during the previous year is due to loss on revaluation of ‘Financial assets at fair value through other comprehensive income’ portfolio and share of other comprehensive loss from associates. The investments have been classified as ‘Financial assets at fair value through other comprehensive income’ in 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 1,202 million representing the share in other comprehensive loss of associates compared to that of Rs 2,364 million in the previous year.

The Group achieved earnings per share of Rs 4.56 compared to Rs 6.79 during 2018.

Financial Highlights of the subsidiaries are hereunder:

IGI GENERAL

During the current year, IGI General has written gross premium of Rs 5,611 million (including Takaful contributions) as compared to Rs 4,608 million during the previous year. IGI General has incurred net claims of Rs 1,203 million compared to Rs 1,143 million during 2018. Investment and other income also grew by Rs 243 million during the year.

As a result, the company has generated profit after tax of Rs 578 million as compared to that of Rs 368 million during 2018.

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 1,246 million as compared to Rs 2,039 million during the previous year. The Company has earned profit before tax Rs 973 million as compared to Rs 1,833 million in previous year and has posted profit after tax of Rs 784 million compared to Rs 1,407 million during 2018.

IGI FINEX

During the current year, IGI Finex has generated operating revenues of Rs 132 million compared to Rs 111 million during 2018. The Company has posted a profit after tax of Rs 16 million compared to loss after tax of Rs 29 million during the 2018.

IGI LIFE

In 2019, Gross Premium written by your Company (including Takaful Contributions) and stood at Rs. 4.8 billion. Individual life regular premium (including takaful contributions) posted growth of 8% and stood at Rs.2.40 billion from Rs. 2.22 billion in 2018. Renewal premium base increased to Rs. 1.72 billion (2018: Rs. 1.64 billion), registering a growth of 5% from last year.

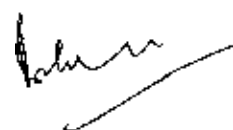
Individual Family Takaful regular contributions showed a strong growth of 36% from last year and stood at Rs. 886.26 million from Rs. 650.96 million in 2018. The Window Takaful Operations of the Company were launched in the 3rd quarter of 2015 and have since witnessed consistent growth.

The Group Life & health premium (including Takaful Group Family and Health) stood at Rs. 1.97 billion (2018: Rs. 1.66 billion), posting growth of 19% from last year.

The Company has generated loss after tax of Rs. 176 million against loss after tax of Rs. 95 million (including surplus/deficit of statutory funds). The profitability of the Company declined during the year mainly due to increase in acquisition & administrative expenses.

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

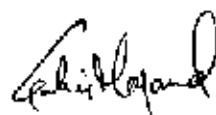
For and on behalf of the Board



Syed Babar Ali

Chairman

Lahore: March 9, 2020

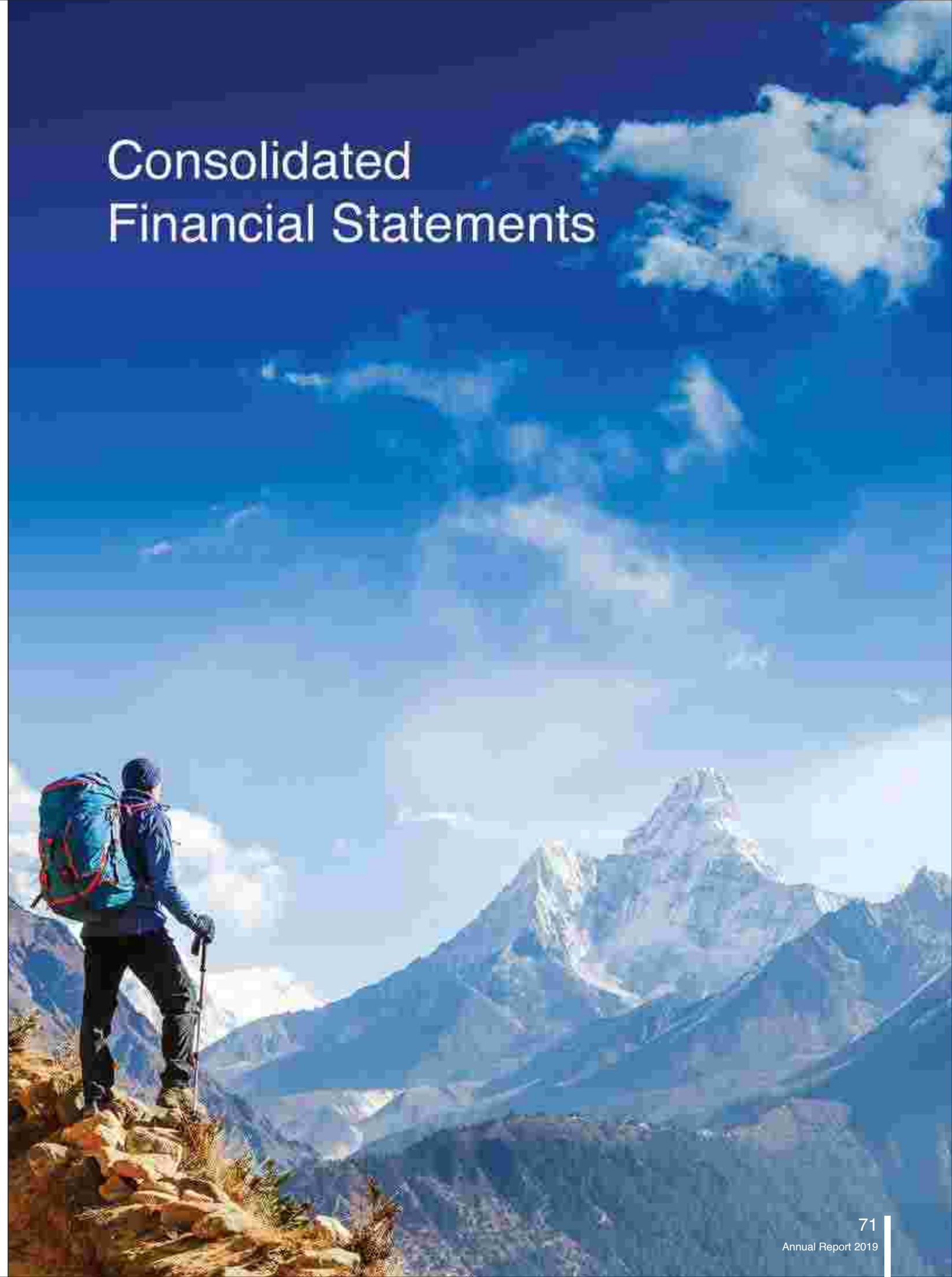


Tahir Masaud

Chief Executive Officer

Lahore: March 9, 2020

Consolidated Financial Statements



Independent Auditor's Report

To the members of IGI Holdings Limited

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, 2019, 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 and 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 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 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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.

Emphasis of Matter

We draw attention to note 23.4 to the consolidated financial statements describing the matter related to provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance. Our opinion is not modified in respect of this matter.

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.

Following are the Key Audit Matters:

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|--|---|
| 1 | Insurance liabilities (Refer note 4.11 of the annexed consolidated financial statements) Policyholders' liabilities represent the single largest liability of the Group constituting 55% of the total liabilities at December 31, 2019. The Minimum Valuation Basis for | Our audit procedures to assess the determination of actuarial reserve for policyholders' liabilities, amongst others, included the following: |

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|---|---|
| | 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 the Group carries out an investigation as at the end of each year into the financial condition of the life insurance business carried on by the Group, including a valuation of its policyholders' liabilities at December 31, 2019 and issues a report thereon. The determination of policyholders' liabilities is a higher risk area and hence considered a key audit matter. | <ul style="list-style-type: none"> Obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating the policyholders' liabilities at December 31, 2019. Inquired from the management about the consistency of the method used for calculation of the policyholders' liabilities and assumptions for the valuation parameters at December 31, 2019 to establish whether they had been subject to any arbitrary discontinuities from those used at December 31, 2018. 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 at December 31, 2019 by applying the relevant parameters (such as management fee charged, cost of insurance charged, return 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. |

2 Valuation of investments

(Refer note 8 of the annexed consolidated financial statements)

The investments of Rs 74,893.408 million as at December 31, 2019 held by the Group constitute the most significant component of total assets of the Group.

- Our audit procedures included the following:
- Tested the design and operating effectiveness of the key controls for valuation of investments.

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|--|---|
| | The proper valuation of investments portfolio of the Group as at December 31, 2019 was considered a significant area of focus and therefore, a key audit matter. | <ul style="list-style-type: none"> • Checked that investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. • Checked that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the consolidated financial statements. • 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. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2019 and reconciled them with the books and records of the Group. • Checked the relevant presentation and disclosures made in the consolidated financial statements to determine whether they comply with the accounting and reporting standards as applicable in Pakistan. |

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. We have nothing to report in this regard.

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 accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated 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.

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.



A.F. FERGUSON & Co.

Consolidated Financial Statements

- 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.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 27, 2020

Consolidated Statement of Financial Position

As at December 31, 2019

| | Note | 2019 | 2018 |
|---|---------|-------------------|-------------------|
| ----- Rupees in '000 ----- | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Property and equipment | 5 | 785,718 | 687,454 |
| - Intangible assets | 6 | 539,985 | 479,201 |
| Investment property | 7 | - | - |
| Investments | 8 | 68,097,751 | 69,236,040 |
| Long-term deposits | | 17,168 | 21,816 |
| | | 69,440,622 | 70,424,511 |
| Current assets | | | |
| Insurance / takaful / reinsurance / retakaful receivables | 9 | 1,885,290 | 1,531,007 |
| Reinsurance recoveries against outstanding claims | | 1,012,984 | 854,042 |
| Current maturity of investments | 8 | 6,795,657 | 8,643,291 |
| Loans secured against life insurance policies | | 167,965 | 181,375 |
| Deferred commission expense | | 193,780 | 161,395 |
| Accrued income | | 478,341 | 288,407 |
| Deposits, prepayments, loans, advances and other receivables | 10 | 2,244,322 | 1,697,599 |
| Wakalah fees receivable | | 119,261 | 41,763 |
| Taxation recoverable | | 675,964 | 546,812 |
| Cash and bank balances | 11 | 660,289 | 1,474,583 |
| Non-current asset held for sale | 12 | 9,110 | 9,110 |
| | | 14,242,963 | 15,429,384 |
| Total assets | | 83,683,585 | 85,853,895 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital | | | |
| 200,000,000 (2018: 200,000,000) ordinary shares of Rs. 10 each | | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up capital | 16 | 1,426,305 | 1,426,305 |
| Reserves | | 42,020,412 | 46,982,824 |
| Unappropriated profit | | 9,904,587 | 9,625,831 |
| Equity attributable to the equity holders of the parent | | 53,351,304 | 58,034,960 |
| Non-controlling interest | 17 | 363,600 | 215,642 |
| Total equity | | 53,714,904 | 58,250,602 |
| Non-current liabilities | | | |
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | 18 | 16,597,270 | 16,250,548 |
| Long term loans | 19 | 766,665 | 1,399,999 |
| Liabilities against right-of-use assets | 13 | 158,546 | 109,857 |
| Retirement benefit obligation | 20 | 43,471 | 57,466 |
| Deferred taxation - net | | 1,260,947 | 1,588,683 |
| | | 18,826,899 | 19,406,553 |
| Current liabilities | | | |
| Provision for outstanding claims (including IBNR) | | 2,096,866 | 1,782,959 |
| Provision for unearned premium | | 1,860,409 | 1,503,062 |
| Premium deficiency reserve | | 21,111 | 20,503 |
| Commission income unearned | | 174,561 | 120,932 |
| Amounts due to other insurers / reinsurers | | 1,379,652 | 726,473 |
| Unearned Wakalah fee | | 42,468 | 21,919 |
| Premium received in advance | | 65,851 | 49,452 |
| Short term loan | 21 | 2,614,278 | 1,450,518 |
| Current portion of long term loans and liabilities against right-of-use assets | 18 & 19 | 702,805 | 662,935 |
| Unclaimed dividend | | 30,611 | 35,165 |
| Trade and other payables | 22 | 2,153,170 | 1,822,822 |
| | | 11,141,782 | 8,196,740 |
| TOTAL LIABILITIES | | 29,968,681 | 27,603,293 |
| TOTAL EQUITY AND LIABILITIES | | 83,683,585 | 85,853,895 |
| CONTINGENCIES AND COMMITMENTS | | | |
| 23 | | | |

The annexed notes from 1 to 40 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, 2019

| | Note | 2019 | 2018 |
|---|------|----------------------------|------------------|
| | | ----- Rupees in '000 ----- | |
| Operating revenue | 24 | 9,901,680 | 9,409,115 |
| Operating expenses | 25 | (8,692,097) | (8,306,325) |
| | | 1,209,583 | 1,102,790 |
| Other income | 26 | 404,361 | 233,124 |
| General and administrative expenses | 27 | (432,014) | (519,916) |
| Other expenses | 28 | (502,120) | (283,226) |
| | | 679,810 | 532,772 |
| Change in insurance liabilities (other than outstanding claims) | | 138,149 | 638,981 |
| Surplus appropriated to shareholders' fund from Ledger B to C | | 16,020 | 15,604 |
| Share of profit from associates - net | | 105,118 | 293,487 |
| Profit before taxation | | 939,097 | 1,480,844 |
| Taxation | 29 | (288,773) | (512,787) |
| Profit after taxation | | 650,324 | 968,057 |
| Profit attributable to: | | | |
| Equity holders of the parent | | 684,312 | 985,135 |
| Non-controlling interest | | (33,988) | (17,078) |
| | | 650,324 | 968,057 |
| -----Rupees----- | | | |
| Earnings per share - basic and diluted | 30 | 4.56 | 6.79 |

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

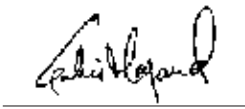
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

| | 2019 | 2018 |
|--|--------------------------|--------------|
| | --- (Rupees in '000) --- | |
| Profit after taxation | 650,324 | 968,057 |
| Other comprehensive income / (loss) - reclassifiable to statement of profit or loss | | |
| - Surplus / (deficit) on revaluation of available for sale investments - net of tax | 583,732 | (12,451,578) |
| - Change in insurance liabilities - net | (527,749) | 554,635 |
| - Share of other comprehensive loss of associate - net of tax | (1,202,211) | (2,340,604) |
| | (1,146,228) | (14,237,547) |
| Other comprehensive income / (loss) - not reclassifiable to statement of profit or loss | | |
| - Unrealised loss on remeasurement of financial assets classified as 'fair value through other comprehensive income' | (3,847,693) | - |
| - Share of other comprehensive loss of associate - net of tax | - | (24,091) |
| - Remeasurement of retirement benefits liability - net of tax | 12,853 | (6,981) |
| | (3,834,840) | (31,072) |
| Total comprehensive loss | (4,330,744) | (13,300,562) |
| Total comprehensive loss attributable to: | | |
| Equity holders of the parent | (4,307,854) | (13,276,673) |
| Non-controlling interest | (22,890) | (23,889) |
| | (4,330,744) | (13,300,562) |

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

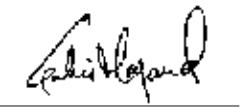

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

| Issued, subscribed and paid-up share capital | Proposed shares to be issued on amalgamation | Reserves | | | | | | Unappropriated profit | Equity attributable to equity holders of the parent | Non-controlling interest | Total |
|---|--|----------------------------|-----------------------|-----------------|--|--|-------------|-----------------------|---|--------------------------|--------------|
| | | Capital reserves | | Revenue reserve | Surplus on revaluation of available-for-sale investments-net | Surplus / (deficit) on remeasurement of financial assets at fair value through other comprehensive | | | | | |
| | | Premium on issue of shares | Other capital reserve | | | | | | | | |
| | | | | General reserve | | | | | | | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | |
| Balance as at December 31, 2017 | 1,226,895 | 411,659 | 35,762 | 33,267 | 7,297,545 | 53,449,002 | - | 10,817,902 | 73,272,032 | 252,256 | 73,524,288 |
| Profit after taxation for the year ended December 31, 2018 | - | - | - | - | - | - | - | 985,135 | 985,135 | (17,078) | 968,057 |
| Other comprehensive income / (loss) - 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 / (loss) - 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 income / (loss) for the year ended December 31, 2018 | - | - | - | - | - | (14,231,041) | - | 954,368 | (13,276,673) | (23,889) | (13,300,562) |
| Repayment for advance against preference shares | - | - | - | - | - | - | - | (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 20, 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 ended 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 - Rs. 1 per share (IGI Life) | - | - | - | - | - | - | - | - | - | (12,725) | (12,725) |
| | 199,410 | (411,659) | 398,289 | - | - | - | - | (2,046,439) | (1,860,399) | (12,725) | (1,873,124) |
| Balance as at December 31, 2018 | 1,426,305 | - | 434,051 | 33,267 | 7,297,545 | 39,217,961 | - | 9,625,831 | 58,034,960 | 215,642 | 58,250,602 |
| Effect of change in accounting policy - net of tax - note 4.1 | - | - | - | - | - | (34,138,760) | 34,180,053 | 10,797 | 52,090 | - | 52,090 |
| Profit after taxation for the year ended December 31, 2019 | - | - | - | - | - | - | - | 684,312 | 684,312 | (33,988) | 650,324 |
| Other comprehensive income / (loss) - reclassifiable to statement of profit or loss | | | | | | | | | | | |
| - Surplus on revaluation of available for sale investments - net of tax | - | - | - | - | - | 483,818 | - | - | 483,818 | 99,914 | 583,732 |
| - Change in insurance liabilities | - | - | - | - | - | (437,619) | - | - | (437,619) | (90,130) | (527,749) |
| - Share of other comprehensive loss of associate - net of tax | - | - | - | - | - | (1,202,211) | - | - | (1,202,211) | - | (1,202,211) |
| Other comprehensive income / (loss) - not reclassifiable to statement of profit or loss | | | | | | | | | | | |
| - Deficit on remeasurement of financial assets at fair value through other comprehensive income - net of tax | - | - | - | - | - | - | (3,847,693) | - | (3,847,693) | - | (3,847,693) |
| - Remeasurement of retirement benefits liability - net of tax | - | - | - | - | - | - | - | 11,539 | 11,539 | 1,314 | 12,853 |
| Total comprehensive loss for the year ended December 31, 2019 | - | - | - | - | - | (1,156,012) | (3,847,693) | 695,851 | (4,307,854) | (22,890) | (4,330,744) |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| - Subscription of right shares by non - controlling interest | - | - | - | - | - | - | - | - | - | 170,848 | 170,848 |
| - Final dividend for the year ended December 31, 2018 at the rate of Rs. 3 per share approved on March 29, 2019 | - | - | - | - | - | - | - | (427,892) | (427,892) | - | (427,892) |
| | - | - | - | - | - | - | - | (427,892) | (427,892) | 170,848 | (257,044) |
| Balance as at December 31, 2019 | 1,426,305 | - | 434,051 | 33,267 | 7,297,545 | 3,923,189 | 30,332,360 | 9,904,587 | 53,351,304 | 363,600 | 53,714,904 |

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

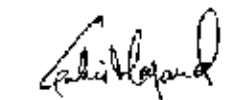

Director

Consolidated Statement of Cash Flows

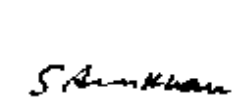
For the year ended December 31, 2019

| Note | 2019 | 2018 |
|---|----------------------------|-------------|
| | ----- Rupees in '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 939,097 | 1,480,844 |
| Adjustments for : | | |
| Depreciation and amortisation | 5 & 6 231,506 | 161,943 |
| Impairment of intangibles | - | 9,573 |
| Financial charges | 28 471,423 | 247,582 |
| Gain on disposal of assets | 26 (15,417) | (6,228) |
| Reversal of provision / provision for bad and doubtful loans and advances / lease losses - specific - net | - | 405 |
| Profit on savings accounts and term deposits | (323,313) | (203,395) |
| Return on government and debt securities | (1,680,475) | (1,133,285) |
| Change in insurance liabilities | (138,149) | (638,981) |
| Surplus appropriated to shareholders' fund from Ledger B to C | (16,020) | (28,735) |
| Share of profit from associate | (105,118) | (15,604) |
| (Gain) / loss on sale of available for sale investments - net | (9,884) | (293,487) |
| Unrealised gain on investments | (76,216) | 80,787 |
| Reversal of provision for impairment in value of investments - net | - | (4,125) |
| Dividend income | 24 (880,216) | (1,366,241) |
| | (2,541,879) | (3,189,791) |
| | (1,602,782) | (1,708,947) |
| Changes in working capital | | |
| (Increase) / decrease in current assets | | |
| Deposit, loans, advances and other receivables | (1,124,036) | (921,265) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 999,926 | 1,539,707 |
| | (1,726,892) | (1,090,505) |
| Net recovery from long term loans and advances | - | 17,024 |
| Income tax paid | (745,661) | (872,488) |
| Net cash used in operating activities | (2,472,553) | (1,945,969) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (752,082) | (551,432) |
| Proceeds on disposal of assets | 22,322 | 22,841 |
| Profit received on government and debt securities | 1,680,475 | 1,133,285 |
| Long-term deposits | 4,648 | (10,803) |
| Investments - net | 181,704 | 87,954 |
| Dividend received | 880,216 | 1,366,241 |
| Profits / return received | 133,379 | 203,970 |
| Net cash generated from investing activities | 2,150,662 | 2,252,056 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (423,338) | (1,852,877) |
| Repayment of certificates of deposit | (20) | - |
| Repayment of advance against preference shares | - | (100,000) |
| Loan repayments | (593,464) | (676,405) |
| Financial charges paid | (471,423) | (247,582) |
| Repayment of liability against right-of-use assets | 48,689 | 29,846 |
| Net cash used in financing activities | (1,439,556) | (2,847,018) |
| Cash and cash equivalent at beginning of the year | 1,660,065 | 4,200,996 |
| Cash and cash equivalents at end of the year | 11.3 (101,382) | 1,660,065 |

The annexed notes from 1 to 40 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

For the year ended December 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding company
- IGI Holdings Limited

| Subsidiary companies: | Percentage shareholding |
|----------------------------------|-------------------------|
| - IGI Life Insurance Limited | 82.69% |
| - 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 the 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.

1.3 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 the 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 the 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 the Companies Act, 2017). The objects of IGI Investments include investing, acquiring, selling and holding of debt / equity securities.

1.4 The 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:

2.2.1 Effective from January 1, 2019, the Group has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. However, the Securities and Exchange Commission of Pakistan (SECP), on application of the Holding Company, has allowed the Group to defer application of IFRS 9 till December 31, 2020 to the extent of recognition and disclosure of assets and liabilities of IGI Life and IGI General in the consolidated financial statements of the Group. Accordingly, IFRS 9 has been applied in these consolidated financial statements on assets and liabilities of the Group other than relating to IGI Life and IGI General.

The impacts of adoption of IFRS 9 are presented in note 4.1 to these consolidated financial statements.

2.2.2 Effective from January 1, 2019, the Group has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. The standard addresses recognition and measurement of leases for both lessor and lessee. The impacts of adoption of IFRS 16 are presented in note 4.2 to these consolidated financial statements.

2.2.3 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, 2019 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) |
|---|--|
| - IAS 1 - 'Presentation of financial statements' (amendments) | January 01, 2020 |
| - IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments) | January 01, 2020 |
| - IFRS 9 - 'Financial Instruments (amendments) | January 01, 2020 |

The management is currently 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, 2020 but are considered not to be relevant or will not have any significant effect on the Group's operations and are 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.

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.

3 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with the 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 4.3);
- Provision for outstanding claims including IBNR (note 4.7);
- Reinsurance / retakaful recoveries against outstanding claims (note 4.8);
- Premium / contribution deficiency reserve (note 4.10);
- Provision for taxation and deferred tax (notes 4.14, 20 and 29);
- Classification of investments and its impairment (notes 4.17, 4.18 and 8);
- Useful lives and residual values of fixed assets and intangible assets (notes 4.19, 5 and 6);
- Staff retirement benefits (notes 4.24 and 13);
- Policyholders' liabilities (note 4.11); and
- Lease liability and right of use assets (note 4.20 and 19)

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 in all preceding years presented except for the changes as discussed in notes 4.1 and 4.2 to the consolidated financial statements.

4.1 IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL have impacts on the assets of the Group which are exposed to credit risk. However, majority of the assets of the Group that are exposed to credit risk pertain to bank balances, deposits, accrued mark-up, loans and other receivables which have high credit ratings.

The Group also has trade receivables that are exposed to credit risk but these receivables are largely secured against the shares held by the Group on behalf of the Customer. Therefore, the impact of ECL would be very minimal and hence, the same has not been accounted for in these consolidated financial statements.

The Group has made investments in the equity securities which are required to be measured at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Group has made an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income rather than profit or loss. Further, IFRS 9 removes the allowability to measure unquoted equity investments at cost. Consequently, the Group has remeasured its unquoted equity investments at fair value on the date of adoption of IFRS 9.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the consolidated financial statements of the Group.

Classification and measurement of financial instruments

The measurement category and the carrying amounts of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at January 1, 2019 are compared as follows:

| | IAS 39 | | IFRS 9 | |
|---|----------------------|------------------|----------------------|------------------|
| | Measurement category | Carrying amount | Measurement category | Carrying amount |
| | (Rupees in '000) | | (Rupees in '000) | |
| - Loans and receivables | | | - At amortised cost | |
| Long-term deposits | Amortised cost | 21,816 | Amortised cost | 21,816 |
| Accrued income | Amortised cost | 288,407 | Amortised cost | 288,407 |
| Deposits, loans, advances and other receivables | Amortised cost | 1,084,425 | Amortised cost | 1,084,425 |
| Cash and bank balances | Amortised cost | 1,474,583 | Amortised cost | 1,474,583 |
| | | <u>2,869,231</u> | | <u>2,869,231</u> |

Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as fair value through other comprehensive income. The Group has adopted modified retrospective approach for adopting IFRS 9 and accordingly, all changes arising on adoption of IFRS 9 have been adjusted at the beginning of the current year.

| | As at December 31, 2018 (as previously stated) | Change | As at January 1, 2019 |
|--|--|--------------|-----------------------------|
| Impact on consolidated statement of financial position | | | |
| Investments - 'Available for sale' | 71,316,235 | (71,316,235) | - |
| Investments - 'At fair value through other comprehensive income' | - | (71,382,804) | (71,382,804) |
| Impact on consolidated statement of changes in equity | | | |
| Unappropriated profit | 9,625,831 | 10,797 | 9,636,628 |
| Surplus on remeasurement of available for sale investments | 34,138,760 | (34,138,760) | - |
| Surplus on remeasurement of financial assets at fair value through other comprehensive income | - | 34,180,053 | 34,180,053 |

There is no impact on the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows due to adoption of IFRS 9.

- 4.2** 'Effective from January 1, 2019, the Group has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. During the year the Group has changed its accounting policy with respect to finance leases in accordance with IFRS 16 - "Leases".

For leases previously classified as finance leases the Group recognised the carrying amount of the lease assets and lease liability immediately before transition as the carrying amount of the right-of-use assets and the lease liability at the date of initial application. The measurement principles of IFRS 16 are applied only after that date. The remeasurements to the lease liabilities are recognised as adjustments to the related right-of-use assets immediately after the date of initial application as disclosed in note 4.2.1.

4.2.1 Impact of IFRS 16

| | December 31, 2018 | Change | January 1, 2019 |
|--------------------------|----------------------|-----------|--------------------|
| (Rupees. in '000) | | | |
| Motor vehicles - leased* | 140,213 | (140,213) | - |
| Right-of-use assets | - | 140,213 | 140,213 |

*Represents finance leased arrangements which have now been classified as right of-use-assets.

The revised accounting policies are disclosed in note 4.20 to these consolidated financial statements.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17 except for certain short term leases in accordance with IFRS 16. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the Group companies' incremental weighted average borrowing rate ranging from 10.55% and 12.80% per annum as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The adoption of IFRS 16 had no impact on the prior year balances as all the leases of the Group entered in prior years were short term in nature. The current year impact of IFRS 16 mainly represents effect of long term rental arrangements entered into during the current year.

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

| | |
|--|---|
| The recognised right-of-use assets and leased liability recognised relate to the following type of asset: | December 2019 (Rupees in '000) |
| Building space on rental arrangements - right of use asset | 44,323 |
| Total related lease liability recognised | 41,955 |

The expense relating to the aforementioned leases amounts to Rs 2.371 million.

The effects of this change in accounting policy are as follows:

| | |
|---|---------|
| Impact on the consolidated statement of financial position | |
| Increase in right-of-use assets | 44,323 |
| Decrease in prepayments | (3,779) |
| Increase in tax recoverable | 384 |
| Increase in total assets | 40,928 |
| Increase in lease liability against right-of-use assets | 41,955 |
| Decrease in net assets | 1,027 |

| | |
|--|----------|
| Impact on the consolidated statement of profit or loss | |
| Increase in finance costs | 3,782 |
| (Increase) / decrease in management and general and administrative expenses: | |
| - Depreciation on right-of-use assets | 16,773 |
| - Rent, rates and taxes | (19,144) |
| Decrease in profit before tax | 1,411 |
| Decrease in tax expense | 384 |
| Decrease in profit after tax | 1,027 |

Earnings per share for the ended December 31, 2019 has been decreased by Re. 0.007 per share as a result of the adoption of IFRS 16.

Practical expedients applied:

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on the previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The election for not to re-asses whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its arrangement made by applying IAS 17 and IFRIC 4.

4.3 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.

4.4 Insurance contracts

4.4.1 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.

4.4.1.1 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 policyholders 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.

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

4.4.1.2 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, i.e., 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 there against. This business is written through direct sales force as well as bancassurance.

4.4.2 Takaful business

4.4.2.1 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, health and miscellaneous lines of businesses.

4.4.2.2 Life business

The takaful contracts are based on the principles of Wakalah 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.

4.5 Premiums / contributions

4.5.1 Conventional business

4.5.1.1 Non-life business

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.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Group from policyholders 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.

4.5.1.2 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.

4.5.2 Takaful business

4.5.2.1 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.

4.5.2.2 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.

4.6 Reinsurance / retakaful ceded

4.6.1 Conventional business

4.6.1.1 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.

4.6.1.2 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.

4.6.2 Takaful business

4.6.2.1 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.

4.6.2.2 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.

4.7 Claims expense

4.7.1 Conventional business

4.7.1.1 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 the SECP circular No. 9 of 2016 an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allow 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 the 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 the prescribed method and higher of the two are set as the final reserve.

4.7.1.2 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 consolidated statement of financial position. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

4.7.1.2.1 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.

Experience refund of premium

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

4.7.2 Takaful business

4.7.2.1 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 the SECP circular No. 9 of 2016 an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allow 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 the 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 the prescribed method and higher of the two are set as the final reserve.

4.7.2.2 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.

4.8 Reinsurance / retakaful recoveries against claims

4.8.1 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.

4.8.2 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.

4.9 Commission and other acquisition costs

4.9.1 Non-life and life Conventional

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.

Takaful business

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.

4.10 Premium / contribution 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 / contribution deficiency for the class of business where the unearned premium / contribution 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 / contribution 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 / contribution 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 fire and property damage, marine, aviation and transport, health 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.

4.11 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.

4.11.1 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 the 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, 2019 in accordance with the Annexure 5 to Rule 23 of Insurance Rules, 2017 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 Insurance 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 installments 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, 2018.

4.12 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.

4.13 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.

4.14 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. The Holding Company, IGI General and IGI Investments are taxed as one fiscal unit under section 59AA of Income Tax Ordinance, 2001.

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 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.

4.15 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.

4.16 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 associates by comparing the entire carrying amount with its recoverable amount. Share of profit and loss of associates 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.

4.17 Financial instruments under IAS 39 (For determining classification and measurement of assets and liabilities of IGI Life and IGI General and for the balances for the year ended December 31, 2018)

4.17.1 Financial assets

4.17.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase / initial recognition of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Group are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group assets under the loans and receivables category comprise of trade receivables, advances, deposits, bank balances and other receivables in the consolidated statement of financial position.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold till maturity.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available-for-sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as 'available for sale' or are not classified as (a) loans and receivables; (b) held-to-maturity; or (c) financial assets at fair value through profit or loss. The Group's certain investments have been classified as available for sale.

4.17.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

4.17.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' and 'available for sale'

Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the consolidated statement of profit or loss in the period in which these arise.

Available for sale' financial assets are marked to market using the closing market rates and are carried on the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income till the time these are sold. At that time the cumulative gain / loss previously recognised in the 'other comprehensive income' is taken to the consolidated statement of profit or loss.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

4.17.1.4 Impairment

The Group assesses at each reporting date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the consolidated statement of profit or loss.

4.17.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.17.1.6 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

4.17.1.7 Derecognition

Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of profit or loss.

4.17.1.8 Advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the date of consolidated statement of financial position. Balances considered bad and irrecoverable are written off when identified.

4.17.1.9 Other receivables

Other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

4.18 Financial instruments under IFRS 9 (Effective from January 1, 2019)

4.18.1 Financial assets

4.18.1.1 Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.18.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 4.18.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from deficit on remeasurement of financial assets at fair value through other comprehensive income to consolidated statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the consolidated statement of financial position at fair value, with gains and losses recognised in the consolidated statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the consolidated statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the consolidated statement of profit or loss on derecognition. Furthermore, on derecognition of a financial asset in its entirety, the difference between:

- (a) the carrying amount (measured at the date of derecognition) and;
- (b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the consolidated statement of profit or loss.

4.18.1.2 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.18.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Group transfers substantially all the risks and rewards of ownership; or
- (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

4.18.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.18.2 Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

4.18.3 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of profit or loss.

4.18.4 Initial recognition

Financial assets and financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated statement of profit or loss.

4.18.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.18.6 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 the consolidated statement of profit or loss.
- Unrealised gain / (loss) on remeasurement of investments is recorded in statement of profit or loss and other comprehensive income on mark to market basis at each reporting date.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.

4.19 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 consolidated 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 year 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.

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 consolidated 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 consolidated statement of profit or loss when the asset is derecognised.

4.20 Right-of-use assets and their related lease liability

Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the consolidated statement of profit or loss as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.21 Capital work in progress

Capital work in progress is stated at cost less any impairment in value.

4.22 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.

4.23 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.

4.24 Staff retirement benefits

4.24.1 Non-Life Business

4.24.1.1 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.

4.24.1.2 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, 2019 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.

4.24.1.3 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.

4.24.2 Life Business

4.24.2.1 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.

4.24.2.2 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.

4.24.2.3 Employees' compensated absences

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

4.25 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 the 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.

4.25.1 Conventional Business

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 covers 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.

4.25.2 Takaful Business

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

Miscellaneous takaful 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.

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.

4.25.3 Life Business

The Group presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Group has 10 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Investment linked d) Accidental & health e) Group Life, f) Group health, g) Pension business h) Individual family takaful, i) Group family takaful and j) 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, 2019.

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.

4.26 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.

4.27 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.

4.28 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 consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

4.29 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 case 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.

4.30 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.

4.31 Management expenses

Management expenses 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.

4.32 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.

| | Note | 2019 | 2018 |
|--------------------------|------------------------|--------------------------|---------|
| | | -----Rupees in '000----- | |
| 5 | PROPERTY AND EQUIPMENT | | |
| Operating assets | 5.1 | 756,137 | 653,535 |
| Capital work in progress | 5.4 | 29,581 | 33,919 |
| | | 785,718 | 687,454 |

5.1 Movement of operating assets

| | 2019 | | | | | | | | | |
|---|--|----------------------|---------------------|--|-----------|--|------------------------------|-------------------------------------|-------------------------------------|-----------|
| | Furniture, fixtures and office equipment | | | | | Buildings/ leasehold improve- ments | Motor vehicles - owned | Right of use asset - Vehciles | Right of use asset - Premises | Total |
| | Furniture and fixtures | Tracker equipment | Office equipment | Computer/ communi- cation equipment | Sub total | | | | | |
| | | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | | |
| As at Jan 1, 2019 / adoption of IFRS 16 - note 4.2 | | | | | | | | | | |
| Cost | 75,918 | - | 81,306 | 115,843 | 273,067 | 500,501 | 127,967 | 184,052 | 17,893 | 1,103,480 |
| 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 | 17,893 | 671,428 |
| Year ended December 31, 2019 | | | | | | | | | | |
| Opening net book value | 56,159 | - | 43,493 | 58,163 | 157,815 | 314,145 | 41,362 | 140,213 | 17,893 | 671,428 |
| Additions | 11,805 | 7,991 | 8,834 | 10,966 | 39,596 | 44,517 | 6,604 | 96,341 | 43,202 | 230,260 |
| Disposals - note 5.3 | | | | | | | | | | |
| Cost | 127 | - | 1,386 | 5,219 | 6,732 | - | 30,608 | 9,089 | - | 46,429 |
| Accumulated depreciation | (126) | - | (932) | (3,597) | (4,655) | - | (29,057) | (5,812) | - | (39,524) |
| | 1 | - | 454 | 1,622 | 2,077 | - | 1,551 | 3,277 | - | 6,905 |
| Write off - note 5.5 | | | | | | | | | | |
| Cost | 703 | - | 4,985 | 9,007 | 14,695 | - | - | - | - | 14,695 |
| Accumulated depreciation | (621) | - | (4,842) | (8,986) | (14,449) | - | - | - | - | (14,449) |
| | 82 | - | 143 | 21 | 246 | - | - | - | - | 246 |
| Depreciation charge for the year | (7,830) | (962) | (9,466) | (28,711) | (46,969) | (24,967) | (13,835) | (35,857) | (16,772) | (138,400) |
| Closing net book value | 60,051 | 7,029 | 42,264 | 38,775 | 148,119 | 333,695 | 32,580 | 197,420 | 44,323 | 756,137 |
| As at December 31, 2019 | | | | | | | | | | |
| Cost | 86,893 | 7,991 | 83,769 | 112,583 | 291,236 | 545,018 | 103,963 | 271,304 | 61,095 | 1,272,616 |
| Accumulated depreciation | (26,842) | (962) | (41,505) | (73,808) | (143,117) | (211,323) | (71,383) | (73,884) | (16,772) | (516,479) |
| Net book value | 60,051 | 7,029 | 42,264 | 38,775 | 148,119 | 333,695 | 32,580 | 197,420 | 44,323 | 756,137 |
| Depreciation rate % per annum | 10% | 33.33% | 10-20% | 20-33.33% | | 5-10% | 20-33% | 20-33% | 5-80% | |
| 2018 | | | | | | | | | | |
| | Furniture, fixtures and office equipment | | | | | Buildings/ leasehold improve- ments | Motor vehicles owned | Right of use asset - Vehciles | Right of use asset - Premises | Total |
| | Furniture and fixtures | Tracker equipment | Office equipment | Computer/ communi- cation equipment | Sub total | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | | |
| As at January 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 / adjustments | | | | | | | | | | |
| -Cost | 13,304 | - | 16,630 | 54,556 | 84,490 | 20,762 | 21,425 | 69,756 | - | 196,433 |
| -Transfer | - | - | - | - | - | 44,808 | - | - | - | 44,808 |
| - Adjustment | 58 | - | 194 | 1,851 | 2,103 | 1,042 | 786 | (2,515) | - | 1,416 |
| Disposals - note 5.3 | | | | | | | | | | |
| 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 |
| | (6,028) | - | (8,876) | (25,078) | (39,982) | (29,329) | (24,438) | (24,730) | - | (118,479) |
| 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% | 33.33% | 10-20% | 20-33.33% | | 5-10% | 20-33% | 20-33% | - | |

5.2 The cost of fully depreciated operating assets still in use amounts to Rs. 274.427 million (2018: Rs. 285.03 million).

5.3 Disposal of operating fixed assets

| Particulars of the assets | Cost | Accumulated depreciation | Book value | Sale proceeds | Mode of disposal | Particulars of purchaser |
|------------------------------|--------|-----------------------------|---------------|------------------|------------------|------------------------------|
| (Rupees in '000) | | | | | | |
| Furniture and fixtures | | | | | | |
| Various Furnitures | 127 | 126 | 1 | 33 | Negotiation | Rana Furniture House |
| Office equipment | | | | | | |
| Various Mobile Phones | 646 | 529 | 117 | 32 | Negotiation | Muhammad Kamran |
| Gree Air Conditioner | 349 | 228 | 121 | 35 | Negotiation | M.Akhtar |
| Samsung S 10 | 133 | 2 | 131 | 133 | Insurance Claim | Alfalah Insurance |
| iPhone 6s Plus | 70 | 31 | 39 | 44 | Group policy | Faisal* |
| Samsung Galaxy s8 | 70 | 24 | 46 | 27 | Group policy | Faisal* |
| Digital Copier | 104 | 104 | - | 4 | Negotiation | Abdul Hameed* |
| Refrigerator | 14 | 14 | - | 2 | Group policy | Asif Masih* |
| | 1,386 | 932 | 454 | 277 | | |
| Computer equipment | | | | | | |
| Mobiles / Tablets | 4,715 | 3,096 | 1,619 | 2,801 | Negotiations | Various persons |
| Laptop Dell | 50 | 50 | - | 6 | Group policy | Sohail* |
| Desktop PC | 8 | 7 | 1 | 1 | Negotiation | Shadab Scrap Merchants |
| LCD | 4 | 4 | - | - | Negotiation | Shadab Scrap Merchants |
| Printer LaserJet | 5 | 3 | 2 | 5 | Negotiation | Fatima Computers |
| Panasonic Hybrid PABX | 437 | 437 | - | 5 | Negotiation | Shadab Scrap Merchants |
| | 5,219 | 3,597 | 1,622 | 2,818 | | |
| Motor vehicles - own | | | | | | |
| Toyota Corrolla | 1,608 | 1,608 | - | 535 | Group policy | Muhammad Wasif Ali * |
| Toyota Corrolla | 2,208 | 2,208 | - | 294 | Group policy | Dr. Bakht Jamal Shaikh * |
| Toyota Corrolla | 1,726 | 1,726 | - | 839 | Group policy | Syed Sabeeh Haider Jaffery * |
| Toyota Corrolla | 1,680 | 1680 | - | 877 | Group policy | Imran Ahmed * |
| Honda City | 1,063 | 1,063 | - | 534 | Group policy | Muhammad Yousuf Ansari * |
| Honda City | 1,732 | 1,732 | - | 1,322 | Group policy | Saima Zafar * |
| Honda Civic | 2,129 | 2,129 | - | 213 | Group policy | Syed Fahad Subhan * |
| Honda Civic | 2,623 | 2,623 | - | 831 | Group policy | Nadeem Rehman Malik * |
| Suzuki Cultus | 1,138 | 920 | 218 | 643 | Group policy | Roshail Khalid * |
| Suzuki Mehran | 698 | 543 | 155 | 466 | Group policy | Syed Hammad Ali * |
| Suzuki Alto | 608 | 607 | 1 | 500 | Group policy | Murid Abbad* |
| Suzuki Cultus | 1,502 | 1,465 | 37 | 489 | Group policy | Muhammad Ejaz* |
| Toyota Corolla | 1,928 | 1,928 | - | 678 | Insurance Claim | Anwar Sheikh |
| Honda City | 1,807 | 1,521 | 286 | 851 | Group policy | Adnan Khaliq* |
| Honda Civic | 2,901 | 2,770 | 131 | 1,176 | Group policy | Tahir Masaud* |
| Toyota Corolla | 1,972 | 1,972 | - | 1,150 | Negotiation | Jahanzaib Ali |
| Toyota Corolla | 1,980 | 1,416 | 564 | 1,156 | Group policy | Riffat Ali* |
| Honda CD 70 | 77 | 76 | 1 | 34 | Group policy | Adnan Shah* |
| Suzuki Cultus | 652 | 608 | 44 | 210 | Auction | Shaheen Iqbal |
| Unique CD 70 | 48 | 21 | 27 | 18 | Auction | Muhammad Khalid |
| Suzuki Alto | 528 | 441 | 87 | 370 | Auction | Amir Saeed |
| | 30,608 | 29,057 | 1,551 | 13,186 | | |
| Right of use asset - vehicle | | | | | | |
| Toyota Corrolla | 1,675 | 1,675 | - | 414 | Group policy | Muhammad Shaukat* |
| Toyota Corrolla | 1,880 | 1,880 | - | 94 | Group policy | Nadeem Rehman Malik* |
| Toyota Corolla | 1,489 | 53 | 1,436 | 1,550 | Group policy | Nadeem Akhtar* |
| Toyota Corolla | 1,083 | 1,083 | - | 1,211 | Negotiation | Muhammad Abbas |
| Honda City | 1,062 | 227 | 835 | 1,184 | Group policy | Sohail Mustafa* |
| Toyota Corolla | 1,900 | 894 | 1,006 | 1,555 | Insurance Claim | Jubilee General Insurance |
| | 9,089 | 5,812 | 3,277 | 6,008 | | |
| 2019 | 46,429 | 39,524 | 6,905 | 22,322 | | |
| 2018 | 61,671 | 45,058 | 16,613 | 22,841 | | |

* These represent persons in employment of the Group.

5.3.1 These include disposal of operating assests having book value of Rs. 0.5 million to key management personnel

| | | 2019 | 2018 |
|-----|--------------------------|--------------------------|--------|
| | | -----Rupees in '000----- | |
| 5.4 | Capital work in progress | | |
| | Advance to suppliers | 29,581 | 33,919 |

5.5 During the year, the management has written off certain assets having written down value of Rs. 0.246 million based on physical verification and reconciliation exercise.

6 INTANGIBLE ASSETS

| | | |
|--|---------|---------|
| Computer software | 461,225 | 20,319 |
| Membership card | 250 | 250 |
| Trading right entitlement certificates | 10,999 | 10,999 |
| Customer relationships | 2,109 | 6,157 |
| Distribution channel | 33,521 | 36,625 |
| Value of inforce contracts | 20,577 | 28,420 |
| Pooling arrangements | 11,304 | 11,304 |
| Capital work-in-progress | - | 365,127 |
| 6.1 | 539,985 | 479,201 |

6.1 Movement of intangible assets

| Computer software | Member-ship cards (note 6.1.1) | TREC (note 6.1.2) | Goodwill | Licence | Customer relationships | | | | Distribution channel | Value of inforce contracts | | Pooling arrangement | Total |
|-------------------|--------------------------------|-------------------|----------|---------|------------------------|----------------------------------|-----------------------------|----------------------------------|----------------------|----------------------------|---------------------------------------|---------------------|-------|
| | | | | | IGI Finex | Life (Non-participating) - Group | Accident and Health - Group | Accident and Health - Individual | | Investment Linked | Life (Non participating) - Individual | | |
| (Rupees '000) | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|--------------------------|----------|-----|---------|----------|---------|----------|---------|---------|---------|----------|----------|----------|-----------|
| As at January 1, 2018 | | | | | | | | | | | | | |
| Cost | 26,658 | 250 | 14,999 | 96,012 | 1,808 | 55,731 | 14,960 | 10,338 | 5,275 | 65,296 | 31,849 | 34,776 | 369,256 |
| Accumulated amortisation | (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 | 7,702 | 250 | 10,999 | - | 70 | 10,486 | 6,034 | 4,171 | - | 48,707 | 18,653 | 18,205 | 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 | 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 loss | - | - | - | - | - | - | - | - | - | (8,978) | - | (595) | (9,573) |
| Net book value | 20,319 | 250 | 10,999 | - | - | - | 3,640 | 2,517 | - | 36,625 | 15,114 | 13,306 | 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 | 384,956 |
| Accumulated amortisation / impairment | (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 as at December 31, 2018 | 20,319 | 250 | 10,999 | - | - | - | 3,640 | 2,517 | - | 36,625 | 15,114 | 13,306 | 114,074 |

| | | | | | | | | | | | | | |
|------------------------------|----------|-----|--------|---|---|---|---------|---------|---|---------|---------|---------|----------|
| Year ended December 31, 2019 | | | | | | | | | | | | | |
| Opening net book value | 20,319 | 250 | 10,999 | - | - | - | 3,640 | 2,517 | - | 36,625 | 15,114 | 13,306 | 114,074 |
| Additions | 521,822 | - | - | - | - | - | - | - | - | - | - | - | 521,822 |
| Amortisation | (78,111) | - | - | - | - | - | (2,394) | (1,654) | - | (3,104) | (3,539) | (4,304) | (93,106) |
| Disposal | (2,805) | - | - | - | - | - | - | - | - | - | - | - | (2,805) |
| Net book value | 461,225 | 250 | 10,999 | - | - | - | 1,246 | 863 | - | 33,521 | 11,575 | 9,002 | 539,985 |

| | | | | | | | | | | | | | |
|---------------------------------------|-----------|-----|---------|----------|---------|----------|----------|---------|---------|----------|----------|----------|-----------|
| As at December 31, 2019 | | | | | | | | | | | | | |
| Cost | 561,375 | 250 | 14,999 | 96,012 | 1,808 | 55,731 | 14,960 | 10,338 | 5,275 | 65,296 | 31,849 | 34,776 | 903,973 |
| Accumulated amortisation / impairment | (100,150) | - | (4,000) | (96,012) | (1,808) | (55,731) | (13,714) | (9,475) | (5,275) | (31,775) | (20,274) | (25,774) | (363,988) |
| Net book value | 461,225 | 250 | 10,999 | - | - | - | 1,246 | 863 | - | 33,521 | 11,575 | 9,002 | 539,985 |

| | | | | | | | | | | | | | |
|-----------------------------|-------|---|---|---|-----|-----|-----|-----|-----|---|-----|-------|------------|
| Amortisation rate per annum | 20% - | - | - | - | 33% | 20% | 16% | 16% | 50% | - | 11% | 11%- | Indefinite |
| 2018 and 2019 | 33% | | | | | | | | | | | 12.5% | |

6.1.1 This represents membership card of Pakistan Mercantile Exchange Limited as IGI Finex Securities Limited 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 the management carried out impairment testing of intangible assets recognised on business combination under the requirements of IAS 36 ' Impairment of assets'. The management has determined the recoverable amounts for comparison with the carrying values of each intangible asset. Based on the assessment carried out by the management, no impairment has been recognised during the year.

6.2 The cost of fully amortised intangibles still in use amounts to Rs. 24.812 million (2018: 24.812 million).

7 INVESTMENT PROPERTY

| | 2019 | | | | | | | |
|----------|-------------------|------------------------|--------------------|--------------------------|---------------------------|--------------------|------------------------|-------------|
| | Cost | | | Accumulated depreciation | | | WDV as at Dec 31, 2019 | Useful life |
| | As at Jan 1, 2019 | Additions / (transfer) | As at Dec 31, 2019 | As at Jan 1, 2019 | For the year / (transfer) | As at Dec 31, 2019 | | |
| | (Rupees in '000) | | | | | | | |
| Building | - | - | - | - | - | - | - | 20 years |
| | | - | | | - | | | |
| | | | | | | | | |

| | 2018 | | | | | | | |
|----------|-------------------|------------------------|--------------------|--------------------------|---------------------------|--------------------|------------------------|-------------|
| | Cost | | | Accumulated depreciation | | | WDV as at Dec 31, 2019 | Useful life |
| | As at Jan 1, 2019 | Additions / (transfer) | As at Dec 31, 2019 | As at Jan 1, 2019 | For the year / (transfer) | As at Dec 31, 2019 | | |
| | (Rupees in '000) | | | | | | | |
| Building | 52,975 | - | - | 8,167 | - | - | - | 20 years |
| | (52,975) | | | (8,167) | | | | |

7.1 During the year ended December 31, 2018, the entire building was made available for own use by the Group.

| | Note | 2019 | 2018 |
|--|------|------------------------------|------|
| | | ----- (Rupees in '000) ----- | |

8 INVESTMENTS

The investments comprise of the following:

| | | | |
|---|------|-------------|-------------|
| Investments in associates | 8.1 | 15,969,256 | 17,679,112 |
| Fair value through profit or loss | | | |
| - Mutual funds | 8.2 | 497,621 | 225,901 |
| - Government securities | 8.3 | 1,837,655 | 1,493,477 |
| - Debt securities | 8.4 | 194,025 | - |
| | | 2,529,301 | 1,719,378 |
| Fair value through other comprehensive income | | | |
| - Quoted equity securities | 8.5 | 38,196,583 | - |
| - Unquoted equity securities | 8.6 | 204,611 | - |
| | | 38,401,194 | - |
| Held to maturity | | | |
| - Government securities | 8.7 | 322,219 | 320,665 |
| - Term deposit receipts | 8.8 | 1,852,607 | 1,636,000 |
| | | 2,174,826 | 1,956,665 |
| Available for sale | | | |
| - Equity securities | 8.9 | 86,130 | 42,019,879 |
| - Mutual funds | 8.10 | 3,027,759 | 3,161,127 |
| - Government securities | 8.11 | 12,247,588 | 11,168,170 |
| - Debt securities | 8.12 | 457,354 | 175,000 |
| | | 15,818,831 | 56,524,176 |
| | | 74,893,408 | 77,879,331 |
| Less: current maturity of investments | 8.13 | (6,795,657) | (8,643,291) |
| | | 68,097,751 | 69,236,040 |

| | Note | 2019 | 2018 |
|--|-------|------------------|------------|
| | | (Rupees in '000) | |
| 8.1 Investments in associates | | | |
| - Quoted | | | |
| Packages Limited | | | |
| 26,707,201 (2018: 26,707,201) fully paid ordinary shares of Rs. 10 each | 8.1.1 | 15,133,399 | 16,853,624 |
| Equity held 29.88% (2018: 29.88%) | | | |
| Market value at December 31, 2019: Rs. 398.74 per share (2018: Rs. 386.82 per share) | | | |
| - Unquoted | | | |
| Dane Foods Limited | | | |
| 2,643,161 (2018: 2,643,161) fully paid ordinary shares of Rs. 10 each | | | |
| Equity held 30.62% (2018: 30.62%) | | | |
| Cost | | 26,432 | 26,432 |
| Provision for diminution in value of investment | | (26,432) | (26,432) |
| | | - | - |
| Packages Real Estate (Private) Limited | | | |
| 100,000,000 (2018: 100,000,000) fully paid ordinary shares of Rs. 10 each | 8.1.3 | 835,857 | 825,488 |
| Equity held 24.84% (2018: 24.84%) having break-up value of Rs 8.93 per share (2018: Rs 8.82 per share) | | | |
| | | 15,969,256 | 17,679,112 |

- 8.1.1** Packages Limited is a public limited company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products.
- 8.1.2** Investments in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.
- 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, 2019 are as follows:

| | Country of incorporation | 2019 | | | |
|--|--------------------------|--------------------|-------------------|-------------------|------------------|
| | | Assets | Liabilities | Revenues | Profit / (loss) |
| | | (Rupees in '000) | | | |
| Packages Limited | Pakistan | <u>104,911,077</u> | <u>45,910,369</u> | <u>60,905,852</u> | <u>278,061</u> |
| Packages Real Estate (Private) Limited | Pakistan | <u>12,018,713</u> | <u>8,425,242</u> | <u>3,479,557</u> | <u>41,737</u> |
| | Country of incorporation | 2018 | | | |
| | | Assets | Liabilities | Revenues | Profit / (loss) |
| | | (Rupees in '000) | | | |
| Packages Limited | Pakistan | <u>107,666,984</u> | <u>42,610,024</u> | <u>52,922,723</u> | <u>1,160,178</u> |
| Packages Real Estate (Private) Limited | Pakistan | <u>12,618,377</u> | <u>9,066,633</u> | <u>3,203,825</u> | <u>(239,645)</u> |

8.1.5 Movement in associates

| | 2019 | | | | 2018 | | | |
|-------------------------------------|------------------|--------------------|--|-------------|------------------|--------------------|--|-------------|
| | Packages Limited | Dane Foods Limited | Packages Real Estate (Private) Limited | Total | Packages Limited | Dane Foods Limited | Packages Real Estate (Private) Limited | Total |
| (Rupees in '000) | | | | | | | | |
| Opening as at January 1, 2019 | 16,853,624 | - | 825,488 | 17,679,112 | 19,075,484 | - | 885,027 | 19,960,511 |
| Further acquisition during the year | - | - | - | - | 946,724 | - | - | 946,724 |
| Dividend income | (400,608) | - | - | (400,608) | (739,614) | - | - | (739,614) |
| Share of profit - net | 94,749 | - | 10,369 | 105,118 | 353,026 | - | (59,539) | 293,487 |
| Share of other comprehensive loss | (1,414,366) | - | - | (1,414,366) | (2,781,996) | - | - | (2,781,996) |
| Closing as at December 31, 2019 | 15,133,399 | - | 835,857 | 15,969,256 | 16,853,624 | - | 825,488 | 17,679,112 |

8.2 Mutual funds - fair value through profit or loss

| | 2019 | | | | | 2018 | | | | |
|---|-----------------|----------------|--------------------------|--------------------------|--------------|-----------------|----------------|--------------------------|--------------------------|--------------|
| | Number of units | Carrying value | (Impairment / provision) | Unrealised gain / (loss) | Market value | Number of units | Carrying value | (Impairment / provision) | Unrealised gain / (loss) | Market value |
| (Rupees in '000) | | | | | | | | | | |
| Alfalah GHP Stock Fund | 355,961 | 37,074 | - | 4,587 | 41,661 | 355,961 | 45,000 | - | (7,923) | 37,077 |
| HBL Stock Fund | 365,971 | 39,000 | - | - | 39,000 | 399,361 | 45,000 | - | (7,173) | 37,827 |
| MCB Pakistan Stock Market Fund | 653,910 | 60,003 | - | (3) | 60,000 | 591,878 | 60,000 | - | (9,978) | 50,022 |
| NBP Stock Fund | 5,611,085 | 74,895 | - | 4,546 | 79,441 | 3,845,299 | 59,870 | - | (9,975) | 49,895 |
| UBL Stock Advantage Fund | 289,477 | 20,000 | - | - | 20,000 | 828,454 | 60,000 | - | (9,000) | 51,000 |
| Alfalah GHP Money Market Fund | 2,623,787 | 260,000 | - | (2,525) | 257,475 | - | - | - | - | - |
| Alfalah GHP Islamic Income B Growth Units | 97 | 10 | - | 1 | 11 | 194 | 20 | - | - | 20 |
| Al-Ameen Islamic Cash Fund | 101 | 10 | - | 1 | 11 | 202 | 20 | - | - | 20 |
| HBL Islamic Money Market Fund | 104 | 10 | - | 1 | 11 | 208 | 20 | - | - | 20 |
| MCB Al- Hamra Islamic Fund | 97 | 10 | - | 1 | 11 | 194 | 20 | - | - | 20 |
| | 9,900,590 | 491,012 | - | 6,609 | 497,621 | 6,021,751 | 269,950 | - | (44,049) | 225,901 |

8.3 Government securities - fair value through profit or loss

| Particulars | Maturity year | Effective yield % per annum | Profit payment | 2019 | 2018 |
|------------------------------------|---------------|-----------------------------|----------------|-----------|-----------|
| (Rupees in '000) | | | | | |
| Market Treasury Bills | 2020 | 10.30% | On maturity | 35,411 | - |
| Market Treasury Bills | 2020 | 10.30% | On maturity | 53,378 | - |
| Market Treasury Bills | 2020 | 10.30% | On maturity | 33,467 | - |
| Market Treasury Bills | 2019 | 10.30% | On maturity | - | 75,574 |
| Market Treasury Bills | 2019 | 10.30% | On maturity | - | 245,022 |
| Market Treasury Bills | 2019 | 10.30% | On maturity | - | 48,113 |
| Market Treasury Bills | 2019 | 10.30% | On maturity | - | 431,117 |
| Pakistan Investment Bond | 2021 | 12.00% | Semi-annual | 32,473 | - |
| Pakistan Investment Bond | 2021 | 12.00% | Semi-annual | 60,307 | - |
| Pakistan Investment Bond | 2023 | 12.66% | Semi-annual | 82,943 | - |
| Pakistan Investment Bond | 2023 | 13.71% | Semi-annual | 67,726 | - |
| Pakistan Investment Bond | 2023 | 13.45% | Semi-annual | 311,540 | - |
| Pakistan Investment Bond | 2023 | 13.75% | Semi-annual | 94,816 | - |
| Pakistan Investment Bond | 2023 | 13.80% | Semi-annual | 189,633 | - |
| Pakistan Investment Bond | 2023 | 13.77% | Semi-annual | 67,726 | - |
| Pakistan Investment Bond | 2022 | 12.87% | Semi-annual | 46,841 | - |
| Pakistan Investment Bond | 2024 | 12.38% | Semi-annual | 47,298 | - |
| Pakistan Investment Bond(floaters) | 2028 | 14.64% | Semi-annual | 127,050 | 123,038 |
| Pakistan Investment Bond(floaters) | 2028 | 13.35% | Semi-annual | 125,900 | 123,838 |
| Pakistan Investment Bond(floaters) | 2028 | 14.64% | Semi-annual | 254,100 | 246,075 |
| Pakistan Investment Bond(floaters) | 2028 | 14.59% | Semi-annual | 97,986 | 94,886 |
| Pakistan Investment Bond(floaters) | 2028 | 14.59% | Semi-annual | 109,060 | 105,814 |
| | | | | 1,837,655 | 1,493,477 |

8.4 Debt securities- fair value through profit or loss

| | 2019 | | | | | 2018 | | | | |
|--|------------------------|---------------|--------------------------|----------------|-----------------|------------------------|---------------|-------------|----------------|-----------------|
| | Number of certificates | Maturity year | Coupon rate | Profit payment | Carrying amount | Number of certificates | Maturity year | Coupon rate | Profit payment | Carrying amount |
| | Rupees in '000 | | | | | Rupees in '000 | | | | |
| Unlisted - Term finance certificate | | | | | | | | | | |
| Habib Bank Limited | 500,000 | Perpetual | 3 months Kibor | Quarterly | 50,000 | - | - | - | - | - |
| Unlisted - Commercial paper | | | | | | | | | | |
| Hub Power Company Limited | 1,500,000 | 2020 | 6 months Kibor plus 1.5% | Quarterly | 144,025 | - | - | - | - | - |
| | <u>2,000,000</u> | | | | <u>194,025</u> | <u>-</u> | | | | <u>-</u> |

8.5 Quoted equity securities- fair value through other comprehensive income

| Company's name | -----Number of shares----- | | | | Percentage of equity held | Carrying amount | Market value | Unrealised gain / (loss) on remeasurement |
|--|----------------------------|--|----------------------|-------------------------|---------------------------|-------------------|-------------------|---|
| | As at January 1, 2019 | Purchased / bonus issued during the year | Sold during the year | As at December 31, 2019 | | | | |
| | ----- Rupees in '000 ----- | | | | | | | |
| Tri-Pack Films Limited (related party) | 3,750,417 | - | - | 3,750,417 | 9.67% | 401,595 | 315,710 | (85,885) |
| Siemens Pakistan Engineering Company Limited | 70,031 | - | - | 70,031 | 0.85% | 64,081 | 57,096 | (6,985) |
| Nestle Pakistan Limited | 4,364,666 | 55,000 | - | 4,419,666 | 9.75% | 39,557,332 | 35,578,311 | (3,979,021) |
| Sanofi Aventis Pakistan Limited | 1,841,739 | - | - | 1,841,739 | 19.10% | 1,381,304 | 1,473,575 | 92,271 |
| International Industries Limited | 458,611 | 45,861 | - | 504,472 | 0.38% | 70,649 | 55,916 | (14,733) |
| Mitchell's Fruit Farms Limited | 292,738 | - | - | 292,738 | 3.72% | 63,553 | 92,330 | 28,777 |
| Pakistan Stock Exchange Limited | 1,602,953 | - | - | 1,602,953 | 0.20% | 21,752 | 20,005 | (1,747) |
| Systems Limited | 4,188,033 | 418,803 | - | 4,606,836 | 3.75% | 460,139 | 572,630 | 112,491 |
| Agritech Limited | 1,352,992 | - | - | 1,352,992 | 0.34% | 17,156 | 5,723 | (11,433) |
| Techlogix International Limited | 1,067,152 | - | - | 1,067,152 | 1.48% | 2,582 | 2,582 | - |
| ZIL Limited | 199,169 | - | - | 199,169 | 3.25% | 14,930 | 22,705 | 7,775 |
| Total as at December 31, 2019 | | | | | | 42,055,073 | 38,196,583 | (3,858,490) |

8.6 Unquoted equity securities- fair value through other comprehensive income

| Company's name | -----Number of shares----- | | | | Percentage of equity held | Carrying amount | Market value |
|---|----------------------------|---|----------------------|-------------------------|---------------------------|-----------------|--------------|
| | As at January 1, 2019 | Purchased/ bonus issued during the year | Sold during the year | As at December 31, 2019 | | | |
| | ----- Rupees in '000 ----- | | | | | | |
| Coca Cola Beverages Pakistan Limited | 12,433,934 | - | - | 12,433,934 | 0.46% | 119,940 | 186,509 |
| LSE Financial Services Limited | 843,975 | - | - | 843,975 | 0.66% | 11,732 | 11,732 |
| Kissan Fruit Growers (Private) Limited | 44 | - | - | 44 | 4.87% | 4 | 4 |
| Punjab Fruit Growers (Private) Limited | 32 | - | - | 32 | 4.83% | 3 | 3 |
| Haider Fruit Growers (Private) Limited | 1,705 | - | - | 1,705 | 4.87% | 16 | 16 |
| Petroleum Development Pakistan Limited | 350 | - | - | 350 | - | 1 | 1 |
| National Steel of Pakistan Limited | 500 | - | - | 500 | - | 1 | 1 |
| DHA Cogen Limited | 1,900,000 | - | - | 1,900,000 | 3.35% | - | - |
| Techlogix International Limited * | 374,440 | - | 18,722 | 355,718 | 0.37% | 922 | 922 |
| Visionet Systems Inc. ** | 464,827 | - | - | 464,827 | 4.55% | 5,423 | 5,423 |
| Total as at December 31, 2019 (classified as fair value through other comprehensive income) | | | | | | 138,042 | 204,611 |
| Surplus on remeasurement of financial assets at fair value through other comprehensive income | | | | | | | 66,569 |

* 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.

8.7 Government securities - held to maturity

| Particulars * | Maturity year | Effective yield % per annum | Profit payment | 2019 | 2018 |
|------------------------------|---------------|-----------------------------|----------------|----------------|----------------|
| ----- (Rupees in '000) ----- | | | | | |
| Pakistan Investment Bond | 2020 | 13.98% | Semi-annual | 24,737 | 24,323 |
| Pakistan Investment Bond | 2021 | 13.08% | Semi-annual | 14,763 | 14,643 |
| Pakistan Investment Bond | 2022 | 11.99% | Semi-annual | 60,503 | 60,508 |
| Pakistan Investment Bond | 2022 | 11.25% | Semi-annual | 1,016 | 1,021 |
| Pakistan Investment Bond | 2022 | 12.76% | Semi-annual | 11,017 | 10,961 |
| Pakistan Investment Bond | 2021 | 11.92% | Semi-annual | 210,183 | - |
| Pakistan Investment Bond | 2019 | 6.34% | Semi-annual | - | 194,329 |
| Pakistan Investment Bond | 2019 | 13.22% | Semi-annual | - | 14,880 |
| | | | | <u>322,219</u> | <u>320,665</u> |

* 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 208.285 million (2018: Rs 319.364 million).

8.8 Investments in term deposit receipts - held to maturity

| | Note | 2019 | 2018 |
|------------------------------------|-------|------------------|------------------|
| ---- (Rupees in '000) ---- | | | |
| Deposits maturing within 12 months | 8.8.1 | <u>1,852,607</u> | <u>1,636,000</u> |

8.8.1 These represent term deposits with various banks that carry mark-up at rates ranging from 8.25% to 13.5% (2018: 8.25% to 12.00%) per annum. These term deposits will mature by March 2020.

8.9 Investments in equity securities - available for sale

| | 2019 | 2018 |
|--|---------------|---------------|
| Market value | | |
| -----Rupees in'000----- | | |
| Pakistan Stock Exchange Limited | - | 21,752 |
| Abbott Laboratories (Pakistan) Limited | 156 | 221 |
| Adamjee Insurance Company Limited | 1,179 | 1,471 |
| AGP Limited | - | 836 |
| Allied Bank Limited | 2,304 | 2,314 |
| Amreli Steels Limited | 433 | - |
| Askari Bank Limited | - | 574 |
| Attock Cement Pakistan Limited | 12 | 14 |
| Attock Petroleum Limited | 178 | 207 |
| Attock Refinery Limited | 11 | 15 |
| Bank Alfalah Limited | 5,130 | 7,245 |
| Bank Al-Habib Limited | 4,227 | 3,852 |
| Bank of Punjab | 1,241 | 2,238 |
| National Bank of Pakistan | 1,342 | - |
| Pakistan National Shipping Corporation | 517 | - |
| Dynea Pakistan Limited | 371 | - |
| HIGHNOON Laboratories | 806 | - |
| ICI Pakistan Limited | 1,080 | - |
| Interloop Limited | 310 | - |
| Fauji Cement Limited | 78 | - |
| Century Paper & Board Mills Limited | - | 55 |
| Cherat Cement Company Limited | - | 1,121 |
| Cherat Packaging Limited | - | 493 |
| D.G Khan Cement Limited | - | 176 |
| Engro Corporation Limited | 4,454 | 9,227 |
| Engro Fertilizers Limited | 2,533 | 3,680 |
| Engro Polymer and Chemicals Limited | 2,126 | 4,240 |
| Fauji Fertilizer Bin Qasim Limited | 2 | 432 |
| Balance c/f | <u>28,490</u> | <u>60,163</u> |

| | 2019 | 2018 |
|--|--------|------------|
| Market value | | |
| -----Rupees in'000----- | | |
| Balance b/f | 28,490 | 60,163 |
| Fauji Fertilizer Limited | 2,182 | 882 |
| Faysal Bank Limited | 5 | 133 |
| Glaxosmithkline (Pakistan)Limited | 289 | 124 |
| Gul Ahmed Textile Mills Limited | 1,233 | 633 |
| Habib Bank Limited | 4,376 | 4,975 |
| Habib Metropolitan Bank Limited | - | 115 |
| HASCOL Petroleum Limited | - | 122 |
| Honda Atlas Cars Limited | 285 | - |
| Hub Power Company Limited | 6,560 | 5,980 |
| Indus Motors Limited | - | 73 |
| International Steels Limited | 243 | 868 |
| K-electric Limited | 428 | 722 |
| Kohat Cement Limited | 619 | 127 |
| Kohinoor Textile Mills Limited | 5 | 208 |
| Kot Addu Power Company Limited | 236 | 100 |
| Lucky Cement Limited | 3,749 | 5,694 |
| Maple Leaf Cement Limited | 806 | 1,992 |
| Mari Petroleum Limited | 4,470 | 3,615 |
| MCB Bank Limited | 2,090 | 4,104 |
| Meezan Bank Limited | 447 | 14 |
| Millat Tractors Limited | 211 | 333 |
| Mughal Steels Mills Limited | 881 | 344 |
| National Refinery Limited | - | - |
| Nishat Chunian Limited | 213 | 607 |
| Nishat Mills Limited | 1,485 | 3,011 |
| Oil and Gas Development Company Limited | 5,394 | 8,230 |
| Pak Elektron Limited | - | 261 |
| Pakgen Power Limited | - | 460 |
| Pakistan Oilfields Limited | 2,926 | 4,295 |
| Pakistan Petroleum Limited | 6,048 | 7,317 |
| Pakistan State Oil Limited | 2,352 | 4,113 |
| Pioneer Cement Limited | - | 524 |
| Saif Power Limited | 272 | 334 |
| The Searle Company Limited | 1,246 | 1,271 |
| Sitara Chemical Limited | - | 120 |
| Sui Northern Gas Pipeline Limited | 2,270 | 493 |
| Synthetic Products Enterprise Limited | 4 | 125 |
| Tariq Glass Industries Limited | 535 | 174 |
| Thal Limited | 981 | 1,155 |
| United Bank Limited | 4,047 | 7,739 |
| Sanofi-aventis Pakistan Limited | - | 1,381,304 |
| Nestle Pakistan Limited | - | 39,281,994 |
| Tri Pack Films Limited (related party) | - | 401,595 |
| ZIL Limited | - | 14,930 |
| Mitchells Fruit Farms Limited | - | 63,553 |
| Siemens (Pakistan) Engineering Company Limited | - | 64,080 |
| Agritech Limited | - | 6,539 |
| International Industries Limited | - | 72,035 |
| Systems Limited | 752 | 461,490 |
| Balance c/f | 86,130 | 41,879,070 |

| | | |
|--|--------|------------|
| Balance b/f | 86,130 | 41,879,070 |
| Unquoted securities | | |
| Coca Cola Beverages Pakistan Limited | - | 119,940 |
| Techlogix International Limited | - | 3,688 |
| Haider Fruit Growers (Private) Limited | - | 17 |
| Kissan Fruit Growers (Private) Limited | - | 4 |
| Punjab Fruit Growers (Private) Limited | - | 3 |
| Petroleum Development Pakistan Limited | - | 1 |
| Visionet Systems Inc. | - | 5,423 |
| LSE Financial Services Limited | - | 11,732 |
| National Steel of Pakistan Limited | - | 1 |
| DHA Cogen Limited | - | - |
| | 86,130 | 42,019,879 |

8.10 Investments in mutual funds - available for sale

| | | |
|---|-----------|-----------|
| Al Ameen Islamic Aggressive Income Fund | 31,579 | 29,050 |
| Al Ameen Islamic Cash Fund | 26,194 | 39,444 |
| Al Ameen Shariah Stock Fund | 179,715 | 133,928 |
| Alfalah GHP Alpha Fund | 19,127 | 17,027 |
| Alfalah GHP Islamic Income Fund | 43,017 | 173,369 |
| Alfalah GHP Islamic Stock Fund | 151,212 | 126,449 |
| Alfalah GHP Money Market Fund | 340,124 | 203,472 |
| Alfalah GHP Stock Fund | 86,456 | 100,792 |
| Allied Finergy Fund | - | 24,043 |
| Atlas Islamic Income Fund | - | 27,541 |
| Atlas Islamic Stock Fund | 131,942 | 106,877 |
| Atlas Money Market Fund | - | 32,669 |
| Atlas Stock Market Fund | 121,758 | 139,894 |
| HLB Islamic Income Fund | - | 20,660 |
| HLB Islamic Stock Fund | 181,662 | 138,606 |
| HLB Stock Fund | 182,968 | 169,862 |
| HLB Government Securities Fund | 1,390 | - |
| MCB Islamic Income Fund | 52,241 | 75,639 |
| MCB Pakistan Income Fund | 2,342 | 2,129 |
| MCB Pakistan Islamic Stock Fund | 213,880 | 151,509 |
| MCB Pakistan Stock Market Fund | 325,170 | 295,259 |
| Meezan Islamic Fund | 275 | - |
| Meezan Cash Fund | 15,262 | 16,718 |
| Meezan Islamic Income Fund | 46,989 | 42,864 |
| Meezan Islamic Stock Fund | 56,377 | - |
| NAFA Islamic Income Fund | - | 3,504 |
| NAFA Islamic Stock Fund | 177,519 | 136,665 |
| NAFA Money Market Fund | 132 | 37,050 |
| NAFA Riba Free Savings Fund | - | 20,717 |
| NAFA Stock Fund | 171,013 | 169,015 |
| UBL Growth & Income Fund | - | 100 |
| UBL Money Market Fund | 7,393 | 16,848 |
| UBL Stock Advantage Fund | 462,022 | 709,427 |
| | 3,027,759 | 3,161,127 |

8.11 Particulars of Government Securities - available for sale

| | | | | | Market value | |
|-------------------------------------|----------|---------------|------------------------------|----------------|--------------|------------|
| | Tenure | Maturity year | Rate of Return (%) per annum | Profit payment | 2019 | 2018 |
| -----Rupees in '000----- | | | | | | |
| Pakistan Investment Bond | 10 year | 2019 | 12.00% | Semi-annual | - | 320,192 |
| Pakistan Investment Bond | 10 year | 2020 | 12.00% | Semi-annual | 496,433 | 503,805 |
| Pakistan Investment Bond | 15 year | 2019 | 9.00% | Semi-annual | - | 10,990 |
| Pakistan Investment Bond | 5 year | 2019 | 11.50% | Semi-annual | - | 361,612 |
| Pakistan Investment Bond | 5 year | 2020 | 9.25% | Semi-annual | 861,568 | 854,198 |
| Pakistan Investment Bond | 10 year | 2024 | 12.00% | Semi-annual | 43,912 | 41,202 |
| Pakistan Investment Bond | 5 year | 2024 | 9.50% | Semi-annual | 1,276,855 | - |
| Pakistan Investment Bond | 4 year | 2021 | 7.25% | Semi-annual | 253,748 | - |
| Pakistan Investment Bond | 5 year | 2021 | 7.75% | Semi-annual | 142,048 | 138,862 |
| Pakistan Investment Bond | 5 year | 2023 | 8.00% | Semi-annual | 2,418,596 | - |
| Pakistan Investment Bond | 3 year | 2019 | 7.00% | Semi-annual | - | 3,849,788 |
| Pakistan Investment Bond (floaters) | 10 year | 2028 | 13.20% | Semi-annual | 800,883 | 619,187 |
| Pakistan Investment Bond (floaters) | 10 year | 2028 | 13.77% | Semi-annual | 629,500 | 2,239,283 |
| Pakistan Investment Bond (floaters) | 10 year | 2028 | 9.32% | Semi-annual | 2,312,310 | 773,377 |
| | | | | | 9,235,853 | 9,712,496 |
| Market Treasury Bills | 3 months | 2019 | 10.27% | On maturity | - | 1,455,674 |
| Market Treasury Bills | 3 months | 2020 | 13.40% | On maturity | 152,780 | - |
| Market Treasury Bills | 6 months | 2020 | 13.41% | On maturity | 471,200 | - |
| Market Treasury Bills | 1 year | 2020 | 13.25% | On maturity | 2,387,755 | - |
| | | | | | 3,011,735 | 1,455,674 |
| | | | | | 12,247,588 | 11,168,170 |

8.12 Particulars of debt securities - available for sale

| 2019 | | | | | | 2018 | | | | | |
|------------------------------------|---------------|-------------|---------------------------|--------------|---------|------------------------|---------------|---------------------------|----------------|--------------|--|
| Number of certificates | Maturity year | Coupon rate | Profit payment | Market value | | Number of certificates | Maturity year | Coupon rate | Profit payment | Market value | |
| Rupees in '000 | | | | | | Rupees in '000 | | | | | |
| Unlisted Term Finance Certificates | | | | | | | | | | | |
| Bank Alfalah Limited | 10,000 | 5 years | 3 months Kibor plus 1.50% | Semi annual | 50,000 | 10,000 | 5 years | 3 months Kibor plus 1.50% | Semi annual | 50,000 | |
| Soneri Bank Limited | 10,000 | 5 years | 6 months Kibor plus 2% | Semi annual | 50,000 | 10,000 | 5 years | 6 months Kibor plus 2% | Semi annual | 50,000 | |
| UBL Bank Limited | 15,000 | 5 years | 3 months Kibor plus 1.55% | Quarterly | 75,000 | 15,000 | 5 years | 3 months Kibor plus 1.55% | Quarterly | 75,000 | |
| Habib Bank Limited | 10,000 | 5 years | 3 months Kibor plus 1.60% | Semi annual | 50,000 | - | - | - | - | - | |
| | 45,000 | | | | 225,000 | 35,000 | | | | 175,000 | |
| Unlisted Commercial Paper | | | | | | | | | | | |
| Hub Power Company Limited | 2,500,000 | 1 year | 15.40% | | 232,354 | - | - | - | - | - | |
| | 2,500,000 | | | | 232,354 | | | | | | |
| | 2,545,000 | | | | 457,354 | 35,000 | | | | 175,000 | |

8.13 Current maturity of investments

| | Note | 2019 | 2018 |
|--------------------------|-----------------|-----------|-----------|
| -----Rupees in '000----- | | | |
| Government securities | 8.3, 8.7 & 8.11 | 4,516,671 | 7,007,291 |
| Debt securities | 8.4 & 8.12 | 426,379 | - |
| Term deposit receipts | 8.8 | 1,852,607 | 1,636,000 |
| | | 6,795,657 | 8,643,291 |

9 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES

Amount due from policyholder - unsecured

- Considered good
- Considered doubtful

Provision for doubtful receivables

Amount due from reinsurer / retakaful - unsecured

- Considered good
- Considered doubtful

Provision for doubtful receivables

Total

9.1 The aggregate amount due by directors, chief executive and executives of the Group amounts to Rs 0.171 million (2018: Rs 0.297 million).

9.2 Provision for doubtful receivables - insurance contract holders

Balance as at January 1
Provision made during the year
Written off during the year
Balance as at December 31

9.3 Provision for doubtful receivables - other insurer / reinsurer

Balance as at January 1
Provision made during the year
Balance as at December 31

10 DEPOSITS, PREPAYMENTS, LOANS, ADVANCES AND OTHER RECEIVABLES

Advances

Advances - unsecured considered good
Advances / loans to agents - unsecured considered good
Advances to employees against expenses - unsecured considered good
- executives

Other receivables

Sales tax recoverable
Salvage recoverable
Receivable against claim administration services - unsecured considered good
Net investment in finance lease - secured considered good
Receivable from clients against purchase of marketable securities and commodity contracts - secured considered good
Qard-e-hasan to Participant Takaful Fund
Mudarib fee
Experience refund receivable - unsecured considered good

Deposits and prepayments

Security deposits and prepayments
Prepaid reinsurance premium ceded
Exposure deposit with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited
Others

10.1 This also includes residual values relating to net investment in finance lease.

| Note | 2019 | 2018 |
|--------------------------|-----------|-----------|
| -----Rupees in '000----- | | |
| | 970,448 | 867,088 |
| | 143,399 | 120,338 |
| 9.1 | 1,113,847 | 987,426 |
| 9.2 | (143,399) | (120,338) |
| | 970,448 | 867,088 |
| | 914,842 | 663,919 |
| | 41,423 | 41,423 |
| | 956,265 | 705,342 |
| 9.3 | (41,423) | (41,423) |
| | 914,842 | 663,919 |
| | 1,885,290 | 1,531,007 |

| Note | 2019 | 2018 |
|--------------------------|---------|---------|
| -----Rupees in '000----- | | |
| | 120,338 | 102,741 |
| | 26,298 | 17,597 |
| | (3,237) | - |
| | 143,399 | 120,338 |
| | 41,423 | 41,423 |
| | - | - |
| | 41,423 | 41,423 |

| | | |
|------|-----------|-----------|
| | 13,108 | 9,043 |
| | 278 | 8,925 |
| | 1,659 | 1,206 |
| | 57,389 | 35,350 |
| | 59,885 | 46,148 |
| | 186,758 | 144,773 |
| 10.1 | 212,955 | 219,982 |
| | 122,997 | 57,995 |
| | 60,000 | 28,000 |
| | 5,110 | 907 |
| | 32,165 | - |
| | 254,456 | 191,053 |
| | 972,374 | 613,174 |
| | 126,901 | 155,648 |
| | 138,287 | 185,395 |
| | 2,244,322 | 1,697,599 |

| 11 | CASH AND BANK BALANCES | Note | 2019 | 2018 |
|------|----------------------------|--------|--------------------------|-----------|
| | | | -----Rupees in '000----- | |
| | Cash and other equivalents | 11.1 | 1,896 | 856 |
| | Current and other accounts | 11.2 | 658,393 | 1,473,727 |
| | | | 660,289 | 1,474,583 |
| 11.1 | Cash and other equivalents | | | |
| | Cash in hand | | 1,896 | 616 |
| | Policy stamps in hand | | - | 240 |
| | | | 1,896 | 856 |
| 11.2 | Current and other accounts | | | |
| | Current accounts | | 50,395 | 28,321 |
| | Savings accounts | 11.2.1 | 607,998 | 1,445,406 |
| | | | 658,393 | 1,473,727 |

11.2.1 The balances in savings accounts carry mark-up ranging between 5.00% to 12.75% (2018: 3.00% to 10.00%) per annum.

| 11.3 | Cash and cash equivalents | Note | 2019 | 2018 |
|------|--|------|--------------------------|-------------|
| | | | -----Rupees in '000----- | |
| | Cash and bank balances | 11 | 660,289 | 1,474,583 |
| | Term deposit receipts (having original maturity of 3 months or less) | 8.8 | 1,852,607 | 1,636,000 |
| | Short term loan | 21 | (2,614,278) | (1,450,518) |
| | | | (101,382) | 1,660,065 |

12 NON-CURRENT ASSET HELD FOR SALE

| | | | |
|------------------------------|------|-------|-------|
| - Unquoted equity securities | 12.1 | 9,110 | 9,110 |
|------------------------------|------|-------|-------|

| Company's name | -----Number of shares----- | | | | Carrying amount as at December 31 | Market value as at December 31 | Unrealised surplus on revaluation |
|--|----------------------------|---|----------------------|-------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | As at January 1, 2019 | Purchased/ bonus issued during the year | Sold during the year | As at December 31, 2019 | | | |
| | | | | | ----- Rupees in '000 ----- | | |
| Central Depository Company of Pakistan (note 12.1) | 974,997 | 324,996 | - | 1,299,993 | 9,110 | 9,110 | - |
| Total as at December 31, 2019 | | | | | 9,110 | 9,110 | - |

12.1 As per Section 8 of the Central Depositories (Licensing and Operations) Regulations, 2016, IGI Investments is not eligible to hold shares of Central Depository Company (CDC) transferred from Holding Company (formerly IGI Insurance Limited) under the sanctioned scheme of arrangement.

Accordingly, under the instruction of Securities Exchange Commission of Pakistan (SECP), IGI Investments intends to dispose or transfer such shares.

13 DEFINED BENEFIT PLAN - APPROVED GRATUITY FUND

13.1 Salient features

The Group offers separate approved gratuity funds for eligible 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 investments.

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.

13.2 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, 2019. The information provided in notes 13.3 to 13.14 has been obtained from the actuarial valuations carried out as at December 31, 2019. The following significant assumptions have been used for valuation of these schemes:

| | -----2019----- | | -----2018----- | |
|---|---------------------|----------|----------------|----------|
| | IGI General | IGI Life | IGI General | IGI Life |
| | -----Per annum----- | | | |
| a) Expected rate of increase in salary level | 11.25% | 13.75% | 13.75% | 13.25% |
| b) Discount rate | 11.75% | 11.75% | 13.75% | 13.25% |
| c) Expected return on plan assets | 11.25% | 9.00% | 13.75% | 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. | | | | |

| 13.3 | Amounts recognised in the consolidated statement of financial position: | Note | 2019 | 2018 |
|------|---|------|------------------|-----------|
| | | | (Rupees in '000) | |
| | Present value of defined benefit obligation | 13.5 | 158,845 | 173,146 |
| | Less: fair value of plan assets | 13.5 | (115,374) | (115,680) |
| | Payable to defined benefit plans | | 43,471 | 57,466 |
| 13.4 | Movement in liability during the year | | | |
| | Obligation at the beginning of the year | | 57,466 | 34,796 |
| | Charge to statement of profit or loss | | 32,506 | 25,281 |
| | Other comprehensive loss | | (15,001) | 9,142 |
| | Contribution to the fund during the year | | (31,500) | (11,753) |
| | Obligation at the end of the year | | 43,471 | 57,466 |

13.5 Movement in defined benefit obligation

| | 2019 | | |
|---|-----------------------------|---------------------------|----------|
| | Present value of obligation | Fair value of plan assets | Total |
| | ------(Rupees in '000)----- | | |
| As at January 1 | 173,146 | (115,680) | 57,466 |
| Current service cost | 25,627 | - | 25,627 |
| Interest expense / (income) | 21,424 | (14,545) | 6,879 |
| Gain from change in experience adjustments | - | - | - |
| | 220,197 | (130,225) | 89,972 |
| Remeasurements: | | | |
| - Loss from change in demographic assumptions | - | - | - |
| - Loss from change in financial assumptions | (8,015) | - | (8,015) |
| - Gain from change in experience adjustments | (7,321) | 335 | (6,986) |
| | (15,336) | 335 | (15,001) |
| Contributions during the year | (21,011) | 10,700 | (10,311) |
| Benefit payments | (25,005) | 3,816 | (21,189) |
| As at December 31 | 158,845 | (115,374) | 43,471 |

| | 2018 | | |
|---|-----------------------------|---------------------------|----------|
| | Present value of obligation | Fair value of plan assets | Total |
| | ------(Rupees in '000)----- | | |
| As at January 1 | 145,855 | (111,059) | 34,796 |
| Current service cost | 22,555 | - | 22,555 |
| Interest expense / (income) | 9,727 | (7,001) | 2,726 |
| Gain from change in experience adjustments | - | - | - |
| | 178,137 | (118,060) | 60,077 |
| Remeasurements: | | | |
| - Loss from change in demographic assumptions | - | - | - |
| - Gain from change in financial assumptions | 7,451 | 606 | 8,057 |
| - Loss on actual salary increase | - | 1,085 | 1,085 |
| | 7,451 | 1,691 | 9,142 |
| Contributions during the year | - | (11,753) | (11,753) |
| Benefit payments | (12,442) | 12,442 | - |
| As at December 31 | 173,146 | (115,680) | 57,466 |

13.6 Amounts recognised in the consolidated statement of profit or loss :

| | 2019 | 2018 |
|----------------------|-----------------------------|--------|
| | ------(Rupees in '000)----- | |
| Current service cost | 25,627 | 22,555 |
| Interest cost | 6,879 | 2,726 |
| Expense for the year | 32,506 | 25,281 |

13.7 Actual return on plan assets

| | | |
|---------------------------|--------|---------|
| Expected return on assets | 14,545 | 7,001 |
| Actuarial loss | (335) | (1,691) |
| | 14,210 | 5,310 |

13.8 Analysis of present value of defined benefit obligation

| | | |
|------------------------------|---------|---------|
| Split by vested / non-vested | | |
| (i) Vested benefits | 158,061 | 171,782 |
| (ii) Non-vested benefits | 784 | 1,364 |
| | 158,845 | 173,146 |

13.9 Sensitivity analysis

| Particulars | 2019 | | | 2018 | | |
|----------------------|-----------------------|--|----------------|-----------------------|--|----------------|
| | Change in assumptions | Increase / (decrease) in present value of defined benefit obligation | | Change in assumptions | Increase / (decrease) in present value of defined benefit obligation | |
| | | (%) | Rupees in '000 | | (%) | Rupees in '000 |
| Discount rate | +1% | -24.84% | (39,450) | +1% | -8.35% | (13,265) |
| | -1% | 29.84% | 47,394 | -1% | 9.81% | 15,587 |
| Salary increase rate | +1% | 30.23% | 48,021 | +1% | 9.90% | 15,724 |
| | -1% | -25.12% | (39,905) | -1% | -8.67% | (13,765) |

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.

13.10 Plan assets comprise of the following:

| | 2019 (Rupees '000) | Percentage composition | 2018 (Rupees '000) | Percentage composition |
|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| Equity investments | 16,545 | 14.34% | 14,526 | 12.56% |
| Cash and bank deposits | 27,617 | 23.94% | 31,569 | 27.29% |
| Government Securities | 71,212 | 61.72% | 69,585 | 60.15% |
| Fair value of plan assets | 115,374 | 100.00% | 115,680 | 100.00% |

13.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9% - 11.25% (2018: 9% - 13.75%), 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.

13.12 Based on actuarial advice, the Group intends to charge an amount of Rs 29.645 million in the consolidated financial statements for the year ending December 31, 2020.

13.13 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

| At December 31, 2019 | Less than a year | Between 1-2 Years | Between 2-5 years | Over 5 years | Total |
|----------------------|-----------------------------|----------------------|----------------------|-----------------|-----------|
| | ------(Rupees in '000)----- | | | | |
| Gratuity | 5,799 | 17,956 | 88,129 | 2,215,841 | 2,327,725 |

13.14 5 year data on the deficit / (surplus) of the plan is as follows:

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------------------|-----------|-----------|----------|-----------|
| | ------(Rupees in '000)----- | | | | |
| Present value of defined benefit obligation | 158,845 | 173,146 | 145,854 | 124,690 | 132,566 |
| Fair value of plan assets | (115,374) | (115,680) | (111,058) | (91,883) | (138,487) |
| Deficit / (surplus) | 43,471 | 57,466 | 34,796 | 32,807 | (5,921) |

14 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, 2019 was Rs. 15.352 million . The net assets based on latest available unaudited financial statements of Provident Fund as at June 30, 2019 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, 2019 (unaudited) was Rs. 105.075 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 also 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, 2019 was Rs. 14.871 million (2018: Rs. 14.505 million). The net assets based on latest available unaudited financial statements of Provident Fund as at December 31, 2019 are Rs. 49.329 million invested as provided in Section 218 of the Companies Act, 2017 and the rules formulated for the purpose. The carrying value of investments of the provident fund as at December 31, 2019 was Rs. 53.408 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 | 79,553 | 75.71% | - | 0.00% |
| Listed securities | 5,334 | 5.08% | - | 0.00% |
| Bank deposits | 2,467 | 2.35% | 50,176 | 93.95% |
| Mutual Funds | 12,721 | 12.11% | - | 0.00% |
| Other assets | - | 0.00% | 3,232 | 6.05% |
| Term finance certificates | 5,000 | 4.76% | - | 0.00% |
| Total | 105,075 | 100.00% | 53,408 | 93.95% |

15 STAFF STRENGTH

| Holding Company | | Subsidiary Companies | |
|-----------------------|------|----------------------|------|
| 2019 | 2018 | 2019 | 2018 |
| (Number of employees) | | | |

| | | | | |
|---|---|---|-----|-----|
| Number of employees as at December 31 | - | - | 458 | 442 |
| Average number of employees during the year | - | - | 450 | 430 |

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

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2019 | 2018 | | 2019 | 2018 |
|--------------------|-------------|--|--------------------------|-----------|
| (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 | 139,351,330 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 1,393,513 | 1,393,513 |
| 1,337,033 | 1,337,033 | Issued for consideration other than cash | 13,370 | 13,370 |
| 142,630,550 | 142,630,550 | | 1,426,305 | 1,426,305 |

- 16.1 Ordinary shares of the Holding Company held by associated undertakings are as follows:

| | 2019 | 2018 | 2019 | 2018 |
|--|---------------------|--------|--------------------|------------|
| | (% 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 |

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

| | 2019 | 2018 |
|---|--------------------|-------------|
| | (Number of shares) | |
| At January 1 | 142,630,550 | 122,689,532 |
| Issuance of bonus shares | - | 18,603,985 |
| Issued for consideration other than cash under the scheme of amalgamation | - | 1,337,033 |
| At December 31 | 142,630,550 | 142,630,550 |

17 NON CONTROLLING INTEREST

| Note | 2019 | 2018 |
|-------------------------------------|----------|----------|
| -----Rupees in '000----- | | |
| Opening balance | 215,642 | 252,256 |
| Subscription of right shares | 170,848 | - |
| Loss for the year | (33,988) | (17,078) |
| Other comprehensive income / (loss) | 11,098 | (6,811) |
| Dividend paid | - | (12,725) |
| | 363,600 | 215,642 |

18 LONG TERM LOANS

| | | | |
|---|------|-----------|-----------|
| Long term loan - secured | 18.1 | 1,399,999 | 2,033,333 |
| Less: current maturity of long term loans | | (633,334) | (633,334) |
| | | 766,665 | 1,399,999 |

- 18.1 This includes long term loan amounting to Rs. 1,500 million obtained from Habib Bank Limited during 2017 for the purpose of injecting equity in IGI General. The loan carries markup rate at 6 month KIBOR + 0.03% per annum (2018: 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.

This also includes long term finance facility amounting to Rs. 499,999 million (2018: Rs. 833.333 million) from Allied Bank Limited used for the purpose of participation in equity investment in Packages Real Estate (Private) Limited i.e. Packages Mall project. The loan carries markup rate at 6 month KIBOR + 0.3% per annum. Principal repayment is to be made in 6 equal semi-annual installments starting from the 30th month after the disbursement of loan and subsequently, every six months thereafter. This facility is secured against pledge of shares held by the IGI Investments.

19 LIABILITIES AGAINST RIGHT-OF-USE ASSETS

| | 2019 | 2018 |
|-------------------------------------|--------------------------|---------|
| | -----Rupees in '000----- | |
| Liabilities against right-of-assets | | |
| - Motor vehicles | 186,061 | 139,458 |
| - Building | 41,956 | - |
| | 228,017 | 139,458 |
| Current portion | 69,471 | 29,601 |
| Non-current portion | 158,546 | 109,857 |
| | 228,017 | 139,458 |

| | 2019 | | | 2018 | | |
|---|------------------------|-------------------|-----------------------|------------------------|-------------------|-----------------------|
| | Minimum Lease Payments | Financial charges | Principal outstanding | Minimum Lease Payments | Financial charges | Principal outstanding |
| (Rupees in '000) | | | | | | |
| Not later than one year | 89,333 | 19,862 | 69,471 | 33,206 | 3,605 | 29,601 |
| Later than one year and not later than five years | 187,811 | 29,265 | 158,546 | 124,868 | 15,011 | 109,857 |
| | 277,144 | 49,127 | 228,017 | 158,074 | 18,616 | 139,458 |

20 DEFERRED TAXATION - NET

Deferred tax (debits) / credits have arisen in respect of:

| | | |
|---|-----------|-----------|
| Accelerated tax depreciation and amortisation | 30,530 | 33,020 |
| Investment in associates | 1,395,522 | 1,716,857 |
| Investment classified as available for sale | 15,233 | (78,894) |
| Provision for doubtful receivables | (102,572) | (91,331) |
| Unused tax losses | (12,134) | (12,728) |
| Provision for leave encashment | (240) | (618) |
| Defined benefit plan | (5,615) | (6,153) |
| Liabilities against right-of-use assets | (51,481) | (34,475) |
| Right-of-use-assets | 52,255 | 33,979 |
| Surplus of statutory funds | (60,551) | 29,026 |
| | 1,260,947 | 1,588,683 |

| | | Note | 2019 | 2018 |
|-----------|---|-------------|--------------------------|------------------|
| | | | -----Rupees in '000----- | |
| 21 | SHORT TERM LOAN | | | |
| | Short term loan | 21.1 & 21.2 | <u>2,614,278</u> | <u>1,450,518</u> |
| 21.1 | This includes short term credit facilities available from various commercial banks under mark-up arrangements amounting to Rs. 3,250 million (2018: Rs. 3,250 million). Unutilised amount as at December 31, 2019 amounts to Rs. 1,756.885 million (2018: Rs. 1,709.006 million). The rates of mark-up on these facilities range from 13.89% to 14.16% per annum (2018: 5.08% to 9.24% per annum). These facilities are secured against pledge of shares held by IGI Investments. | | | |
| 21.2 | This also included short term credit facility available from Habib Bank Limited under a mark-up arrangement amounting to Rs. 1,500 million. Unutilised amount as at December 31, 2019 amounts to Rs. 378.837 million. The rate of mark-up on this facility is 1-month KIBOR + 0.25% per annum (2018: 1-month KIBOR + 0.25% per annum). The facility is secured against pledge of shares held by IGI Investments. | | | |

| | | Note | 2019 | 2018 |
|-----------|--|------|--------------------------|------------------|
| | | | -----Rupees in '000----- | |
| 22 | TRADE AND OTHER PAYABLES | | | |
| | Federal excise duty | | 39,871 | 29,177 |
| | Federal insurance fee | | 5,554 | 1,977 |
| | Agent commission payable | | 276,461 | 221,883 |
| | Cash margin | | 286,116 | 265,036 |
| | Certificates of deposit | 22.1 | 594 | 614 |
| | Deposit under lease contracts | 22.2 | 193,965 | 200,583 |
| | Payable against sale of marketable securities | | 469,469 | 290,548 |
| | Payable against profit on unutilised funds | | 2,863 | 1,708 |
| | Accrued expenses | | 410,402 | 235,980 |
| | Payable to National Clearing Company of Pakistan Limited (NCCPL) | | 56,933 | 34,123 |
| | Qard-e-hasna to Participants' Takaful Fund | | 32,000 | 28,000 |
| | Experience refund payable | | 98,106 | 98,525 |
| | Others | | 280,836 | 414,668 |
| | | | <u>2,153,170</u> | <u>1,822,822</u> |

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

During the year, IGI Holdings has made repayments of deposits amounting to Rs. 0.02 million (2018: Rs. 4.699 million) along with mark-up, except for two depositors with aggregate deposits amounting to Rs 0.594 million (2018: Rs. 0.614 million) as they are untraceable. These certificates of deposits have already matured and mark-up payable on these till maturity is Rs. 0.034 million (2018: Rs. 0.041 million). In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter is settled, the Holding Company has placed this amount in a money market fund of NBP fund management limited 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 the Securities and Exchange Commission of Pakistan (SECP).

22.2 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 Limited) with effect from December 31, 2016 that have subsequently been retained by the Holding Company as part of the Scheme of Arrangement, against which an equivalent amount of residual value is receivable.

23 CONTINGENCIES AND COMMITMENTS

23.1 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 Limited) with effect from December 31, 2016 that have been retained by the Holding Company as part of the 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, 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 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, 2019 and 2018.

23.2 IGI General

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 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 favour of 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 the Civil Court judge. The management, based on advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favour of 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 the 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 favour of IGI General.

- During the prior 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 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's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from IGI General's bank account were issued by IGI General's 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 management in hearings held, during the year, before the Commissioner (Appeals) 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 policyholder nor any value addition is being made.

- These risk sharing arrangements have been made by IGI General with 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.

IGI General had also filed a constitutional petition before the Honourable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

Subsequent to the year end, the Court has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

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 consolidated financial statements.

- There are no material commitments as at December 31, 2019 and 2018.

23.3 IGI Investments

There are no material contingencies and commitments as at December 31, 2019 and December 31, 2018.

23.4 IGI Life

- With effect from November 1, 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on both, life and health insurance, and subjected the same to the levy of Punjab Sales Tax (PST). Previously, the Sindh Revenue Board (SRB) had withdrawn similar exemptions granted in Sindh. However, during 2019, the Sindh Revenue Board, vide notification no. SRB 3-4/5/2019 dated May 8, 2019, restored the exemption on both, life and health insurance business upto June 30, 2019.

With effect from July 1, 2019, in Sindh, the SRB extended the exemption to health insurance upto June 30, 2020, and for individual life insurance, prescribed a reduced rate of 3% on GWP. The exemption to Group Life insurance lapsed on June 30, 2019. Hence, Group Life Insurance was made taxable at the full rate of 13%.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) had taken up the matter extensively with PRA and SRB for restoration of the exemptions that were withdrawn, besides seeking legal advice. The legal advisors of the IAP / IGI Life have confirmed the contention of IGI Life that insurance is not a service, but infact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service.

The legal advisors have also raised the important question of constitutionality of the levy of provincial sales tax on life insurance, which is a Federal subject, and have expressed the view that under Article 142 of the Constitution of Pakistan, only those matters which are not enumerated in the Federal Legislative List, may be legislated upon by the provinces. In their view, since the Federation has retained a legislative mandate over all laws relating to insurance, therefore, only the Federation is entitled to levy any tax in relation to insurance business.

Without prejudice to the main contentions as stated above, even otherwise, the legal advisors have expressed in their opinion a further flaw in the context of the manner in which the entire premium payment, i.e. Gross Written Premium (GWP) is being charged to the levy of provincial sales tax. This is despite the fact that there are two distinct elements of GWP (i) the amount allocated towards the policy holders' investment, which belongs to them and (ii) the difference between the GWP charged and the investment amount allocated. Thus, in their view, if the entire GWP is subjected to provincial sales tax, then this is akin to a direct tax on policy holders, in the nature of income tax, wealth tax, or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

Based on the above contentions, IGI Life and other life insurance / health insurance companies challenged the levy of PST on life and health insurance in the Punjab through a writ petition in the Hon'ble Lahore High Court (LHC) in September 2019. Subsequent to the filing of the petition, in October 2019, the PRA issued a show cause notice to IGI Life and other life insurance companies, attempting to levy PST on the Pan Pakistan GWP, i.e. beyond their jurisdiction, and for the entire calendar year 2018, besides other inaccuracies. IGI Life and other life insurance companies have filed further Writ Petitions in the Honourable Lahore High Court against the same. The petition is pending adjudication.

In Sindh, extensive discussions were held at the collective level of IAP with the SRB for the restoration of exemption on life insurance, which remained inconclusive. In November 2019, IGI Life, and other life insurance companies received show cause notices from the SRB, requiring the companies to deposit the SST on life insurance. Based on the same contentions as PST, IGI Life and other life insurance companies, have filed a Petition in the Hon'ble Sindh High Court (SHC) in November 2019, challenging the levy of SST. The Hon'ble SHC, in their interim order dated December 2, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the SST Act, 2011, shall be considered by the SRB in accordance with the law. The Petition is pending adjudication.

In January 2020, the SRB, PRA and BRA invited the IAP and insurance industry to hold a dialogue for an amicable settlement of the matter. IGI Life, along with the IAP and other insurance companies participated in the meeting convened by Chairman SRB, and will continue its efforts to convince the provincial revenue authorities about the merits of the case.

The legal advisors, in their opinion, have expressed the view that IGI Life has a reasonably strong case on the merits of the Petitions filed in both, the Hon'ble LHC and Hon'ble SHC, against the imposition of the provincial sales taxes on life and health insurance in the Punjab, and on life insurance in Sindh.

- There are no material commitments as of December 31, 2019 and December 31, 2018.

23.5 IGI Finex

- During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the 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 appeals with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner (Appeals). During the year ended June 30, 2014, Commissioner (Appeals) 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 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, the ATIR in their Order dated May 31, 2017 has remanded back the matter to the DCIR, with the direction to ascertain the true facts of transactions involved and after due verification allow the exemption clause of 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.

- 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, 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 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 the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the financial year ended June 30, 2010, one of the customers of IGI Finex filed a lawsuit against 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 alongwith 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 the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the financial year ended June 30, 2010, one of the customers of IGI Finex had filed a lawsuit against 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 IGI Finex 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 the legal counsel are of the view that there is a reasonable probability of IGI Finex'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 dismissed the temporary injunction granted to the brokerage house. The said order was also affirmed in appeal. Further, IGI Finex had 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 the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in the lawsuit.

- There are no material commitments as at December 31, 2019 and December 31, 2018.

The contingencies relating to taxation are given in note 29.2 to the consolidated financial statements.

| | Note | 2019 | 2018 |
|---|------|----------------------------|------------------|
| | | ----- Rupees in '000 ----- | |
| 24 OPERATING REVENUE | | | |
| Net premium income | | 7,042,147 | 6,857,685 |
| Dividend income | | 880,216 | 1,366,241 |
| Return on government and debt securities | | 1,680,475 | 1,133,285 |
| Fee, commission and brokerage | | 103,901 | 88,498 |
| Wakalah fee income | | 108,841 | 44,193 |
| Unrealised gain on investments | | 76,216 | - |
| Gain / (loss) on sale of investments | | 9,884 | (80,787) |
| | | <u>9,901,680</u> | <u>9,409,115</u> |
| 25 OPERATING EXPENSES | | | |
| Net claims | | 5,971,775 | 6,259,404 |
| Premium deficiency | | 608 | 20,503 |
| Commission expense - net | | 999,590 | 738,179 |
| Management expenses | 25.1 | <u>1,720,124</u> | <u>1,288,239</u> |
| | | <u>8,692,097</u> | <u>8,306,325</u> |
| 25.1 Management expenses | | | |
| Salaries, wages and benefits | | 884,601 | 768,508 |
| Rent, rates and taxes | | 43,549 | 28,501 |
| Utilities | | 24,927 | 23,699 |
| Repairs and maintenance | | 38,691 | 5,512 |
| System maintenance | | 126,160 | - |
| Education and training | | 1,680 | 2,558 |
| Computer expenses | | 1,875 | 19,629 |
| Communication | | 58,920 | 49,651 |
| Impairment / provision for doubtful receivables | | 26,298 | 17,597 |
| Inspection fee | | - | 6,291 |
| Security expenses | | 98,569 | 84,546 |
| Consultancy fee | | 16,940 | 20,503 |
| Directors' fee | | 7,254 | 5,358 |
| Actuary's fees | | 8,692 | 6,042 |
| Medical fees | | - | 1,041 |
| Shariah advisor fees | | 1,260 | 1,050 |
| Legal and professional charges | | 39,284 | 42,297 |
| Advertisement expenses | | 17,665 | 7,072 |
| Stationery and printing | | 26,799 | 9,273 |
| Depreciation and amortisation | | 126,640 | 71,876 |
| Travelling | | 102,237 | 67,778 |
| Miscellaneous | | 68,083 | 49,457 |
| | | <u>1,720,124</u> | <u>1,288,239</u> |

26 OTHER INCOME

From financial assets

| | | |
|---|----------------|----------------|
| Profit on savings accounts and term deposits | 323,313 | 203,395 |
| Recoveries against doubtful receivables | - | 4,125 |
| Reversal of provision for bad and doubtful loans and advances / lease losses - specific | 14,998 | - |
| | <u>338,311</u> | <u>207,520</u> |

From non-financial assets

| | | |
|----------------------------|---------------|---------------|
| Rental income | 3,069 | 277 |
| Gain on disposal of assets | 15,417 | 6,228 |
| Other | 47,564 | 19,099 |
| | <u>66,050</u> | <u>25,604</u> |

Note
2019
2018
----- Rupees in '000 -----

| | | |
|--|----------------|----------------|
| | <u>404,361</u> | <u>233,124</u> |
|--|----------------|----------------|

27 GENERAL AND ADMINISTRATIVE EXPENSES

| | | |
|---------------------------------|----------------|----------------|
| Salaries, wages and benefits | 138,439 | 128,242 |
| Rent, rates and taxes | 5,544 | 8,733 |
| Repairs and maintenance | 3,570 | 1,471 |
| Insurance expenses | 11,304 | 19,285 |
| Motor car expenses | - | 20,444 |
| Tour and travelling | 1,420 | 16,877 |
| Representation expenses | - | 8,909 |
| Stationery and printing | 3,462 | 25,434 |
| Depreciation and amortisation | 104,866 | 75,237 |
| Impairment of intangible assets | - | 9,573 |
| Advertisement expenses | 63,065 | 29,323 |
| Legal and professional | 27,757 | 113,935 |
| Regulators fee | 27,377 | 19,474 |
| Fee & subscription | 11,069 | 11,516 |
| Others | 34,141 | 31,463 |
| | <u>432,014</u> | <u>519,916</u> |

28 OTHER EXPENSES

| | | | |
|--|------|----------------|----------------|
| Auditors remuneration | 28.1 | 30,493 | 34,824 |
| Provision / impairment for bad and doubtful loans and advances / lease losses - specific - net | | - | 405 |
| Donations | 28.2 | 204 | 415 |
| Financial charges | | 471,423 | 247,582 |
| | | <u>502,120</u> | <u>283,226</u> |

28.1 Auditors' remuneration

| | | |
|---|---------------|---------------|
| Fee for statutory audit | 5,166 | 4,400 |
| Fee for interim review | 1,300 | 1,300 |
| Fee for audit of consolidated financial statements | 1,000 | 800 |
| Fee for audit of regulatory returns, special certifications and sundry services | 19,213 | 12,608 |
| Other advisory services | 1,620 | 13,647 |
| Out of pocket expenses | 2,194 | 2,069 |
| | <u>30,493</u> | <u>34,824</u> |

- 28.2 None of the directors of the Group had any interest in the donee.

29 TAXATION

| | 2019 | 2018 |
|--|----------------------------|------------------|
| | ----- Rupees in '000 ----- | |
| For the year | | |
| - Current | 612,629 | 889,497 |
| - Deferred | (142,217) | (165,937) |
| Group tax adjustments | (178,632) | (350,112) |
| Prior year | (3,007) | 139,339 |
| | <u>288,773</u> | <u>512,787</u> |
| 29.1 Tax charge reconciliation | | |
| Profit before tax | <u>939,097</u> | <u>1,480,844</u> |
| Tax calculation at the rate of 29% (2018: 29%) | 272,338 | 429,445 |
| Effect of items taxable under lower rates | 113,986 | 54,441 |
| Effect of permanent differences | 97,507 | (1,969) |
| Prior year | (3,007) | 139,339 |
| Group tax adjustments | (178,632) | (350,112) |
| Impairment on investments / intangibles | - | 25,689 |
| Others | (13,419) | 215,954 |
| | <u>288,773</u> | <u>512,787</u> |

29.2 Contingencies related to tax matters:

29.2.1 Holdings Company

- Income tax returns for the tax years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been filed by 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:

- 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.
- 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, vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98.
- Addition on account of accounting depreciation as a result of restricting the claim of accounting depreciation upto net income from leased assets (Tax year 2003). The Appellate Tribunal Inland Revenue, Lahore (ATIR) vide order No. ITA No. 1074/LB/2008 dated November 07, 2018 decided the appeal on the said point in favour of IGI Holdings.

- 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).
- Charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime (Tax years 2008 and 2010). The ATIR vide consolidated order No. ITA No. 1716/LB/2013 & ITA No. 1717/LB/2013 dated January 09, 2019 decided the appeals on the said point in favour of IGI Holdings.
- Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007). For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being Time Barred. For tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.
- 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). For assessment year 2002-03, appeal is pending before ATIR. For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being time barred. For Tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.
- Addition on account of allocation of finance cost to brokerage and commission income amounting to Rs.18.445 million (tax Year 2009).
- Addition on account of specific provisions of Rs.117.639 million (tax Year 2009).

- Income tax return for the tax year 2017 was filed by IGI Holdings that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. IGI Holdings 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.

The principal observations raised by ACIR were related to levy of tax on undistributed profits and super tax, admissibility of tax losses of formerly IGI Investment Bank Limited and deductions claimed on account of write-offs. The Company filed constitutional petitions for the matters pertaining to the levy of tax on undistributed profits and super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

During the year, ACIR passed order against the response submitted by the Holding Company and raised tax demand of Rs. 435.869 million on matters raised in the notice except for the admissibility of deductions on account of write-offs. The Holding Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, decided appeal in favor of the Holding Company on account of admissibility of tax losses of formerly IGI Investment Bank Limited, while upheld decision of ACIR on the matters pertaining to levy of tax on undistributed profits and super tax which is already pending adjudication at the Honorable High Court of Sindh. As a result of order passed by CIRA, management estimates that tax demand has been reduced by Rs. 223.221 million. However, an appeal effect order is pending in this regard.

Subsequent to the year end, the Holding Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on the matters decided in favor of ACIR by the learned CIRA, while ACIR has also filed an appeal with ATIR on the matter of admissibility of tax losses decided in favor of Holding Company, both of which are currently pending adjudication.

- Income tax return for the tax year 2018 was filed by the Holding Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Holding Company received a notice to amend assessment under section 122 (5A) 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.

The principal observations raised by ACIR were related to taxation of dividend and commission income at corporate tax rate, levy of super tax and inadmissible deductions of provision against investments and doubtful debts and impairment of goodwill. The Holding Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

The ACIR passed order against the response submitted by the Holding Company and raised tax demand of Rs. 475.538 million on matters raised in the notice except for the matters related to admissibility of deductions of provision against investments and doubtful debts. The Holding Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, remanded back matters related to taxation of dividend and commission income at corporate tax rate and impairment of goodwill while confirming decision of ACIR on account of levy of super tax which is already pending adjudication at the Honourable High Court of Sindh.

The Holding Company has filed response to ACIR on the issues remanded back by the learned CIRA and has also filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against order of the learned CIRA in the matters related to taxation of dividend and commission income at corporate tax rate, impairment of goodwill and levy of super tax which is currently pending adjudication.

- Income tax return for the tax year 2019 was filed by the Holding Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Holding Company received a notice to amend assessment under section 122 (5A) 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.

The principal observations raised by ACIR are related to levy of super tax and apportionment of expenses. The Holding Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto. Subsequent to the year end, the Holding Company has also submitted its responses / explanations to ACIR.

The management, based on the advice of its tax advisor, is confident of favourable outcome of the above proceedings.

- There are no material commitments as at December 31, 2019 and 2018.

29.2.2 IGI General

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:

- 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, 2001 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 years 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 of Sindh. The regular hearing of petition is currently pending with the High Court.

- In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of IGI General by Commissioner Inland Revenue (Appeals) [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 the 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 the Honorable High Court and the judgment has been passed in favour of IGI General.

The tax department has further filed a civil petition before the Honorable Supreme Court of Pakistan against the judgement of the Honorable High Court which is pending adjudication.

- In case of tax year 2008, the Additional Commissioner Audit Division-II 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 Honourable High Court of Sindh which dismissed the petition by directing IGI General to submit its responses to the assessing authority. Moreover, the Honorable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to-date no notice has been received from the taxation authorities.

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 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, IGI General filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, the company 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 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 the company. 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.

- In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed an 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 the amended assessment a 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 the demand has been reduced to Rs.51 million. The learned CIR(A) has granted partial relief in respect of certain issues 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 the 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 the issues decided against IGI General, a reference application was filed before the Honorable Sindh High Court where the IBNR issue has been decided in favour 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 the 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 a 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.

- 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 the 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 an assessment a demand of Rs.93.445 million has been created. IGI General has filed an 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 favour 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.

- 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 a 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 favour 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.

- 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, ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, a 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 would be taken by the Tax Authorities till the decision of the CIR(A) on the appeal find.

The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

- 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, 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, a 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 favour 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.

- In case of tax year 2014, case of IGI General was selected for audit under section 177 of the ordinance. 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, 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, a 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).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than FMV and levy of WWF have been decided in favor of IGI General. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against IGI General. IGI General has filed further appeal before the ATIR in respect of the issues decided against IGI General except issue of motor car expenses paid in cash, which is pending adjudication.

- 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 the 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, 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, a 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 would be 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 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 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 CIR(A), which is pending. The tax department has also filed further appeal before ATIR against the order passed by CIR(A), which is pending adjudication.

- 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.

- 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 amended 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, a 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 CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favor of IGI General whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against IGI General. IGI General has not filed further appeal before the ATIR in respect of the issue decided against IGI General.

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.

| | | 2019 | 2018 |
|------|--|--------------------|-------------|
| | | (Rupees in '000) | |
| 30 | EARNINGS PER SHARE | | |
| 30.1 | Basic earnings per share | | |
| | Profit for the year | 650,324 | 968,057 |
| | | (Number of shares) | |
| | Weighted average number of ordinary shares | 142,630,550 | 142,478,897 |
| | | (Rupees) | |
| | Earnings per share | 4.56 | 6.79 |

30.2 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, 2019 and December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

31 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:

31.1 Holding Company

| | Chief Executive * | | Directors | | Executives | |
|--|-------------------|------|-----------|-------|------------|-------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | | | | |
| Fee for attending board meeting | - | - | 1,775 | 1,950 | - | - |
| Managerial remuneration | - | - | - | - | - | 945 |
| Bonus | - | - | - | - | - | 1,092 |
| Retirement benefits (including provident fund) | - | - | - | - | - | 95 |
| Housing and utilities | - | - | - | - | - | 520 |
| Medical expenses | - | - | - | - | - | 95 |
| Conveyance allowance | - | - | - | - | - | 126 |
| Others | - | - | - | - | - | 1,646 |
| | - | - | 1,775 | 1,950 | - | 4,519 |
| Number of persons | 1 | 1 | 8 | 8 | 1 | 1 |

* The Chief Executive Officer is not drawing any remuneration from the Holding Company.

31.2 Subsidiary companies

| | Chief Executive | | Directors | | Executives | |
|--|------------------|--------|-----------|--------|------------|---------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | | | | |
| Fee for attending board meeting | - | - | 9,180 | 8,108 | - | - |
| Managerial remuneration | 40,253 | 36,180 | 7,236 | 6,025 | 255,603 | 337,718 |
| Bonus | 15,663 | 19,930 | - | - | 35,365 | 57,715 |
| Retirement benefits (including provident fund) | 4,548 | 5,842 | - | - | 32,862 | 33,219 |
| Housing and utilities | 12,201 | 10,689 | 2,330 | 1,828 | 46,480 | 59,917 |
| Medical expenses | 2,205 | 1,227 | 424 | - | 4,506 | 7,519 |
| Conveyance allowance | 678 | 446 | - | - | 8,902 | 12,975 |
| Others | 4,991 | 3,011 | 311 | 433 | 4,682 | 5,941 |
| | 80,540 | 77,325 | 19,481 | 16,394 | 388,400 | 515,004 |
| Number of persons | 3 | 3 | 15 | 14 | 108 | 113 |

32 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 31. Amounts due to / from and other significant transactions, other than those disclosed else where in these consolidated financial statements, are as follows:

Transactions

| | Associates | | Post employment benefit plans | | Directors | | Key Management personnel | | Other related parties | |
|---|------------------|---------|-------------------------------|--------|------------------|-------|--------------------------|---------|-----------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | |
| Premium underwritten | 408,290 | 137,086 | - | - | - | - | 3,511 | 1,665 | 76,342 | 270,239 |
| Premium collected | 338,537 | 162,707 | - | - | - | - | - | 599 | - | 277,980 |
| Claims expense | 59,464 | 5,201 | - | - | - | - | - | 118 | - | 20,033 |
| Claims paid | 29,441 | - | - | - | - | - | - | - | 33,406 | 40,723 |
| Commission expense | 1,267 | 4,427 | - | - | - | - | - | - | - | 15,507 |
| Commission paid | 2,199 | 7,121 | - | - | - | - | - | - | - | 13,241 |
| Mark-up on loan | - | - | - | - | - | - | - | - | - | - |
| Dividend received | 400,608 | 739,614 | - | - | - | - | - | - | 15,002 | 37,504 |
| Dividend paid | 45,099 | - | - | - | - | - | - | - | 115,970 | - |
| Rent expense | 8,666 | 1,309 | - | - | - | - | - | - | - | - |
| Charge for group shared services | 34,139 | - | - | - | - | - | - | - | - | - |
| Wakalah fee income | - | - | - | - | - | - | - | - | 108,841 | - |
| Mudarib's share on investment income - income | - | - | - | - | - | - | - | - | 5,110 | - |
| Investment/ (disinvestment) in shares - net of provision / impairment | - | 946,723 | - | - | - | - | - | - | - | - |
| Long term loan paid | - | - | - | - | - | - | - | - | - | 226,000 |
| Charge in respect of gratuity fund | - | - | 15,864 | 27,435 | - | - | - | - | - | - |
| Charge in respect of provident fund | - | - | 30,223 | 28,739 | - | - | - | - | - | - |
| Contribution to gratuity fund | - | - | 10,311 | 10,311 | - | - | - | - | - | - |
| Contribution to provident fund | - | - | 15,352 | 13,251 | - | - | - | - | - | - |
| Charge for administrative services received | - | - | - | - | - | - | - | - | - | 2,807 |
| Charge for administrative services provided | 7,704 | - | - | - | - | - | - | - | - | - |
| Key Management Personnel compensation | - | - | - | - | 48,750 | 8,286 | 181,351 | 596,848 | - | - |
| Purchase of marketable securities for and on behalf of | - | - | - | - | 190,757 | - | 3,999 | 263,469 | 1,276,770 | 1,547,472 |
| Sale of marketable securities for and on behalf of | - | - | - | - | 190,496 | - | 2,213 | 258,039 | - | 183,973 |
| Brokerage income earned | - | - | - | - | 348 | - | 23 | - | 526 | 1,823 |

Balances

| | | | | | | | | | | |
|--|------------|------------|----------|----------|---|---|---|-----|---------|---------|
| Premium receivable | 2,140 | 11,192 | - | - | - | - | - | 297 | 16,986 | 14,795 |
| Commission payable | - | - | - | - | - | - | - | - | - | 4,355 |
| Investment in shares | 15,969,256 | 17,679,112 | - | - | - | - | - | - | 315,710 | 401,595 |
| Other receivable | 29,242 | 4,657 | - | - | - | - | - | 97 | - | 1,128 |
| Other payable | - | - | - | - | - | - | - | 621 | 4,355 | 24 |
| (Payable to)/ receivable from gratuity fund | - | - | (19,363) | (57,467) | - | - | - | - | - | - |
| (Payable to)/ receivable from provident fund | - | - | (2,811) | (9,292) | - | - | - | - | - | - |

33 OPERATING SEGMENT

33.1 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.

33.3 Segment-wise operating results of the Group are presented below:

| 2019 | | | | | | | | | | | | | | | | | | | | | |
|--|--------------------------------|-----------|-----------|---------------|---------------------------|--------------------------------|---------|----------------------|--------------------------|----------------|----------------------------|---------------------|-----------|----------------|-----------|-------------------|---------------------|--------------------|----------|---------------------|--------------|
| NON-LIFE INSURANCE | | | | | | | | | | Life Insurance | | | | | | | | | | | |
| Fire and property damage | Marine, aviation and transport | Motor | Health | Miscellaneous | Window Takatuf Operations | | | Life (Participating) | Life (Non-Participating) | | Investment Linked Business | Accident and Health | | Takatuf Window | | | Investment Business | Brokerage Business | Total | | |
| | | | | | Fire and property damage | Marine, aviation and transport | Motor | | Health | Miscellaneous | | Individual | Group | Individual | Group | Individual family | | | | Group family health | |
| (Rupees in '000) | | | | | | | | | | | | | | | | | | | | | |
| Premium | 182,901 | 253,310 | 1,405,888 | 361,248 | 193,446 | - | - | - | 34,836 | 513,018 | 341,878 | 1,217,624 | 9,510 | 1,281,492 | 26,745 | 996,996 | 30,171 | 176,657 | 16,427 | - | 7,042,147 |
| Net claims | (22,716) | (82,094) | (680,618) | (336,912) | (81,133) | - | - | - | (176,621) | (1,055,231) | (233,052) | (1,729,664) | (4,205) | (1,027,008) | (1,468) | (327,566) | (9,894) | (203,603) | - | - | (5,971,775) |
| Fee, commission and brokerage | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,738 | 97,163 | 103,901 |
| Net commission | 286,877 | 105,842 | 15,749 | - | 88,763 | (8,920) | (2,667) | (19,552) | (3,621) | (971) | - | - | - | - | - | - | - | - | 461,500 | - | 461,500 |
| Wakalah fee income | - | - | - | - | - | 19,752 | 7,327 | 50,197 | 29,303 | 2,262 | - | - | - | - | - | - | - | - | 108,841 | - | 108,841 |
| Net investment income | - | - | - | - | - | - | - | - | 223,503 | 846,426 | 10,794 | 737,834 | 1,034 | 783 | 15,323 | 100,589 | 911 | 1,201 | 603,016 | 34,838 | 2,576,252 |
| Expenses | (511,476) | (180,148) | (456,308) | (81,286) | (227,602) | (1,697) | (548) | (5,143) | (3,211) | (271) | (5,365) | (113,733) | (111,961) | (26,463) | (302,316) | - | (477,718) | (12,960) | (33,196) | (378,331) | (118,190) |
| Other income - net | - | - | - | - | - | - | - | - | 7,601 | 19,286 | 4,169 | 20,807 | 1,475 | 35,097 | 1,796 | 104,989 | 2,907 | 6,074 | 112,386 | 210 | 316,157 |
| Premium deficiency | - | - | - | (608) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (608) |
| Share of profit from associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 105,118 | - | 105,118 |
| Add: Policyholders' liabilities at the beginning of year | - | - | - | - | - | - | - | - | 1,569,863 | 6,075,027 | 98,103 | 6,219,006 | 10,020 | 320,265 | 106,582 | 1,721,067 | 7,529 | 33,077 | - | - | 16,180,539 |
| Less: Policyholders' liabilities at the end of the year | - | - | - | - | - | - | - | - | (1,556,617) | (6,093,433) | (98,126) | (5,934,041) | (14,841) | (352,032) | (146,962) | (2,238,892) | (19,872) | 2,877 | - | - | (16,454,939) |
| (Surplus) / deficit taken to statutory fund | - | - | - | - | - | - | - | - | (16,020) | - | - | - | - | - | - | - | - | - | - | - | (16,020) |
| Unallocated operating income | (64,414) | 96,910 | 284,711 | (57,558) | (26,526) | 9,135 | 4,112 | 25,502 | 22,471 | 1,020 | 79,180 | 191,360 | 10,805 | (254,952) | (23,470) | (43,719) | 2,016 | (121,125) | (1,198) | (16,913) | 14,022 |
| Financial charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 813,848 |
| Profit before taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (471,423) |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 939,097 |

Financial assets and financial liabilities**Financial assets****Loans and receivables and amortised cost****Cash and bank balances and term deposits**

| | | |
|---|------------|------------|
| Cash and other equivalents | 1,896 | 856 |
| Current and other accounts | 658,393 | 1,473,727 |
| Deposits maturing within 12 months | 1,852,607 | 1,636,000 |
| | 2,512,896 | 3,110,583 |
| Insurance / takaful / reinsurance / retakaful receivables | 1,885,290 | 1,531,007 |
| Accrued income | 478,341 | 288,407 |
| Reinsurance recoveries against outstanding claims | 1,012,984 | 854,042 |
| Wakalah fees receivable | 119,261 | 41,763 |
| Loans secured against life insurance policies | 167,965 | 181,375 |
| Deposits, loans, advances and other receivables | 1,001,166 | 673,330 |
| | 4,665,007 | 3,569,924 |
| Long-term deposits | 17,168 | 21,816 |
| Investments - held to maturity | 322,219 | 320,665 |
| Investments - fair value through profit or loss | 2,529,301 | 1,719,378 |
| Investments - fair value through other comprehensive income | 38,401,194 | - |
| Investments - available for sale | 15,818,831 | 56,524,176 |

Financial liabilities**Amortised cost**

| | | |
|--|-----------|-----------|
| Provision for outstanding claims (including IBNR) | 2,096,866 | 1,782,959 |
| Amounts due to other insurers / reinsurers | 1,379,652 | 726,473 |
| Current portion of long term loans and liabilities against right-of-use assets | 702,805 | 662,935 |
| Trade and other payables | 2,107,745 | 1,791,668 |
| Short term loan | 2,614,278 | 1,450,518 |
| Long term loans | 766,665 | 1,399,999 |
| Unclaimed dividend | 30,611 | 35,165 |
| Lease liabilities against right-of-use assets | 158,546 | 109,857 |
| | 9,857,168 | 7,959,574 |

35 RISK MANAGEMENT

35.1 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.

35.1.1 Insurance risk - General Insurance

IGI General accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. IGI General is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. IGI General 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 IGI General 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, IGI General 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.

35.1.2 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 an 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 that 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.

35.1.3 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.

35.2 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.

35.2.1 Life Insurance risk

35.2.1.1 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 Group being unable to recover expenses incurred at policy acquisition.

IGI Life 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. Profit testing is conducted for all new products and it is also reviewed by the Appointed Actuary. Embedded value analysis is conducted on a quarterly 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 which cover various aspects like health, location, nature of work of the insured etc. before issuance of policy. Appropriate underwriting authority limits have been assigned to individual underwriters by the underwriting committee. Furthermore, Underwriting & Reinsurance Committee reviews the underwriting performance of the Group on a quarterly basis.

- Reinsurance:

The Group has entered into both excess of loss and quota share reinsurance agreements covering its individual life products and supplementary riders. Since the Group has liaison with the reputed reinsurers in the world, it does not only limit the insurance risks but also the credit risk associated with them. Underwriting & Reinsurance Committee reviews, every quarter, the performance of the treaties to ensure that sound reinsurance arrangements are in place.

- 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 customers. Persistency for each product, branch and partner bank is closely monitored by the Group and remedial actions are taken immediately upon identifying when persistency level for a distribution channel drops below a certain threshold. Continuous efforts are made to increase and/or maintain the persistency levels for all distribution channels.

- 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 as a result of geographical area is not a factor of concern due to spread of risks across different parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe reinsurance cover which ensures that the Group's liability in respect of catastrophic events remains within reasonable limits.

In order to cover it's mortality risk, the Group makes adequate deductions from the insurance contracts. The Company manages these risks through its systematic underwriting processes and adequate 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.

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

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2019 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 83,577 | 1.53% | 83,527 | 2.10% |
| 254,887 | 4.66% | 254,365 | 6.38% |
| 590,152 | 10.79% | 565,158 | 14.19% |
| 340,224 | 6.22% | 308,472 | 7.74% |
| 4,199,969 | 76.80% | 2,772,312 | 69.59% |
| 5,468,809 | 100.00% | 3,983,834 | 100.00% |

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2018 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 82,319 | 1.29% | 82,232 | 1.78% |
| 227,639 | 3.56% | 227,241 | 4.92% |
| 671,254 | 10.49% | 643,552 | 13.93% |
| 419,468 | 6.56% | 389,605 | 8.44% |
| 4,997,625 | 78.11% | 3,276,099 | 70.93% |
| 6,398,305 | 100.00% | 4,618,729 | 100.00% |

Individual Life Non - Participating

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2019 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 274,158 | 1.21% | 273,822 | 1.91% |
| 1,109,473 | 4.89% | 1,105,694 | 7.71% |
| 3,099,765 | 13.66% | 3,041,516 | 21.20% |
| 1,545,420 | 6.81% | 1,461,131 | 10.19% |
| 16,668,773 | 73.44% | 8,462,314 | 58.99% |
| 22,697,589 | 100.00% | 14,344,477 | 100.00% |

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2018 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 206,606 | 0.79% | 206,424 | 1.26% |
| 1,105,640 | 4.25% | 1,101,141 | 6.72% |
| 3,396,320 | 13.06% | 3,337,965 | 20.38% |
| 1,731,007 | 6.65% | 1,652,943 | 10.09% |
| 19,572,115 | 75.24% | 10,077,331 | 61.54% |
| 26,011,688 | 100.00% | 16,375,804 | 100.00% |

Investment Linked

Benefits assured per life

Rupees

| Assured at the end of 2019 | | | | |
|----------------------------|-------------------|-------------------|------------------|----------------|
| Total benefits assured | | | | |
| Before reinsurance | | After reinsurance | | |
| (Rupees in '000) | % | (Rupees in '000) | % | |
| 0 - 200,000 | 326,101 | 1.71% | 324,129 | 4.02% |
| 200,001 - 400,000 | 610,021 | 3.20% | 602,774 | 7.48% |
| 400,001 - 800,000 | 1,698,788 | 8.91% | 1,547,748 | 19.21% |
| 800,001 - 1,000,000 | 966,078 | 5.07% | 723,230 | 8.98% |
| More than 1,000,000 | 15,458,103 | 81.11% | 4,857,480 | 60.30% |
| Total | 19,059,091 | 100.00% | 8,055,361 | 100.00% |

Benefits assured per life

Rupees

| Assured at the end of 2018 | | | | |
|----------------------------|-------------------|-------------------|------------------|----------------|
| Total benefits assured | | | | |
| Before reinsurance | | After reinsurance | | |
| (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% |

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.

35.2.1.2 Group Life

The main risk written by the Group under the Group Life business is mortality. The Group is 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.

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 and Reinsurance Committee reviews every quarter the performance of the treaties.

- Claims handling policy:

IGI Life 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:

IGI Life has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

IGI Life 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

Rupees

| Assured at the end of 2019 | | | | |
|----------------------------|--------------------|-------------------|--------------------|----------------|
| Total benefits assured | | | | |
| Before reinsurance | | After reinsurance | | |
| (Rupees in '000) | % | (Rupees in '000) | % | |
| 0-500,000 | 19,650,233 | 5.82% | 19,650,233 | 7.09% |
| 500,001-1,000,000 | 24,883,542 | 7.37% | 24,883,542 | 8.98% |
| 1,000,001-1,500,000 | 41,292,499 | 12.23% | 41,292,499 | 14.90% |
| 1,500,001-2,000,000 | 25,356,228 | 7.51% | 25,356,228 | 9.15% |
| 2,000,001-2,500,000 | 20,933,238 | 6.20% | 20,933,238 | 7.55% |
| More than 2,500,000 | 205,517,124 | 60.87% | 144,987,085 | 52.32% |
| Total | 337,632,864 | 100.00% | 277,102,825 | 100.00% |

Benefits assured per life

Rupees

| Assured at the end of 2018 | | | | |
|----------------------------|--------------------|-------------------|-------------------|----------------|
| Total benefits assured | | | | |
| Before reinsurance | | After reinsurance | | |
| (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% |

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, 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 IGI Life'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 2019 (Rupees in '000) |
|--|--------------------|--|
| Worsening of mortality rates for risk policies | 10% | 3,081,991 |
| Increase in reporting lag | 10% | 3,081,991 |

35.2.1.3 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. IGI Life 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 IGI Life 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.

- Reinsurance:

The Group has reinsurance arrangement in place covering A&H business; the treaty's results are reviewed by the Underwriting and Reinsurance Committee on a quarterly basis.

- 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**

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2019 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 1,269 | 0.02% | 1,269 | 0.02% |
| 897,855 | 11.35% | 897,605 | 14.32% |
| 676,320 | 8.55% | 677,820 | 10.82% |
| 541,900 | 6.85% | 1,020,900 | 16.29% |
| 5,796,036 | 73.24% | 3,669,768 | 58.55% |
| 7,913,380 | 100.00% | 6,267,362 | 100.00% |

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

| Assured at the end of 2018 | | | |
|----------------------------|---------|-------------------|---------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 1,573 | 0.02% | 1,573 | 0.02% |
| 3,505 | 0.04% | 3,367 | 0.05% |
| 1,058,213 | 11.32% | 1,058,088 | 14.18% |
| 1,278,900 | 13.68% | 1,278,400 | 17.13% |
| 7,005,691 | 74.94% | 5,120,664 | 68.62% |
| 9,347,882 | 100.00% | 7,462,092 | 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.

35.2.1.4 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

35.2.1.4.1 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 reviewed 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 2019 | | | |
|---------------------------|----------------------------|---------|------------------|---------|
| | Total benefits assured | | | |
| | Before retakaful | | After retakaful | |
| Rupees | (Rupees in '000) | % | (Rupees in '000) | % |
| 0 - 200,000 | 126,596 | 1.00% | 126,596 | 2.35% |
| 200,001 - 400,000 | 641,834 | 5.05% | 641,834 | 11.92% |
| 400,001 - 800,000 | 1,527,514 | 12.03% | 3,000,283 | 55.73% |
| 800,001 - 1,000,000 | 1,634,911 | 12.88% | 1,365,321 | 25.36% |
| More than 1,000,000 | 8,766,307 | 69.04% | 250,012 | 4.64% |
| Total | 12,697,162 | 100.00% | 5,384,046 | 100.00% |

| 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% |

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.

35.2.1.4.2 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.

Rupees

| Covered at the end of 2019 | | | |
|----------------------------|---------|------------------|---------|
| Total takaful benefits | | | |
| Before retakaful | | After retakaful | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 807,575 | 6.59% | 807,575 | 6.71% |
| 59,504 | 0.49% | 52,004 | 0.43% |
| 1,243,401 | 10.15% | 1,243,401 | 10.33% |
| 1,467,182 | 11.98% | 1,371,182 | 11.40% |
| 2,015,003 | 16.45% | 1,926,503 | 16.01% |
| 6,657,619 | 54.35% | 6,631,119 | 55.11% |
| 12,250,284 | 100.00% | 12,031,784 | 100.00% |

Rupees

| Covered at the end of 2018 | | | |
|----------------------------|---------|------------------|--------|
| Total takaful benefits | | | |
| Before retakaful | | After retakaful | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 1,909,194 | 29.56% | 1,909,194 | 15.87% |
| 198,929 | 3.08% | 198,929 | 1.65% |
| 733,709 | 11.36% | 733,709 | 6.10% |
| 849,320 | 13.15% | 849,320 | 7.06% |
| 636,829 | 9.86% | 636,829 | 5.29% |
| 2,130,728 | 32.99% | 2,130,728 | 17.71% |
| 6,458,709 | 100.00% | 6,458,709 | 53.68% |

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.

g) Changes in assumptions

There has been no material change in assumptions.

h) 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 2019 (Rupees in '000) |
|------------------------------|--------------------|---|
| Worsening of mortality rates | 10% | 102,021 |
| Increase in reporting lag | 10% | 102,021 |

35.2.1.4.3 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.

35.2.1.4.4 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 | |
|--|---------------------|---------|-------------------------|---------|---------|---------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in million) | | | | | |
| Life (participating) | 5,469 | 6,398 | 1,485 | 1,780 | 3,984 | 4,619 |
| Life (non-participating) – Individual | 22,698 | 26,012 | 8,354 | 9,636 | 14,344 | 16,376 |
| Life (non-participating) – Group | 337,633 | 125,709 | 60,530 | 46,684 | 277,103 | 79,025 |
| Investment Linked | 19,059 | 17,602 | 11,004 | 10,127 | 8,055 | 7,475 |
| Accident & Health – Individual | 7,913 | 9,349 | 1,645 | 1,886 | 6,268 | 7,462 |
| Family Takaful - Individual | 12,697 | 9,236 | 7,313 | 4,910 | 5,384 | 4,326 |
| Family Takaful - Group | 12,250 | 6,459 | 218 | - | 12,032 | 6,459 |
| Fire and property damage | 132,651 | 36,067 | 132,206 | 35,917 | 445 | 150 |
| Marine, aviation and transport | 19,711 | 17,608 | 11,826 | 14,087 | 7,885 | 3,521 |
| Motor | 645 | 75 | 95 | - | 550 | 75 |
| Health | 2,504 | 2,741 | - | - | 2,504 | 2,741 |
| Miscellaneous | 16,704 | 9,998 | 16,687 | 9,944 | 17 | 55 |
| Window Takaful Operations - Fire and property damage | 3,474 | 3,395 | 1,189 | 3,370 | 2,285 | 25 |
| Window Takaful Operations - Marine, aviation and transport | 1,800 | 1,400 | 90 | 1,260 | 1,710 | 140 |
| Window Takaful Operations - Motor | 44 | 44 | 39 | - | 5 | 44 |
| Window Takaful Operations - Health | 1,889 | - | - | - | 1,889 | 940 |
| Window Takaful Operations - Miscellaneous | 552 | 95 | 175 | 90 | 377 | 5 |
| | 597,693 | 272,188 | 252,856 | 139,691 | 344,837 | 133,438 |

35.2.1.4.5 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) | |
|---|-------------------|------------|--------------|------------|----------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | | | | |
| Fire and property damage | 1,782,434 | 1,134,490 | 1,686,029 | 1,115,326 | 96,405 | 19,164 |
| Marine, aviation and transport | 458,270 | 324,583 | 354,835 | 278,362 | 103,435 | 46,221 |
| Motor | 1,300,780 | 1,032,419 | 602,623 | 437,384 | 698,157 | 595,035 |
| Health | 335,926 | 295,812 | 103,967 | 100,152 | 231,959 | 195,660 |
| Miscellaneous | 990,930 | 855,299 | 841,032 | 790,581 | 149,898 | 64,718 |
| Life participating | 1,985,066 | 1,956,920 | 1,985,066 | 1,956,920 | - | - |
| Life non-participating (individual) | 6,651,618 | 6,766,543 | 6,651,618 | 6,766,543 | - | - |
| Life non-participating (group) | 476,296 | 420,795 | 476,296 | 420,795 | - | - |
| Investment linked business | 6,063,115 | 5,429,245 | 6,063,115 | 6,433,494 | - | (1,004,249) |
| Accident and health business (individual) | 34,632 | 49,355 | 34,632 | 49,355 | - | - |
| Accident and health business (group) | 423,452 | 515,307 | 423,452 | 515,307 | - | - |
| Pension fund business | 154,271 | 113,029 | 154,271 | 113,029 | - | - |
| Family Takaful - individual | 2,248,967 | 1,794,055 | 2,248,967 | 1,794,055 | - | - |
| Family Takaful - group | 39,250 | 14,668 | 39,250 | 14,668 | - | - |
| Family Takaful - health | 55,584 | 37,189 | 55,584 | 37,189 | - | - |
| | 23,000,591 | 20,739,709 | 21,720,737 | 20,823,160 | 1,279,854 | (83,451) |

35.2.1.4.6 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 | 790 | - | 127 | 467 | 196 | - |
| Unclaimed death benefits | - | - | - | - | - | - |
| Unclaimed disability benefits | - | - | - | - | - | - |
| Claims not encashed | 18,617 | - | 6,231 | 1,632 | 4,089 | 6,665 |
| Other unclaimed benefits | - | - | - | - | - | - |
| Total | 19,407 | - | 6,358 | 2,099 | 4,285 | 6,665 |

35.2.2 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.

35.2.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium / contribution 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.

35.2.4 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 | (1,613) | (1,613) | 1,613 | 1,613 |
| Marine, aviation and transport | (5,829) | (5,829) | 5,829 | 5,829 |
| Motor | (48,324) | (48,324) | 48,324 | 48,324 |
| Health | (23,921) | (23,921) | 23,921 | 23,921 |
| Miscellaneous | (5,760) | (5,760) | 5,760 | 5,760 |
| Window Takaful Operations | (14,637) | (14,637) | 14,637 | 14,637 |
| | (100,084) | (100,084) | 100,084 | 100,084 |

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 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|---|-----------|-----------|-----------|-----------|-----------|-------------|
| (Rupees in '000) | | | | | | |
| Estimate of ultimate claims cost: | | | | | | |
| At end of accident year | 324,613 | 332,103 | 363,401 | 575,330 | 462,385 | 2,057,832 |
| One year later | 371,882 | 358,703 | 330,493 | 364,402 | - | 1,425,480 |
| Two years later | 370,112 | 303,642 | 305,808 | - | - | 979,562 |
| Three years later | 360,734 | 371,478 | - | - | - | 732,212 |
| Four years later | 322,218 | - | - | - | - | 322,218 |
| Estimate of cumulative claims | 322,218 | 371,478 | 305,808 | 364,402 | 462,385 | 1,826,291 |
| Cumulative payments to date | (296,239) | (368,536) | (276,313) | (314,958) | (124,556) | (1,380,602) |
| Liability recognised in the balance sheet | 25,979 | 2,942 | 29,495 | 49,444 | 337,829 | 445,689 |

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 | 61,949 | 72,207 | 83,387 | 127,512 | 224,468 |
| 1 year later | 72,899 | 79,636 | 99,622 | 161,390 | - |
| 2 years later | 72,899 | 79,736 | 100,222 | - | - |
| 3 years later | 72,899 | 79,736 | - | - | - |
| 4 years later | 72,899 | - | - | - | - |
| Current estimates of cumulative claim | 72,899 | 79,736 | 100,222 | 162,272 | 255,767 |
| Cumulative payments to date | 55,047 | 27,670 | 68,134 | 80,419 | 82,123 |
| Liability recognized in statement of financial position | - | - | - | 882 | 31,299 |
| Individual Life | | | | | |
| Estimate of Ultimate Claims Costs: | | | | | |
| At the end of the year | 45,996 | 110,727 | 103,339 | 45,371 | 102,784 |
| 1 year later | 62,391 | 126,294 | 131,457 | 85,340 | - |
| 2 years later | 65,630 | 127,795 | 136,396 | - | - |
| 3 years later | 70,058 | 128,858 | - | - | - |
| 4 years later | 70,226 | - | - | - | - |
| Current estimates of cumulative claim | 70,226 | 128,858 | 136,396 | 85,340 | 121,181 |
| Cumulative payments to date | 60,508 | 72,444 | 170,346 | 65,910 | 112,883 |
| Liability recognised in statement of financial position | - | - | - | - | 18,397 |

(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:

Financial assets

Cash and bank balances
Investments
Loans secured against life insurance policies
Long-term deposits
Insurance / takaful / reinsurance / retakaful receivables
Accrued income on investments and deposits
Reinsurance recoveries against outstanding claims
Wakalah fees receivable
Loans, advances and other receivables

Financial liabilities

Provision for outstanding claims [including IBNR]
Amounts due to other insurers / reinsurers
Trade and other payables
Short term loan
Long term loan
Current portion of long term loan and liabilities against right-of-use assets
Unclaimed dividend
Liabilities against right-of-use assets

| 2019 | | | | | | | |
|-----------------------------|----------------------------|-------------------------|------------|--------------------------------|-------------------------|------------|------------|
| 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)----- | | | | | | | |
| 5% - 12.75% | 607,998 | - | 607,998 | 52,291 | - | 52,291 | 660,289 |
| 8.25%-13.50% | 6,795,657 | 8,069,159 | 14,864,816 | 38,401,194 | 44,059,336 | 82,460,530 | 58,924,152 |
| 9.00% - 11.00% | 167,965 | - | 167,965 | - | - | - | 167,965 |
| | - | - | - | - | 17,168 | 17,168 | 17,168 |
| | - | - | - | 1,885,290 | - | 1,885,290 | 1,885,290 |
| | - | - | - | 478,341 | - | 478,341 | 478,341 |
| | - | - | - | 1,012,984 | - | 1,012,984 | 1,012,984 |
| | - | - | - | 119,261 | - | 119,261 | 119,261 |
| | - | - | - | 1,001,166 | - | 1,001,166 | 1,001,166 |
| | 7,571,620 | 8,069,159 | 15,640,779 | 42,950,527 | 44,076,504 | 87,027,031 | 64,266,616 |
| | - | - | - | 2,096,866 | - | 2,096,866 | 2,096,866 |
| | - | - | - | 1,379,652 | - | 1,379,652 | 1,379,652 |
| | - | - | - | 2,107,745 | - | 2,107,745 | 2,107,745 |
| 13.89% to 14.16% | 2,614,278 | - | 2,614,278 | - | - | - | 2,614,278 |
| 11.36% to 12.47% | - | 766,665 | 766,665 | - | - | - | 766,665 |
| | 702,805 | - | 702,805 | - | - | - | 702,805 |
| | - | - | - | 30,611 | - | 30,611 | 30,611 |
| 10.55% - 12.80% | - | 158,546 | 158,546 | - | - | - | 158,546 |
| | 3,317,083 | 925,211 | 4,242,294 | 5,614,874 | - | 5,614,874 | 9,857,168 |
| | 4,254,537 | 7,143,948 | 11,398,485 | 37,335,653 | 44,076,504 | 81,412,157 | 54,409,448 |

| 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)----- | | | | | | | |
| 3.5% - 5.25% | 1,445,406 | - | 1,445,406 | 29,177 | - | 29,177 | 1,474,583 |
| 6.34%-13.22% | 8,643,291 | 6,150,021 | 14,793,312 | - | 45,406,907 | 45,406,907 | 60,200,219 |
| 9.00% - 11.00% | 181,375 | - | 181,375 | - | - | - | 181,375 |
| | - | - | - | - | 21,816 | 21,816 | 21,816 |
| | - | - | - | 1,531,007 | - | 1,531,007 | 1,531,007 |
| | - | - | - | 288,407 | - | 288,407 | 288,407 |
| | - | - | - | 854,042 | - | 854,042 | 854,042 |
| | - | - | - | 41,763 | - | 41,763 | 41,763 |
| | - | - | - | 673,330 | - | 673,330 | 673,330 |
| | 10,270,072 | 6,150,021 | 16,420,093 | 3,417,726 | 45,428,723 | 48,846,449 | 65,266,542 |
| | - | - | - | 1,782,959 | - | 1,782,959 | 1,782,959 |
| | - | - | - | 726,473 | - | 726,473 | 726,473 |
| | - | - | - | 1,791,668 | - | 1,791,668 | 1,791,668 |
| 6.13% to 6.47% | 662,935 | - | 662,935 | - | - | - | 662,935 |
| 6.36% to 6.47% | 1,450,518 | - | 1,450,518 | - | - | - | 1,450,518 |
| 6.13% to 6.47% | - | 1,399,999 | 1,399,999 | - | - | - | 1,399,999 |
| | - | - | - | 35,165 | - | 35,165 | 35,165 |
| 3.89% - 6.35% | - | 109,857 | 109,857 | - | - | - | 109,857 |
| | 2,113,453 | 1,509,856 | 3,623,309 | 4,336,265 | - | 4,336,265 | 7,959,574 |
| | 8,156,619 | 4,640,165 | 12,796,784 | (918,539) | 45,428,723 | 44,510,184 | 57,306,968 |

Financial assets

Cash and bank balances
Investments
Loans secured against life insurance policies
Long term deposits
Insurance / takaful / reinsurance / retakaful receivables
Accrued income on investments and deposits
Reinsurance recoveries against outstanding claims
Wakalah fee receivable
Loans, advances and other receivables

Financial liabilities

Provision for outstanding claims [including IBNR]
Amounts due to other insurers / reinsurers
Trade and other payables
Current portion of long term liabilities
Short term loan
Long term loan
Unclaimed dividend
Liabilities against assets subject to finance lease

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 the Group's interest rate risk as of December 31, 2019 and 2018 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, 2019 | | |
| Cash flow sensitivity - variable rate financial liabilities | (42,423) | 42,423 |
| Cash flow sensitivity - variable rate financial assets | 161,191 | (161,191) |
| 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) |

(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, mutual funds and debt securities amounting to Rs. 56,749 million (2018: Rs. 58,243 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. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term price volatility. The 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 the Group's price risk as of December 31, 2019 and 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 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 |
|------|------------------|------------------------------|--|--|--|
| | (Rupees in '000) | | | | |
| 2019 | 56,749,326 | 10% increase 10% decrease | 62,424,259 51,074,393 | 5,674,933 (5,674,933) | 5,674,933 (5,674,933) |
| 2018 | 58,243,554 | 10% increase 10% decrease | 64,067,909 52,419,199 | 5,824,355 (5,824,355) | 5,824,355 (5,824,355) |

(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 that 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.

| | 2019 | | | |
|---|------------------|-----------------------|---------------|--------------------|
| | Carrying amount | Contractual cash flow | Upto one year | More than one year |
| | (Rupees in '000) | | | |
| Provision for outstanding claims | 2,096,866 | 2,096,866 | 2,096,866 | - |
| Amount due to other insurers / reinsurers | 1,379,652 | 1,379,652 | 1,379,652 | - |
| Trade and other payables | 2,107,745 | 2,107,745 | 2,107,745 | - |
| Short term loan | 2,614,278 | 2,614,278 | 2,614,278 | - |
| Long term loan | 766,665 | 766,665 | - | 766,665 |
| Current portion of long term loan and liabilities against right-of-use assets | 702,805 | 702,805 | 702,805 | - |
| Unclaimed dividend | 30,611 | 30,611 | 30,611 | - |
| Liabilities against assets subject to finance lease | 158,546 | 158,546 | - | 158,546 |
| | 9,857,168 | 9,857,168 | 8,931,957 | 925,211 |

| | 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 | - |
| Current portion of long term loan and liabilities against right-of-use assets | 1,791,667 | 1,791,667 | 1,791,667 | - |
| Unclaimed dividend | 1,450,518 | 1,450,518 | 1,450,518 | - |
| Liabilities against assets subject to finance lease | 1,399,999 | 1,399,999 | - | 1,399,999 |
| Short term loan | 662,935 | 662,935 | 662,935 | - |
| Long term loan | 35,165 | 35,165 | 35,165 | - |
| Trade and other payables | 109,857 | 109,857 | - | 109,857 |
| | 7,959,573 | 7,959,573 | 6,449,717 | 1,509,856 |

(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.

| | 2019 | 2018 |
|--|------------------|------------------|
| | (Rupees in '000) | |
| Cash and bank balances | 660,289 | 1,474,583 |
| Investments | 2,309,961 | 1,811,000 |
| Loans secured against life insurance policies | 167,965 | 181,375 |
| Long-term deposits | 17,168 | 21,816 |
| Amounts due from other insurers / reinsurers - unsecured | 1,885,290 | 1,531,007 |
| Accrued income on investments and deposits | 478,341 | 288,407 |
| Reinsurance recoveries against outstanding claims | 1,012,984 | 854,042 |
| Wakala fees receivable | 119,261 | 41,763 |
| Loans, advances and other receivables | 1,001,166 | 673,330 |
| | <u>7,652,425</u> | <u>6,877,323</u> |

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 receivables account is shown in notes 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:

| | Rating Agency | Rating | |
|--|---------------|------------|-----------|
| | | Short Term | Long Term |
| Bank deposits | | | |
| Albaraka Bank (Pakistan) Limited | VIS | A-1 | A+ |
| Bank Al-Habib Limited | PACRA | A1+ | AA+ |
| Bank Alfalah Limited | VIS | A-1+ | AA+ |
| Bank of Punjab | PACRA | AA | A1+ |
| The First Microfinance Bank Limited | VIS | A+ | A-1 |
| Khushali Microfinance Bank Limited | VIS | A+ | A-1 |
| Dubai Islamic Bank Pakistan Limited | VIS | A-1 | AA- |
| Faysal Bank Limited | VIS | A-1+ | AA |
| FINCA Microfinance Bank Limited | VIS | A-1 | A |
| Habib Bank Limited | VIS | A-1+ | AAA |
| Meezan Bank Limited | VIS | A-1+ | AA+ |
| MCB Bank Limited | PACRA | A1+ | AAA |
| MCB Islamic Bank Limited | PACRA | A1 | A |
| Mobilink Microfinance Bank Limited | PACRA | A1 | A |
| NRSP Microfinance Bank Limited | PACRA | A1 | A |
| Samba Bank Limited | VIS | A-1 | AA |
| Silk Bank Limited | VIS | A-2 | A- |
| Soneri Bank Limited | PACRA | A1+ | AA- |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | AAA |
| Summit Bank Limited | VIS | A-1 | A- |
| Telenor Microfinance Bank Limited | PACRA | A1 | A+ |
| U Microfinance Bank Limited | VIS | A-2 | A |
| United Bank Limited | VIS | A-1+ | AAA |

** 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 securities as follows:

| | 2019 | 2018 |
|--------------|------------------|------------------|
| | (Rupees in '000) | |
| Upto 1 year | 1,604,459 | 2,140,534 |
| 1-2 years | 199,174 | 66,633 |
| 2-3 years | 58,699 | 51,439 |
| Over 3 years | 204,573 | 142,500 |
| | <u>2,066,905</u> | <u>2,401,106</u> |

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.

| | 2019 | 2018 |
|--|------------------|----------------|
| | (Rupees in '000) | |
| Sector wise analysis of premiums due but unpaid | | |
| Foods and beverages | 44,295 | 81,357 |
| Financial services | 178,654 | 105,769 |
| Pharmaceuticals | 76,227 | 30,105 |
| Textile and composites | 160,094 | 102,286 |
| Plastic industries | 24,710 | 37,569 |
| Engineering, Technology and Communication | 83,910 | 89,818 |
| Other manufacturing | 159,168 | 48,382 |
| Miscellaneous | 386,789 | 492,140 |
| | <u>1,113,847</u> | <u>987,426</u> |

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 | 2019 | 2018 |
|------------------------------|---|---|-----------------------------------|------------------|------------------|
| | (Rupees in '000) | | | | |
| A- or above (including PRCL) | 820,595 | 835,318 | 794,259 | 2,267,444 | 1,509,985 |
| BBB and B+ | 31,501 | 41,252 | 39,224 | 111,977 | 168,017 |
| Others | 104,169 | 136,414 | 138,891 | 379,474 | 394,079 |
| Total | <u>956,265</u> | <u>1,012,984</u> | <u>972,374</u> | <u>2,758,895</u> | <u>2,072,081</u> |

36 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, 2019, the Group held the following financial instruments measured at fair value:

Assets carried at fair value

Available-for-sale investments
Fair value through other comprehensive income
Fair value through profit or loss

| 2019 | | |
|----------------|------------|---------|
| Level 1 | Level 2 | Level 3 |
| Rupees in '000 | | |
| 86,130 | 15,732,701 | - |
| 38,196,583 | 204,611 | - |
| - | 2,529,301 | - |

Assets carried at fair value

Available-for-sale investments
Fair value through profit or loss

| 2018 | | |
|----------------|------------|---------|
| Level 1 | Level 2 | Level 3 |
| Rupees in '000 | | |
| 42,019,879 | 14,504,297 | - |
| - | 1,719,378 | - |

37 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.

38 CORRESPONDING FIGURES

Comparative information has been reclassified, rearranged or additionally incorporated in these consolidated financial statements for the purpose of better presentation. There has been no significant reclassification during the year except for the following:

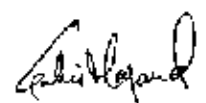
| Reclassification on statement of financial position | 2018 previously reported | Change | 2018 adjusted |
|---|--------------------------|-----------|---------------|
| Rupees in '000 | | | |
| Property and equipment | 365,127 | (365,127) | - |
| Intangible assets | - | 365,127 | 365,127 |

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 09, 2020 by the Board of Directors of the Holding Company.

40 EVENTS AFTER THE REPORTING DATE

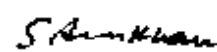
The Board of Directors of the Holding Company has proposed a final dividend out of its profits for the year ended December 31, 2019 of Rs. 3 per share (2018: Rs. 3.00 per share), amounting to Rs. 427.892 million (2018: Rs 427.892 million) in its meeting held on March 09, 2020 for the approval of the members at the annual general meeting to be held on May 21, 2020. The consolidated financial statements for the year ended December 31, 2019 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2020.



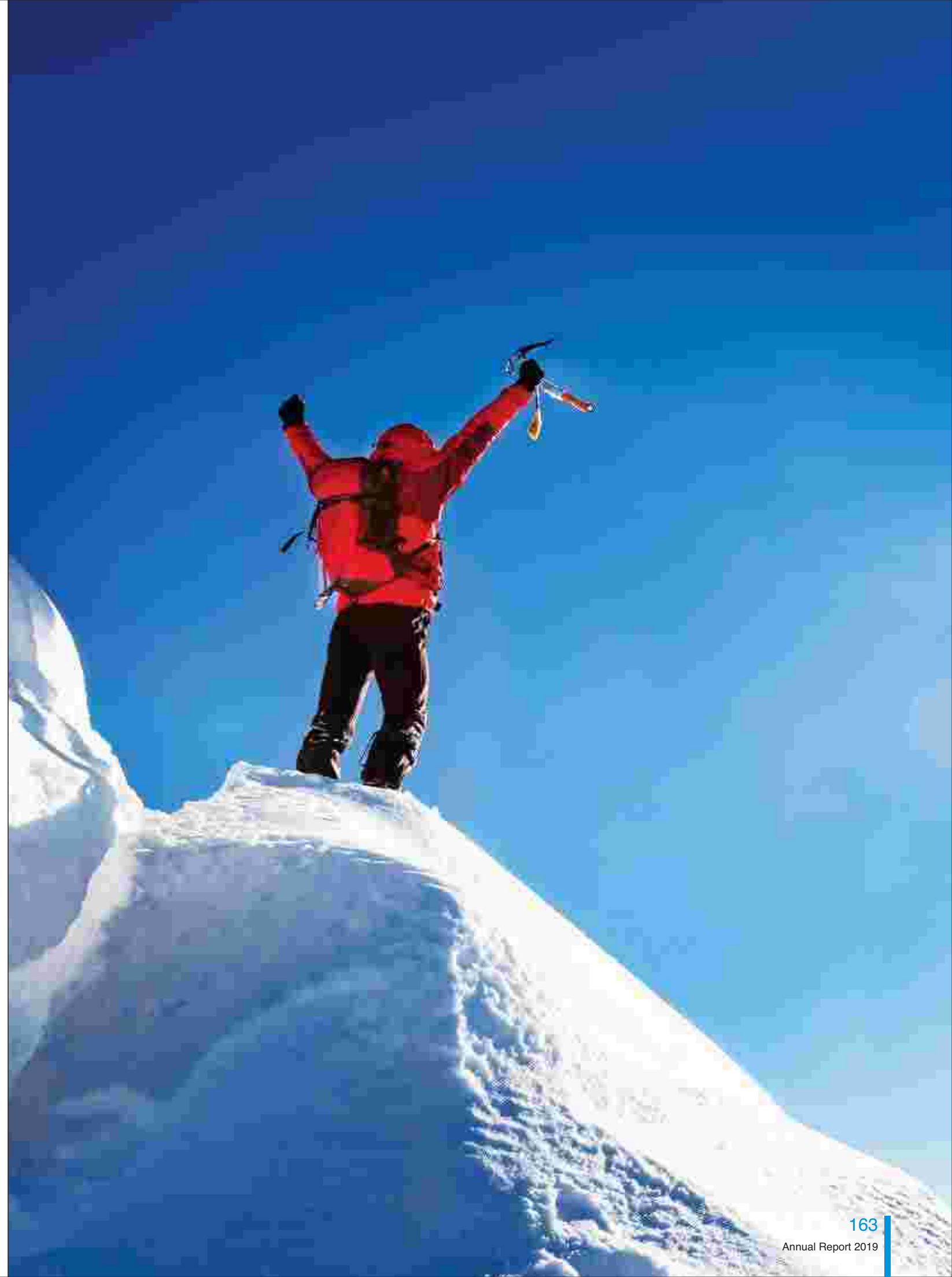
Chief Executive Officer



Chief Financial Officer



Director



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 66th Annual General Meeting ("AGM") of IGI Holdings Limited (the "Company") will be held on Thursday, the 21st day of May, 2020 at 11:30 a.m. to transact the following business:

(In wake of recent outbreak of COVID-19, there will be no venue to the meeting and shareholders are advised to attend through video-link only).

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting of the Company held on July 29, 2019.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019 together with the Chairman's Review Report and Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of cash dividend of Rs. 3/- (30%) per share for the financial year ended December 31, 2019 as recommended by the Board of Directors of the Company to the shareholders of the Company.
4. To elect seven (7) Directors as fixed by the Board under section 159(1) of the Companies Act, 2017 for a period of three years commencing from May 21, 2020. The names of the retiring directors are:

| | |
|--------------------|--------------------------|
| 1. Syed Babar Ali | 5. Mr. Shamim Ahmad Khan |
| 2. Syed Hyder Ali | 6. Ms. Faryal Jooma |
| 3. Syed Yawar Ali | 7. Mr. Tahir Masaud |
| 4. Syed Shahid Ali | |

The Board of Directors, in its meeting held on March 09, 2020, has fixed the number of Directors to be elected at this meeting. The retiring Directors are eligible for re-election.

The Company has received notice as well as consent from Ms. Faryal Sadiq of her intention to offer herself for election as director of the Company for a term of three years in accordance with the provisions of Section 159 of the Companies Act, 2017.

5. To appoint external auditors for the financial year 2020 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 2020 and the Board of Directors has recommended their appointment.

SPECIAL BUSINESS:

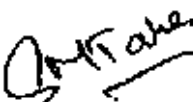
6. To consider and, if thought fit, pass, with or without modifications, a special resolution to amend the Memorandum of Association of the Company and to adopt a new updated set of Articles of Association of the Company, in light of the change in the principal line of business of the Company pursuant to the restructuring of the Company and in compliance with the Companies Act, 2017, and other applicable laws.

ANY OTHER BUSINESS:

7. To consider any other business with the permission of the Chairman.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017 and information to be disclosed under S.R.O. 423 (I)/2018 dated 3 April 2018)

By Order of the Board



Syed Muhammad Taha Naqvi
Acting Company Secretary

April 30, 2020
Karachi

CORONAVIRUS CONTINGENCY PLANNING FOR 66TH ANNUAL GENERAL MEETING OF IGI HOLDINGS LIMITED

In view of the recent outbreak of COVID-19 (corona virus), the steps taken by the Government to avoid large public gathering at one place and the circular No. EMD/MISC/82/2012 notified by the Securities and Exchange Commission of Pakistan (SECP) dated March 17, 2020, require companies to modify their usual planning for annual general meetings for the well-being of the shareholders and to avoid large gatherings by provision of video link facilities. The Company will follow the best practices and comply with the instructions of Government of Sindh and SECP to ensure protective measures for wellbeing of the shareholders. In the event that there are any further instructions or notifications from the SECP and/or the Pakistan Stock Exchange or any change for the AGM, the Company will announce the same at the Pakistan Stock Exchange through PUCARS system.

Accordingly, considering the restriction imposed by the Government on public gatherings and SECP's directives, there will be no venue to the meeting and all participants will attend through video link.

The Members are requested to attend and participate in the AGM through video link facility. To attend through video-link, Members can download the app/software through <https://zoom.us/download> and login via video-link to participate in the AGM proceedings.

In the event of voting required during AGM, Members can exercise their right to vote on the AGM date by logging into FAMCO's portal: www.famco.com.pk/evoting.html

The Members/Proxies registering to connect through video-link facility are required to mention their Name, Folio Number and CNIC Number in an email to agm.igiholdings@igi.com.pk with subject 'Registration for IGI Holdings AGM'. Video-link and login credentials will be shared with the Members/Proxies whose email containing all the required particulars and is received at the given email address before 03:00 p.m. on May 19, 2020.

The Members can also provide their comments and questions for the agenda items of the AGM on Whatsapp Number: 0333-2251376 and email: agm.igiholdings@igi.com.pk.

Notes:

1. The Share Transfer Books of the Company will remain closed from May 14, 2020 to May 21, 2020 (both days inclusive).
2. A Member entitled to attend and vote at the Annual General Meeting and is entitled to appoint another person as a proxy to attend and vote instead of him/her. 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 ("CDC"), entitled to vote at this Meeting, must provide his/her Computerized National Identity Card ("CNIC") 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 provide 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 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.

Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, companies have been allowed to circulate the Annual Report to members through email. For this purpose, 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.

6. 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. The SECP vide Circular No.10 of 2020 dated April 1, 2020 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector and the resultant lockdown imposed by the Government. Accordingly, the Annual Report for 2019 of the Company shall not be dispatched to the shareholders through CD or printed copies but shall only be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website (www.igi.com.pk/holdings) under "Investor Information." Shareholders are requested to provide the Company their email addresses at shareholders.agm@igi.com.pk if they wish to obtain the Annual Report 2019 over the email.
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, 2019 has made certain amendments in 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 30%

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 30% 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 @ 30% instead of 15%.

12. Shareholders are advised to ensure that they have provided their Passport/NTN/CNIC/Tax Exemption Certificates (for tax exemption, where applicable) and valid Zakat Declaration under Zakat & Ushr Ordinance, 1980 (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.
13. 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 | Principle 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 May 13, 2020, 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:

Syed Muhammad Taha Naqvi (Acting Company Secretary)
Phone: 111-308-308
taha.naqvi@igi.com.pk

Salman Rauf (Registrar)
Tel: 92-21-34380101-4
92-21—34384621-3

14. 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.
15. 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.
16. 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 share(s) as per Registered
Folio/CDC Account No. _____ hereby opt for video link facility at

Signature of Member

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.

17. In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, shareholders will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

Procedure Election of Directors:

Any person who seeks to contest the election to the office of a director, whether s/he is a retiring director or otherwise, shall file the following documents with the Company at least fourteen (14) days before the Annual General Meeting:

- a. Notice of his/her intention to offer him/herself for the election to the office of director in terms of Section 159(3) of the Companies Act, 2017.
- b. Consent to act as director of the Company along with consent on Form 28 prescribed under the Companies Act, 2017.
- c. A detailed profile along with his/her office address as required under SRO 1196(1)/2019 dated October 3, 2019 issued by the Securities and Exchange Commission of Pakistan ("SECP") for placement on the Company's website.
- d. Declarations confirming that:
 - He/she is aware of the duties of the directors under the Companies Act, 2017, the Memorandum and Articles of Association of the Company and Listing Regulations of the Pakistan Stock Exchange.
 - He/she is compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.
 - He/she is not serving as director, including as an alternate director, in more than seven (7) listed companies simultaneously.

Independent director(s) will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations 2018. Accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:

- a. Declaration under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations 2019.
- b. Undertaking on a non-Judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Statement under Section 166 (3) of the Companies Act, 2017

Pursuant to Section 166 (3) of the Companies Act, 2017, Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017. Independent Directors shall meet the criteria laid down under Section 166 (2) of the said Act.

Justification for selecting independent directors: The names of Ms. Faryal Jooma and Ms. Faryal Sadiq are proposed as Independent Directors, for the reason that the two meet the criteria of independence set out in Section 166 (2) of the Companies Act, 2017 and are listed on the databank of Independent Directors maintained by the Pakistan Institute of Corporate Governance duly authorized by the SECP under Section 166 (1) of the said Act. Further, their selection has been made due to their respective competencies, skill, knowledge and experience.

The current directors of the Company have no interest in the above said business except being eligible for re-election as director of the Company.

Statement of Material Facts under Section 134(3) of the Companies Act, 2017

Item No. 6 of the Notice

Amendment in the Memorandum of Association and Adoption of New Updated Set of Articles of Association

The Company underwent a restructuring process, whereafter instead of being engaged in insurance business, the Company will act as a holding and investment company, including holding company for its existing subsidiaries (i) IGI General Insurance Limited; (ii) IGI Investments (Private) Limited; (iii) IGI Life Insurance Limited; and (iv) IGI Finex Securities Limited. This move has been achieved by the amalgamation of IGI Investment Bank Limited into IGI Insurance Limited, the transfer of the insurance segment of IGI Insurance Limited to IGI General Insurance Limited and the transfer of the investment segment of IGI Insurance Limited to IGI Investments (Private) Limited by virtue of a Scheme of Amalgamation and Arrangement sanctioned by the Honourable High Court of Sindh by its Order in J. Misc. Petition No. 1 of 2017. The balance undertaking of IGI Insurance Limited has since been renamed IGI Holdings Limited.

For the above reason, and pursuant to the directions of the Securities and Exchange Commission of Pakistan ("SECP"), the Company is required to alter the Memorandum of Association of the Company ("Memorandum") in order to change its principal line of business from insurance and related businesses to its new principal line of business, and otherwise to remove all references to insurance business from the Memorandum, and to make related changes in the objects listed in the Memorandum to reflect the new nature of the business of the Company. Moreover, the amendment in the Memorandum has also been made to bring the existing Memorandum in line and in conformity with the Companies Act, 2017.

There was also a need to alter the Articles of Association of the Company ("Articles") to delete provisions in the Articles related to insurance companies or insurance business. Further, because of the enactment of the new Companies Act, 2017 and requirements of other applicable laws, certain other changes have been necessitated in the Articles. For this reason, the existing Articles are proposed to be replaced by a new updated set of Articles of Association complying with the new law.

A copy of the Memorandum and Articles of Association of the Company as on date and also indicating the proposed amendments is available for inspection at the registered office of the Company from 9.00 a.m. to 3.00 p.m. on any working day, up to the last working day before the date appointed for the meeting.

A draft of the amended Memorandum of Association and Articles of Association identifying the changes proposed in these documents is enclosed herewith, bearing the initials of the Company Secretary for the purpose of identification.

For the purpose aforesaid, it is proposed to consider and, if thought fit, to pass the following resolution as a special resolution, with or without modifications, to amend the Memorandum of Association and adopt a new set of Articles of Association of the Company:

"RESOLVED THAT:

- a. the Memorandum of Association ("Memorandum") of the Company be and is hereby amended, as laid before the Members, bearing the initials of the Company Secretary for the purpose of identification, in particular by:
 - (i) Deleting the contents of Paragraph 1 of the existing Clause III and substituting it with the following so that Paragraph 1 of the Clause shall read as follows:

- (i) The principal line of business of the Company shall be: to act as a holding company to hold investments of any nature in any enterprise; to acquire and to hold controlling and other interests in the share capital of any company, and to otherwise create, form, promote and establish subsidiaries in Pakistan or any other part of the world and to acquire and dispose of shares or deeds or debentures or other securities; to make investments including in any enterprise or entity engaged in any lawful business; and without limitation to the generality of the foregoing, to act as a holding company of (i) IGI General Insurance Limited; (ii) IGI Investments (Private) Limited; (iii) IGI Life Insurance Limited; and (iv) IGI Finex Securities Limited, resulting from the amalgamation of IGI Investment Bank Limited into IGI Insurance Limited and the transfer of the Insurance Segment of IGI Insurance Limited to IGI General Insurance Limited and the transfer of the Investment Segment of IGI Insurance Limited to IGI investments (Private) Limited by virtue of a Scheme of Amalgamation and Arrangement sanctioned by the Honourable High Court of Sindh by its Order in J. Misc. Petition No. 1 of 2017”
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
- (iv) It is hereby undertaken that the company shall not:
- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.
- (ii) Deleting the contents of Paragraphs 2 till 33 of Clause III in their entirety.
- (iii) At Clause V of the Memorandum, substituting the words “Companies Ordinance, 1984” with “Companies Act, 2017”.
- b. the Articles of Association of the Company be and are hereby substituted by a new updated set of Articles of Association, as laid before the Members, bearing the initials of the Company Secretary for the purpose of identification and prepared by amending the existing Articles of Association in conformity with the Companies Act, 2017 and other applicable laws, and further by deleting any provisions of the same which relate to insurance companies or insurance business.”

Information to be disclosed under S.R.O. 423 (I)/2018 dated 3 April 2018 (“SRO”)

The information required to be disclosed under the SRO is set out below:

Alteration of memorandum with respect to principal line of business

(i) Existing and proposed principal lines of business of the Company;

| Existing Principal Line of Business | Proposed Principal Line of Business |
|---|--|
| <p>1. To carry on all kinds of insurance business and all kinds of guarantee indemnity business and in particular and without prejudice to the foregoing words, to carry on fire, marine, accident, employers' liability, workmen's compensation, disease, sickness, burglary and robbery, theft, fidelity and Transit insurance.</p> <p>1(a).To carry on in Pakistan any and all kinds of General Takaful (Islamic Insurance) as a Window Takaful Operator, including but not limited to, designing General Takaful schemes or plans to meet the needs of clients in accordance with the Takaful Rules 2012 (as amended, supplemented or reenacted from time to time); to act as a General Takaful/Re-Takaful Operator; to manage insurable risks and to underwrite any or all classes of General Takaful Business, provided that under each of the classes of General Takaful Business, approval shall be obtained from Shariah Advisor as to the permissibility of underwriting that class of General Takaful Business and the types of risks that may be permissible within each class.</p> <p>1(b).To establish any funds required or permitted under applicable laws and to modify the fund(s) in line with the guidance given by the Shariah Advisor of the General Takaful Business and to obtain and execute subsequent changes to the funds' policies as approved by the Shariah Advisor.</p> <p>1(c).To do all other acts and deeds required for the purposes of undertaking General Takaful and General Re-Takaful Business, including but not limited to making such appointments as are necessary to ensure statutory and regulatory compliance and obtaining approvals, directions and any other</p> | <p>(i) The principal line of general nature of the business of the Company shall be: to act as a holding company to hold investments of any nature in any enterprise; to acquire and to hold controlling and other interests in the share capital of any company, and to otherwise create, form, promote and establish subsidiaries in Pakistan or any other part of the world and to acquire and dispose of shares or deeds or debentures or other securities; to make investments including in any enterprise or entity engaged in any lawful business; and without limitation to the generality of the foregoing, to act as a holding company of (i) IGI General Insurance Limited; (ii) IGI Investments (Private) Limited; (iii) IGI Life Insurance Limited; and (iv) IGI Finex Securities Limited, resulting from the amalgamation of IGI Investment Bank Limited into IGI Insurance Limited and the transfer of the Insurance Segment of IGI Insurance Limited to IGI General Insurance Limited and the transfer of the Investment Segment of IGI Insurance Limited to IGI investments (Private) Limited by virtue of a Scheme of Amalgamation and a Scheme of Arrangement sanctioned by the Honourable High Court of Sindh by its Order in J. Misc. Petition No. 1 of 2017.</p> <p>(ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.</p> <p>(iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company,</p> |

| Existing Principal Line of Business | Proposed Principal Line of Business |
|---|--|
| forms of consents and/or permissions required from within the Company and/or any concerned authorities, including the Securities and Exchange Commission of Pakistan, with the view for the Company to act as Window Takaful Operator. | Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission. |
| | (iv) It is hereby undertaken that the company shall not: |
| | (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation; |
| | (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; |
| | (c) engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force. |
| (ii) Reasons for change in the principal line of business; | |
| As indicated in the opening paragraph of this Statement of Material Facts, the Company recently underwent a restructuring process, where after instead of being engaged in insurance business, the Company will act as a holding company. | |
| (iii) Benefits likely to accrue to the Company and its members from the proposed change | |
| The Company is no longer engaged in insurance business and the benefit of the proposed change for the Company and the Members is to bring clarity in the objects of the Company and reflect the restructuring of the Company. | |
| (iv) Financial projections, including, inter alia, project cost for new proposed principal business, sources of funds to cover the project cost, revenues, expenses etc. along with underlying assumptions | |
| Not applicable. | |
| (v) Impact on existing line of business of the company; and | |
| Pursuant to the change, the Company will act as a holding company for investments and existing subsidiaries and will no longer be involved in the existing line of insurance business. | |
| (vi) Expected time period when proposed change is expected to be implemented. | |
| Immediately. | |

(vii) Statement of the Board

A statement by the Board of Directors of the Company that the proposed change will not be detrimental to the interests of the Company or its Members as a whole is attached herewith.

Alteration of memorandum

(i) Comparative analysis of existing clause with the proposed alteration along with the reasons and justification of the proposed change; and

Comparative analysis is attached herewith.

(ii) Reasons of change or alteration in the memorandum of association of the company.

As indicated above, the Company recently underwent a restructuring process, whereafter instead of being engaged in insurance business, the Company will act as a holding company to hold investments and subsidiaries.

For the above reason, it became necessary to alter the Memorandum of the Company in order to remove all references to insurance business and insurance business related objects and alter the Memorandum to reflect its new principal line of business of the Company.

(iii) Statement of the Board

A statement by the Board of Directors of the Company that the proposed alterations are in line with the applicable provisions of the law and regulatory framework is attached herewith.

Alteration of Articles

(iv) Comparative analysis of existing clause with the proposed alteration along with the reasons and justification of the proposed change; and

Please see attached the comparative analysis which shows a redline version of the existing Articles and the proposed revisions to the same as tracked changes along with the reasoning and justification for the same appearing in the headnote. Alteration proposed in the Articles reflect the position under the new Companies Act, 2017.

(v) Reasons of change or alteration in the articles of association of the company.

The Articles have been altered to delete provisions which relate to insurance companies or insurance business and to incorporate and update the Articles to conform to the new Companies Act, 2017 and other applicable laws.

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 sixth Annual General Meeting of the Company to be held on Thursday, the 21st day of May 2020, at 11:30 a.m. through video link and at any adjournment thereof.

Signed _____ this day of _____ 2020.

1. Witness

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

Signature



(Signature should agree with the specimen signature registered with the Company)

2. Witness

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

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.

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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: taha.naqvi@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 renewed Computerized National Identity Card (CNIC) alongwith this request form.

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

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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 : _____

Email : _____

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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 valid 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

(Syed Muhammad Taha Naqvi)
Acting 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.

| | | |
|---|--|-----------------------------|
| | | 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 | | |

الیکٹرونک کریڈٹ مینڈیٹ فارم

معزز شیئر ہولڈر

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لٹریٹ 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 تجدید شدہ کمپیوٹرائزڈ شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرا دیں۔

سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ اپنے منقسمہ کے مینڈیٹ اور کمپیوٹرائزڈ شناختی کارڈ کی کاپی کو براہ راست اپنے بروکر (پارٹنیشنٹ) / سی ڈی سی کو جمع کرا دیں۔

آپ کا مخلص
برائے آئی جی آئی ہولڈنگز لمیٹڈ

سید محمد تقویٰ
منظم امتحان کمپنی سیکریٹری

شیئر ہولڈرز پر کریں:

میں بذریعہ بلا 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 نام |
| | : | 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 / پارٹنیشنٹ / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

.....
کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک)

.....
شیئر ہولڈر کے دستخط

.....
مورخہ:

نوٹ:

- برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔
- 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 ذمہ داری یا دعویٰ کے لئے بلواسطہ یا بلاواسطہ قطعی ذمہ دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پر فارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہوا اور / یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

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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

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 شیئر کا / کی حامل، بحوالہ رجسٹرڈ فو لیو نمبر _____ بذریعہ ویڈیو کانفرنس کی سہولت بمقام _____ لینے کا انتخاب کرتا / کرتی ہوں۔

ممبر کے دستخط: _____
فون نمبر: _____
ای میل: _____

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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

درخواست برائے سالانہ رپورٹ اور نوٹسز بذریعہ ای میل

دی رجسٹرار
فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
ایف-8، نزد ہوٹل فاران
نرسری بلاک-6، پی ای سی ایچ ایس
شاہراہ فیصل، کراچی
ای میل: taha.naqvi@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 نوٹسز کمپنیز ایکٹ 2017 کے تحت میرے درج ذیل ای میل ایڈریس پر ارسال کئے جائیں۔

(شیر 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 کہتی اور رجسٹر کرنا اپنے ای میل ایڈریس میں کسی بھی تبدیلی کے بارے میں فوری طور پر اطلاع کردوں گا/گی۔ اس کے مطابق میں حسابات اور نوٹسز صرف مذکورہ بالا ای میل ایڈریس پر وصول کروں گا تا وقتیکہ میری جانب سے خصوصی طور پر ہارڈ کاپی کے لئے درخواست نہ کی جائے۔

منجانب

(دستخط)

شیر ہولڈر کا نام

فولیو نمبر:

(فزیکل شیر ہولڈنگ کی صورت میں)

سی ڈی سی اکاؤنٹ نمبر:

نوٹ: انفرادی سی ڈی سی اکاؤنٹ ہولڈرز کو اس درخواست فارم کے ساتھ اپنے تجدید شدہ کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی کاپی جمع کرانی ہوگی۔

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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

تشکیل نیابت داری

66 واں سالانہ اجلاس عام

دی کمپنی سیکریٹری

آئی جی آئی ہولڈنگز لمیٹڈ

7 ویں منزل، دی فورم

سوئٹ نمبر 701-713، 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 بھائی شیئرز رجسٹر فلیو نمبر ----- اور / یا سی ڈی سی پارٹنر شپ نمبر ----- اور سبسکرپشن نمبر
----- بذریعہ ہذا ----- بابت ----- یا ان کی عدم حاضری پر -----
کو اپنا / ہمارا پر کسی مقرر کردہ ہاؤس / کر رہے ہیں جو کمپنی کے 66 ویں سالانہ اجلاس عام جو بروز جمعرات 21 مئی 2020 بوقت 11:30 بجے سہ پہر ویڈیو لنک کے ذریعے منعقد ہوگی یا کسی زیر التوا 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 ----- 2020

1- گواہ:

دستخط: -----

نام: -----

پتہ: -----

سی این آئی سی یا -----

پاسپورٹ نمبر -----

2- گواہ:

دستخط: -----

نام: -----

پتہ: -----

سی این آئی سی یا -----

پاسپورٹ نمبر -----

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 اور ان کے نمائندوں سے التماس ہے کہ وہ کمپنی کو نیابت داری فارم جمع کرانے سے قبل اپنے کمپیوٹر انز ڈیجیٹل شناختی کارڈ یا پاسپورٹ کی تصدیق کا پی اس نیابت داری فارم کے ساتھ لازماً منسلک کر دیں۔

سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے پاس شیئرز جمع کرانے والے شیئرز ہولڈرز سے درخواست ہے کہ وہ تصدیق کیلئے اپنے اصل کمپیوٹر انز ڈیجیٹل شناختی کارڈ یا پاسپورٹ کی تصدیق کا پی اس نیابت داری فارم کے ساتھ لازماً منسلک کر دیں۔

ریونیوٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی ایک کاپی برطانیہ تاحال اور جس میں مجوزہ ترمیم کی وضاحت بھی کی گئی ہے کمپنی کے رجسٹرڈ آفس میں معائنے کے لیے کسی بھی ایام کار میں صبح 9.00 بجے تا شام 5.00 بجے اجلاس کی مقررہ تاریخ سے قبل آخری کام والے روز تک دستیاب ہے۔

ترمیم شدہ میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کا ایک مسودہ جس میں ان دستاویزات میں مجوزہ تبدیلیوں کو واضح کیا گیا ہے، اس کے ساتھ منسلک ہے، جس پر شناخت کے مقاصد کے لیے کمپنی سیکریٹری کے دستخط ثبت کر دیے گئے ہیں۔

مذکورہ بالا مقاصد کے لیے یہ تجویز کیا گیا ہے کہ درج ذیل قرارداد پر بطور خصوصی قرارداد غور و خوض کیا جائے اور اگر درست پایا جائے تو اس ترمیم یا بالائرمیم منظوری دی جائے جو کہ کمپنی کے میمورنڈم آف ایسوسی ایشن میں ترمیم اور آرٹیکلز آف ایسوسی ایشن کے نئے مسودے کو رائج کرنے کے ضمن میں ہے۔

قرار پایا کہ:

اے۔ کمپنی کے میمورنڈم آف ایسوسی ایشن (”میمورنڈم“) میں تبدیلی کی جائے اور ذریعہ ہذا تبدیلی کی جاتی ہے، جیسا کہ اسے ممبران کے سامنے پیش کر دیا گیا تھا اور اس پر شناخت کی مقاصد کے لیے کمپنی سیکریٹری کے دستخط ثبت تھے، بالخصوص اس کے ذریعے:

(i) موجودہ شق III کے پیرا گراف کے مشتملات کو حذف کرتے ہوئے اور اس کو درج ذیل سے تبدیل کیا گیا تاکہ شق کے پیرا گراف کو درج ذیل کے مطابق پڑھا جائے:

(i) کمپنی کا بنیادی کاروبار یہ ہوگا : ایک ہولڈنگ کمپنی کی حیثیت سے کسی بھی ادارے میں کسی بھی نوعیت کی سرمایہ کاروں کا انتظام سنبھالنا : کسی بھی کمپنی کے شیئر کیپٹل میں دیگر مفادات کا حصول اور اس کو کنٹرول کرنا، اور دوسری صورت میں پاکستان یا دنیا کے کسی بھی حصے میں ذیلی اداروں کو قائم کرنا، تشکیل دینا، ان کا فروغ اور دیکھ بھال اور یا شیئرز یا معاہدوں، مالی ذمے داریوں یا دیگر سکیورٹیز کا حصول اور ان کی فروخت : سرمایہ کاری کو ممکن بنانا بشمول کسی ادارے یا کسی بھی قانونی کاروبار میں ملوث کمپنی میں سرمایہ کاری: اور کسی بھی عمومی حد بندی اور امتیاز کے بغیر بطور ہولڈنگ کمپنی (i) آئی جی آئی جی جنرل انشورنس لمیٹڈ: (ii) آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ: (iii) آئی جی آئی لائف انشورنس لمیٹڈ: اور (iv) آئی جی آئی فنانکس سکیورٹیز لمیٹڈ کے لیے فرائض انجام دینا جو معزز عدالت عالیہ سندھ کی جانب سے اس کے حکم نامے برطانیہ بے متفرق پٹیشن نمبر: 1 of 2017 میں منظور کردہ انضمام اور انسجمنٹ کی اسکیم کے تحت آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے آئی جی آئی انشورنس لمیٹڈ میں انضمام: آئی جی آئی انشورنس لمیٹڈ کے شعبہ بیمہ کو آئی جی آئی جنرل انشورنس لمیٹڈ میں منتقل کرنے اور آئی جی آئی انشورنس لمیٹڈ کے شعبہ انویسٹمنٹ کو آئی جی آئی انویسٹمنٹ (پرائیویٹ) لمیٹڈ میں منتقل کرنے کے نتیجے میں عمل میں آئی ہے۔

(ii) ماسوائے ذیلی شق (iii) میں درج کاروباروں کے لیے ذیل میں درج کمپنی تمام قانونی کاروباروں کے لیے مصروف عمل رہے گی اور اس سلسلے میں تمام مطلوبہ اور ضروری اقدامات اور کاروائیوں کو بروئے کار لانے کے سلسلے میں مجاز ہوگی۔

(iii) اس شق کی باقی ماندہ ذیلی شقوں میں شامل کوئی بھی شق کی شمولیت کے باوجود اس میں درج کوئی ایسا امر موجود نہیں جو کمپنی کو بااختیار بنانے کے حوالے سے ایسے کاروبار میں بلا واسطہ یا بلا واسطہ ملوث ہونے سے روکتا ہو جو کہ بینکنگ کمپنی، نان۔ بینکنگ فنانس کمپنی (میوچل فنڈ، لیزنگ، انویسٹمنٹ کمپنی، انویسٹمنٹ ایڈوائزر، ریل اسٹیٹ انویسٹمنٹ ٹرسٹ مینجمنٹ کمپنی، ہاؤسنگ فنانس کمپنی، ونچر، کیپٹل کمپنی، ڈسکاؤنٹنگ سروسز، مائیکرو فنانس یا مائیکرو کریڈٹ برنس)، انشورنس برنس، مضاربہ مینجمنٹ کمپنی، اسٹاک بروکرینج برنس، فاریکس، ریل اسٹیٹ برنس، مینیجنگ ایجنسی، سکیورٹی گارڈز کی سروسز فراہم کرنے والا برنس یا کوئی بھی ایسا دیگر کاروبار جو کسی قانون نافذ کرنے والے ادارے کی جانب سے کچھ وقت کے لیے ممنوع رہا ہو، یا جیسا کہ کمیشن کی جانب سے واضح کیا گیا ہو۔

(iv) بذریعہ ہذا اس امر کو واضح کیا جاتا ہے کہ کمپنی درج ذیل معاملات انجام نہیں دے گی:

(اے) کوئی بھی ایسا کاروبار جو ذیلی شق (iii) مذکورہ بالا میں درج ہو یا کسی غیر قانونی آپریشن کے زمرے میں آتا ہو۔

(بی) ملٹی لیول مارکیٹنگ (MLM)، پیرامڈ اور پونزی اسکیمز یا اس سے متعلق کوئی بھی دیگر کاروبار / سرگرمی یا کسی لائبریری برنس کو متعارف کرانا۔

(سی) کوئی بھی ایسا قابل اجازت کاروبار انجام دینا تا وقتیکہ اس کے لیے حکام مجاز کی جانب سے مطلوبہ منظوری، اجازت، لائسنس نہ حاصل کر لیا جائے جیسا کہ مروجہ قانون کے تحت لاگو ضوابط کے مطابق درکار ہو۔

(ii) شق III کے پیرا گراف 2 تا 33 کے مشتملات کو مکمل طور پر حذف کرنا۔

(iii) میمورنڈم کی شق V پر الفاظوں ”کمپنیز آرڈیننس 1984“ کو ”کمپنیز ایکٹ 2017“ سے تبدیل کیا جا رہا ہے۔

(بی) کمپنی کے آرٹیکلز آف ایسوسی ایشن کو نئے اپ ڈیٹ کردہ آرٹیکلز آف ایسوسی ایشن کے ذریعے تبدیل کیا جائے اور ذریعہ ہذا تبدیلی کی جاتی ہے، جیسا کہ اسے ممبران کے سامنے پیش کر دیا گیا تھا اور اس پر شناخت کی مقاصد کے لیے کمپنی سیکریٹری کے دستخط ثبت تھے، اور اسے کمپنیز ایکٹ 2017 اور دیگر مروجہ قوانین سے مطابقت کے لیے موجودہ آرٹیکلز آف ایسوسی ایشن میں ترمیم کے ذریعے تیار کیا گیا تھا اور مزید برآں اس میں ان شقوں کو بھی حذف کر دیا گیا تھا جو انشورنس کمپنیوں یا بیمہ کے کاروبار سے متعلق تھیں۔

ایس آر او 2018/ (I) 423 مورخہ 3 اپریل 2018 کے تحت واضح کی جانے والی معلومات (”ایس آر او“)

ایس آر او کے تحت واضح کی جانے والی مطلوبہ معلومات کو ذیل میں درج کیا گیا ہے:

کاروبار کی بنیادی لائن کے سلسلے میں میمورنڈم میں تبدیلی:

(i) کمپنی کی موجودہ اور مجوزہ بنیادی کاروباری لائن۔

موجودہ بنیادی کاروباری لائن

1۔ تمام اقسام کے بیمہ کاروبار کو انجام دینا اور تمام نوعیت کے حامل گارنٹی انڈیمٹی برنس اور بالخصوص اور کسی امتیاز کے بعد الفاظوں کے مطابق فائر، میرین، حادثات، آجروں کی مالی ذمے داریاں، بھت کشوں کی زرتلفانی، امراض، بیماریاں، چوری اور ڈکیتی، رہزنی اور ٹرانزٹ انشورنس۔

1 (اے) پاکستان میں کاروباری انجام دہی اور تمام نوعیت کے جنرل نکافل (اسلامک انشورنس) بطور ایک ونڈو نکافل آپریٹر، بشمول تاہم اس تک محدود نہیں، جنرل نکافل اسکیموں یا پلانز کو تشکیل دینا جو کہ نکافل رولز 2012 (وقتاً فوقتاً ترمیم شدہ، ضمنی شقوں کے ساتھ یا دوبارہ موثر کردہ) کے مطابق ہیں: بحیثیت ایک جنرل نکافل/ری نکافل آپریٹر کام کرنا، جو کہ جنرل نکافل برنس کے کسی ایک یا تمام درجات کے خطرات کا انتظام اور ان کو سنبھالے، جس کے تحت جنرل نکافل برنس کے ہر ایک درجے کو تحفظ فراہم ہو، اس کی منظوری انڈر رائٹنگ کے امکانات کے مطابق شریعہ ایڈوائزر سے حاصل کی جائے گی جیسا کہ جنرل نکافل برنس کا درجہ اور خطرات کی اقسام ہر ایک کلاس کے اندر قابل اجازت ہو سکتی ہے،

1 (بی) نافذ العمل قوانین کے تحت درکار یا اجازت کے حامل فنڈز کا قیام اور جنرل نکافل برنس کے شریعہ ایڈوائزر کی جانب سے کی گئی رہنمائی کے مطابق فنڈ (فنڈز) میں کسی قسم کی ترمیم اور فنڈز کی پالیسیوں میں بعد ازاں کسی بھی تبدیلی کو انجام دینا جیسا کہ شریعہ ایڈوائزر کی جانب سے منظور کیا گیا ہے۔

1 (سی) جنرل نکافل اور جنرل ری۔ نکافل برنس کی انجام دہی کے مقاصد کے لیے درکار تمام اقدامات اور معاہدوں کی تکمیل کرنا، بشمول تاہم اس تک محدود نہیں، اس کے لیے ایسی تقرریاں کرنا جیسا کہ تمام قانونی اور ریگولیٹری ضوابط پر عمل درآمد کو یقینی بنانے کے لیے لازم ہے اور اس امر کے پیش نظر کمپنی اور/یا متعلقہ حکام بشمول سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے اندرون کار تمام منظور یوں، ہدایات اور کسی بھی نوعیت کے دیگر اجازت ناموں کا حصول اور/یا اجازت حاصل کرنا کہ کمپنی بطور ونڈو نکافل آپریٹر فرائض انجام دے رہی ہے۔

انڈیپنڈنٹ ڈائریکٹر (ڈائریکٹرز) کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 کی شرائط کے مطابق ڈائریکٹرز کے طریقہ انتخاب کے ذریعے عمل میں لایا جائے گا اور ان کے لیے یہ لازم ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن (2) 166 اور کمپنیز (انڈیپنڈنٹ ڈائریکٹرز کے انتخاب اور طریقہ کار) کے ضوابط 2018 کے تحت مروجہ اہلیت کے معیار پر پورا اترتے ہوں۔ اس کے مطابق ڈائریکٹرز کے انتخاب میں بطور انڈیپنڈنٹ ڈائریکٹر حصہ لینے کے خواہشمند امیدواروں کو درج ذیل اضافی دستاویزات بھی جمع کرانے ہوں گے:-

اے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گونینس) ریگولیشنز 2019 کی شق (3) 6 کے تحت ڈیکلریشن۔

بی۔ نان۔ جوڈیشل اسٹامپ پیپر پر ایک حلف نامہ کہ وہ کمپنیز (انڈیپنڈنٹ ڈائریکٹرز کا انتخاب اور طریقہ کار) ریگولیشنز 2018 کے ریگولیشن 4 کے ضمنی ضابطے ((1 کی شرائط پر پورا اترتے ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت اسٹیٹمنٹ:

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے مطابق انڈیپنڈنٹ ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 کی شرائط کے تحت ڈائریکٹرز کے طریقہ انتخاب کے ذریعے عمل میں لایا جائے گا۔ انڈیپنڈنٹ ڈائریکٹرز مذکورہ ایکٹ کے سیکشن (2) 166 کے تحت درج مروجہ معیار پر پورا اترتے ہوں۔

انڈیپنڈنٹ ڈائریکٹرز کے انتخاب کے لیے وضاحت: محترمہ فریال جمعد اور محترمہ فریال صادق کے نام بطور انڈیپنڈنٹ ڈائریکٹرز تجویز کیے گئے ہیں، جس کی وجہ یہ ہے کہ دونوں کمپنیز ایکٹ 2017 کے سیکشن (2) 166 میں درج انڈیپنڈنٹس کی اہلیت کے معیار کے مطابق ہیں اور مذکورہ ایکٹ کے سیکشن (1) 166 کے تحت ایس ای سی پی کی جانب سے باقاعدہ مجاز ادارے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے مرتب کردہ انڈیپنڈنٹ ڈائریکٹرز کے ڈیٹابینک میں لسٹڈ ہیں۔ مزید برآں ان کا انتخاب ان کی متعلقہ شعبے میں ان کی قابلیت، مہارت، معلومات اور تجربے کے باعث کیا گیا ہے۔ کمپنی کے موجودہ ڈائریکٹرز کا مذکورہ بالا کارروائی میں ان کے کمپنی کے ڈائریکٹرز کی حیثیت سے دوبارہ انتخاب کے لیے اہلیت کے علاوہ اور کچھ بھی نہیں ہے۔

سید محمد طہ نقوی

قائم مقام کمپنی سیکریٹری

30 اپریل 2020

کراچی

آئی جی آئی ہولڈنگز لمیٹڈ

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت ضروری حقائق پر مشتمل بیان

نوٹس کا آئٹم نمبر: 6

میمورنڈم آف ایسوسی ایشن میں ترمیم اور آرٹیکلز آف ایسوسی ایشن کے نئے تیار کردہ مسودے کو رائج کرنا

کمپنی تنظیم نو کے ایک مرحلے سے گزر رہی ہے جس کے بعد نیچے کے کاروبار میں مصروف عمل رہنے کے بجائے کمپنی ایک ہولڈنگ اور انویسٹمنٹ کمپنی بشمول اس کے موجودہ ذیلی ادارے (i) آئی جی آئی جنرل انشورنس لمیٹڈ: (ii) آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ: (iii) آئی جی آئی لائف انشورنس لمیٹڈ: اور (iv) آئی جی آئی فنانکس سیکورٹیز لمیٹڈ کے لیے ہولڈنگ کمپنی کے طور پر سرگرم عمل رہے گی۔ یہ کارروائی معزز عدالت عالیہ سندھ کی جانب سے اس کے حکم نامے بمطابق بے متفرق پیشکش نمبر: 1 of 2017 میں منظور کردہ انضمام اور رینجمنٹ کی اسکیم کے تحت آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے آئی جی آئی انشورنس لمیٹڈ میں انضمام: آئی جی آئی انشورنس لمیٹڈ کے شعبہ بیمہ کو آئی جی آئی جنرل انشورنس لمیٹڈ میں منتقل کرنے اور آئی جی آئی انشورنس لمیٹڈ کے شعبہ انویسٹمنٹ کو آئی جی آئی انویسٹمنٹ (پرائیویٹ) لمیٹڈ میں منتقل کرنے کے ذریعے کی گئی ہے۔ آئی جی آئی انشورنس لمیٹڈ کی باقی ماندہ انڈرلیمینگ کا نام اس حوالے سے اب آئی جی آئی ہولڈنگز لمیٹڈ کر دیا گیا ہے۔

اے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گونینس) ریگولیشنز 2019 کی شق (3) 6 کے تحت ڈیکلریشن۔

بی۔ نان۔ جوڈیشل اسٹامپ پیپر پر ایک حلف نامہ جو کہ وہ کمپنیز (انڈیپنڈنٹ ڈائریکٹرز کا انتخاب اور طریقہ کار) ریگولیشنز 2018 کے ریگولیشن 4 کے ضمنی ضابطے (1) کی شرائط پر پورا اترتے ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت اسٹیٹمنٹ:

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے مطابق انڈیپنڈنٹ ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 کی شرائط کے تحت ڈائریکٹرز کے طریقہ انتخاب کے ذریعے عمل میں لایا جائے گا۔ انڈیپنڈنٹ ڈائریکٹرز مذکورہ ایکٹ کے سیکشن (2) 166 کے تحت درج مروجہ معیار پر پورا اترتے ہوں۔

انڈیپنڈنٹ ڈائریکٹرز کے انتخاب کے لیے وضاحت: محترمہ فریال جمعد اور محترمہ فریال صادق کے نام بطور انڈیپنڈنٹ ڈائریکٹرز تجویز کیے گئے ہیں، جس کی وجہ یہ ہے کہ دونوں کمپنیز ایکٹ 2017 کے سیکشن (2) 166 میں درج انڈیپنڈنٹس کی اہلیت کے معیار کے مطابق ہیں اور مذکورہ ایکٹ کے سیکشن (1) 166 کے تحت ایس ای سی پی کی جانب سے باقاعدہ مجاز ادارے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے مرتب کردہ انڈیپنڈنٹ ڈائریکٹرز کے ڈیٹابینک میں لسٹڈ ہیں۔ مزید برآں ان کا انتخاب ان کی متعلقہ شعبے میں ان کی قابلیت، مہارت، معلومات اور تجربے کے باعث کیا گیا ہے۔

کمپنی کے موجودہ ڈائریکٹرز کا مذکورہ بالا کارروائی میں ان کے کمپنی کے ڈائریکٹرز کی حیثیت سے دوبارہ انتخاب کے لیے اہلیت کے علاوہ اور کچھ بھی نہیں ہے۔

آئی جی آئی ہولڈنگز لمیٹڈ

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت ضروری حقائق پر مشتمل بیان

نوٹس کا آئٹم نمبر: 6

میمورنڈم آف ایسوسی ایشن میں ترمیم اور آرٹیکلز آف ایسوسی ایشن کے نئے تیار کردہ مسودے کو رائج کرنا

کمپنی تنظیم نو کے ایک مرحلے سے گزر رہی ہے جس کے بعد نیچے کے کاروبار میں مصروف عمل رہنے کے بجائے کمپنی ایک ہولڈنگ اور انویسٹمنٹ کمپنی بشمول اس کے موجودہ ذیلی ادارے (i) آئی جی آئی جنرل انشورنس لمیٹڈ: (ii) آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ: (iii) آئی جی آئی لائف انشورنس لمیٹڈ: اور (iv) آئی جی آئی فنانکس سیکورٹیز لمیٹڈ کے لیے ہولڈنگ کمپنی کے طور پر سرگرم عمل رہے گی۔ یہ کارروائی معزز عدالت عالیہ سندھ کی جانب سے اس کے حکم نامے بمطابق بے متفرق پیشکش نمبر: 1 of 2017 میں منظور کردہ انضمام اور رینجمنٹ کی اسکیم کے تحت آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے آئی جی آئی انشورنس لمیٹڈ میں انضمام: آئی جی آئی انشورنس لمیٹڈ کے شعبہ بیمہ کو آئی جی آئی جنرل انشورنس لمیٹڈ میں منتقل کرنے اور آئی جی آئی انشورنس لمیٹڈ کے شعبہ انویسٹمنٹ کو آئی جی آئی انویسٹمنٹ (پرائیویٹ) لمیٹڈ میں منتقل کرنے کے ذریعے کی گئی ہے۔ آئی جی آئی انشورنس لمیٹڈ کی باقی ماندہ انڈرلیمینگ کا نام اس حوالے سے اب آئی جی آئی ہولڈنگز لمیٹڈ کر دیا گیا ہے۔

مذکورہ بالا اسباب کے سلسلے میں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی ہدایات کے مطابق کمپنی کے لیے یہ لازم تھا کہ وہ کاروبار کی بنیادی سطح کو بیمہ اور اس کے متعلقہ کاروباروں سے تبدیل کر کے اس کے کاروبار کی بنیادی سطح پر منتقلی کے لیے اور میمورنڈم سے بیمہ کاروبار کے تمام حوالہ جات کو ہٹانے اور میمورنڈم میں درج کردہ مقاصد میں متعلقہ تبدیلیوں کو واضح کرنے کے لیے کمپنی کے میمورنڈم آف ایسوسی ایشن (”میمورنڈم“) میں ترمیم کرے تاکہ اس کے ذریعے کمپنی کے کاروبار کی نئی نوعیت کی عکاسی اور وضاحت ہو سکے۔ مزید برآں میمورنڈم میں یہ ترمیم موجودہ میمورنڈم کو کمپنیز ایکٹ 2017 کے ساتھ مطابقت اور ہم آہنگی کے لیے بھی کی گئی ہے۔

اس کے ساتھ ساتھ کمپنی کے آرٹیکلز آف ایسوسی ایشن (”آرٹیکلز“) میں بھی ترمیم کی ضرورت تھی تاکہ آرٹیکلز میں سے بیمہ کمپنیوں یا انشورنس کے کاروبار سے متعلق شقوق کو حذف کیا جائے۔ مزید برآں چونکہ نئے کمپنیز ایکٹ 2017 نافذ ہونے کی وجہ سے اور دیگر نافذ العمل قوانین کی شرائط کے سبب آرٹیکلز میں چند ترامیم ناگزیر ہو گئی تھیں۔ اس وجہ سے موجودہ آرٹیکلز کے بارے میں تجویز دی گئی تھی کہ نئے قوانین پر عمل درآمد کرتے ہوئے آرٹیکلز آف ایسوسی ایشن کے ایک نئے اپ ڈیٹ کردہ مسودے سے اس کو تبدیل کر دیا جائے۔

کپنی کو نقد منافع کی رقم پر ٹیکس کی کوئی بھرج 30% کے بجائے 15% کے مطابق کرنے کے لیے ایسے شیئر ہولڈرز جن کے نام اس حقیقت کے باوجود وہ فائلرز ہیں، ایف بی آر (FBR) کی ویب سائٹ پر دستیاب فعال ٹیکس دہندگان کی فہرست (اے ٹی ایل) پر موجود نہیں ہیں، ان کو ہدایت کی جاتی ہے کہ کمپنی کی کتاب کی بندش سے قبل اے ٹی ایل (ATL) پر اپنے ناموں کی موجودگی کو یقینی بنائیں، بصورت دیگر ان کے نقد منافع منقسمہ پر ٹیکس کی کوئی 15% کے بجائے 30% کی شرح سے کی جائے گی۔

12۔ شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے پاسپورٹ/این ٹی/این سی/این آئی سی/ٹیکس سے متعلق کے سرٹیفیکیٹس (برائے ٹیکس سے استثنیٰ، جہاں لاگو ہوتا ہو) اور زکوٰۃ و عشاء رڈ مینس 1980 (برائے زکوٰۃ سے استثنیٰ) کے تحت کارآمد زکوٰۃ ڈیکلریشن اپنے متعلقہ پارٹنرس/سپیڈی سی/ایویسٹرا کا ڈیفٹ سروبز/کمپنی کے شیئر رجسٹرار کو فراہم کریں۔

13۔ ایسے شیئر ہولڈرز جن کے شیئرز مشترکہ طور پر فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے جاری کردہ وضاحت کے مطابق ہیں، ان کے دو ہولڈنگ ٹیکس کا تعین الگ الگ پرنسپل شیئر ہولڈرز نیز جوائنٹ ہولڈرز کی حیثیت سے ”فائلر/ نان فائلر“ کے بنیاد پر ان کی شیئر ہولڈنگ کے تناسب پر کیا جائے گا۔ لہذا وہ تمام شیئر ہولڈرز جو مشترکہ طور پر شیئرز کے حامل ہوں، ان کے لیے یہ لازم ہے کہ وہ اپنے شیئر ہولڈنگ کے تناسب کو اپنے پاس موجود شیئرز کے لحاظ سے پرنسپل شیئر ہولڈرز اور جوائنٹ ہولڈرز کے تناسب کو درج ذیل صورت میں تحریری طور پر شیئر ہولڈرز کو فراہم کریں۔

| کسپتی کا نام | | فولیو / سی ڈی سی اکاؤنٹ نمبر | تعداد مجموعی شیئرز | پر نیسل شیئر ہولڈر | جوائنٹ شیئر ہولڈر |
|-----------------------------|---------------------------------------|---------------------------------|---------------------------------------|-----------------------------|---------------------------------------|
| نام اوری این آئی سی نمبر | شیئر ہولڈنگ تناسب (شیئرز کی تعداد) | نام اوری این آئی سی نمبر | شیئر ہولڈنگ تناسب (شیئرز کی تعداد) | نام اوری این آئی سی نمبر | شیئر ہولڈنگ تناسب (شیئرز کی تعداد) |
| | | | | | |
| | | | | | |

نوٹ

13 مئی 2020 تک معلومات کی عدم وصولی کی صورت میں ہر ایک شیئر ہولڈر کے بارے میں یہ تصور کر لیا جائے گا کہ وہ مساوی شیئرز کے تناسب کا حامل ہے اور اس کے مطابق ٹیکس کی کوٹنٹی کی جائے گی۔ کسی بھی استثناء مسائل / معلومات کے لیے انویسٹر کپنی اور / یا شیئرز رجسٹر اس سے درج ذیل فون نمبرز یا ای میل پر رابطہ کر سکتے ہیں:

رابطہ کارانہ

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14۔ انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت وہ ہولڈنگ ٹیکس کی کٹوتی سے استثنیٰ کے لیے کارآمد ٹیکس سرٹیفیکیٹ لازمی ہے۔ ایسے ممبران جو انکم ٹیکس آرڈیننس 2001 کے تحت اس کے اہل ہوں اور استثنیٰ کے خواہشمند ہوں، وہ ٹیکس سے استثنیٰ کے لیے اپنے کارآمد سرٹیفیکیٹ کی ایک کاپی کتاب کی بندش کی تاریخ سے قبل شیئرز رجسٹر اکوفا رہم کر دیں بصورت دیگر ٹیکس کی کٹوتی نافذ العمل قانون کے مطابق کی جائے گی۔

15۔ ایسے شیئر ہولڈرز جنہوں نے ابھی تک اپنے منافع منقسم/فوریکل شیئرز کو وصول نہیں کیا ہے انہیں آگاہ کیا جاتا ہے کہ وہ اپنے غیر کلیم کردہ منافع منقسم یا شیئرز، اگر کوئی ہوں، کے بارے میں معلومات /ان کی وصولی کے لیے ہمارے شیئر رجسٹر سے رابطہ کریں۔ کمپنی ایکٹ 2017 کے سیکشن 244 پر عمل درآمد کے تحت مقررہ مدت مکمل ہوجانے کے بعد ایسے تمام منافع منقسم اور شیئرز، جو اپنے واجب الادا اور قابل ادائیگی ہونے کی تاریخ سے تین (3) سال یا زائد عرصے کی مدت سے واجب الادا رہے، ان کا غیر کلیم شدہ منافع منقسم/وفاقی حکومت اور شیئرز ہونے کی صورت میں ایس ای سی بی (SECP) کے پاس جمع کرا دیے جائیں گے۔

16۔ اگر کسی ایک شہر میں مقیم ممبران جو مجموعی ادا شدہ کنٹینل کے دس (10) فیصد کے حامل ہوں، تو ایسے ممبران کمپنی سے اجلاس میں شرکت کے لیے انہیں وڈیولنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ اگر آپ بھی اس سہولت سے استفادہ چاہتے ہیں تو ذیل میں درج شرائط کے مطابق کمپنی کو ایک درخواست اس کے رجسٹرڈ پتے پر اجلاس کی تاریخ سے کم از کم سات (7) دن قبل ارسال کر سکتے ہیں۔

[illegible]

یہ ممبران جنہوں نے ابھی تک اپنے کمپیوٹر انٹرنڈ شناختی کارڈ کی نقول کمپنی کو جمع نہیں کرائی ہیں، ان سے درخواست ہے وہ جلد از جلد اسے ارسال کر دیں۔

17۔ کمپینز (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق کمپینز ایکٹ 2017 کے سیکشن 143 اور 144 کی شرائط سے منسوخ کوئی بھی ایجنڈا آئٹم کے لیے شیئر ہولڈرز کو پوسٹل بیلٹ یعنی بذریعہ ڈاک یا ای ووٹنگ کے ذریعے ووٹ کا حق استعمال کرنے کی اجازت مذکور بالا ریگولیشنز میں درج شرائط کے مطابق اور طریقہ کار کے تحت دی جائے گی۔

ڈائریکٹرز کے انتخاب کا طریقہ کار:

کوئی بھی فرد جو ڈائریکٹر کے عہدے کیلئے انتخاب میں حصہ لینے کا/کی خواہشمند ہو، چاہے وہ سبکدوش ہونے والا/والی ڈائریکٹریا کوئی دیگر ہو، اسے درج ذیل دستاویزات کچنی کے پاس سالانہ اجلاس عام سے کم از کم چودہ (14) دن قبل جمع کرانے ہوں گے:

اے۔ کمپنیز ایکٹ 2017 کے سیکشن 159(3) کی شرائط کے تحت ڈائریکٹر کے عہدے کے لیے انتخاب میں حصہ لینے کے ضمن میں خود کو پیش کرنے کے ارادے کا نوٹس۔

کمپنیز ایکٹ 2017 کے تحت مقرر کردہ فارم 28 پر اجازت نامے کے ساتھ کمپنی کے ڈائریکٹر کی حیثیت سے فرائض انجام دیئے کا اجازت نامہ۔

سی۔ کمپنی کی ویب سائٹ پر آڈیو ایس آر کے غرض سے ایک مفصل پروفاائل بشمول ان کے دفتر کا مکمل پتہ جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ ایس آر او 2019/(1) 1196 مورخہ 3 اکتوبر 2019 کے تحت ضروری ہے۔

ڈی۔ ڈیکریشنز میں تصدیق کی جاتی ہے کہ:

- وہ کینزرا ایکٹ 2017، کمپنی کے میورنڈم اور آرٹیکلز آف ایسوسی ایشن اور پاکستان اسٹاک ایکچینج کے موجودہ ضوابط کے تحت ڈائریکٹرز کے فرائض سے بخوبی آگاہ ہے۔
- وہ سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کینزرا ایکٹ 2017 میں درج اہلیت کے معیاری شرائط پر پورا اترتے ہیں۔
- وہ ایک وقت سات (7) سے زائد سلیڈ کمپنیز میں بطور ڈائریکٹر بشمول کسی متبادل ڈائریکٹر کی حیثیت سے فرائض انجام نہیں دے رہے۔

انڈیپنڈنٹ ڈائریکٹر (ڈائریکٹر) کا انتخاب کینیڈا ایکٹ 2017 کے سیکشن 159 کی شراکتہ کے مطابق ڈائریکٹر کے طریقہ انتخاب کے ذریعے عمل میں لایا جائے گا اور ان کے لیے یہ لازم ہے کہ وہ کینیڈا ایکٹ 2017 کے سیکشن (2) 166 اور کینیڈا (انڈیپنڈنٹ ڈائریکٹر کے انتخاب اور طریقہ کار) کے ضوابط 2018 کے تحت موجود قابلیت کے معیار پر پورا اترتے ہوں۔ اس کے مطابق ڈائریکٹر کے انتخاب میں بطور انڈیپنڈنٹ ڈائریکٹر حصہ لینے کے خواہشمند امیدواروں کو درج ذیل اضافی دستاویزات بھی جمع کرانے ہوں گے:-

ساتھ ممبران کو ارسال کیا جا رہا ہے۔

بحکم بورڈ

سید محمد نقوی

قائم مقام سینی سیکریٹری

کراچی

30 اپریل 2020

آئی جی آئی ہولڈنگز لمیٹڈ کے 66 ویں سالانہ اجلاس عام کے لیے کورونا وائرس سے تحفظ کی تمام تر منصوبہ بندی

COVID-19 (کورونا وائرس) کی حالیہ صورتحال کے پیش نظر حکومت کی جانب سے عوامی اجتماعات سے بچنے اور ایک مقام پر اکٹھے / جمع نہ ہونے کے احکامات جاری کیے گئے تھے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے سرکلر نمبر EMD/MISC/82/2012 مورخہ 17 مارچ 2020 کے تحت کمپنیز کے لیے یہ ضروری ہے کہ وہ شیئر ہولڈرز کو وائرس سے محفوظ رکھنے کے لیے اجلاس عام کی اپنی عمومی پلاننگ میں تبدیلی کریں اور وڈیولنک کی سہولت فراہم کر کے بڑے اجتماعات سے احتراز کریں۔ کمپنی حکومت سندھ اور ایس ای سی پی کی ہدایات پر عمل درآمد بہترین طریقہ کار اختیار کر کے شیئر ہولڈرز کے تحفظ کے لیے تمام ترقیاتی اقدامات کو یقینی بنائے گی۔ ایسی صورت میں کہ ایس ای سی پی اور/یا پاکستان اسٹاک ایکسچینج کی جانب سے جاری کردہ ہدایات یا ٹیکنیکلیشنز یا اسے جی ایم میں کسی بھی دیگر تبدیلی کے لیے کمپنی ان کا اعلان پاکستان اسٹاک ایکسچینج سے PUCARS سسٹم کے ذریعے کر دے گی۔

اس کے مطابق حکومت کی جانب سے عوامی اجتماعات پر عائد پابندی اور ایس ای سی پی کی ہدایات کی روشنی میں اجلاس کے لیے کوئی مقام مقرر نہیں کیا گیا ہے اور تمام شرکت کنندگان اس میں وڈیولنک کے ذریعے شرکت کریں گے۔

ممبران سے درخواست کی جاتی ہے کہ اسے جی ایم میں بذریعہ وڈیولنک شرکت کریں۔ وڈیولنک کے ذریعے شرکت کی غرض سے ممبران <https://zoom.us/download> کے ذریعے ایپ/سافٹ ویئر ڈاؤن لوڈ کر سکتے ہیں اور وڈیولنک کے ذریعے لاگ ان کر کے اسے جی ایم کی کارروائیوں میں شریک ہو سکتے ہیں۔

اسے جی ایم کے دوران ووٹنگ کی ضرورت پڑنے کی صورت میں ممبران اسے جی ایم کی تاریخ پر اپنا ووٹ کا حق استعمال کرنے کے لیے فیکو کے پورٹل : www.famco.com.pk/evoting.html پر لاگنگ کر کے ووٹنگ کر سکیں گے۔

وڈیولنک کی سہولت کے ذریعے رابطے کی غرض سے ممبران /پراسسز رجسٹر کرانے کے لیے ان کے نام، فونیو نمبر اور سی این آئی سی نمبر کو شیئر ہولڈرز ای میل ایڈریس agm.igiholdings@igi.com.pk پر عنوان ”آئی جی آئی ہولڈنگز کے اے جی ایم کیسے رجسٹریشن“ کے ساتھ ارسال کر دیں۔ وڈیولنک اور لاگ ان کی تفصیلات ان ممبران /پراسسز کو بھیج دی جائیں گی جس کے ای میل کے ذریعے تمام مطلوبہ کوائف موصول ہو جائیں گے اور یہ دینے گئے ای میل ایڈریس پر 19 مئی 2020 کو شام 03:00 بجے سے قبل موصول ہو جائیں۔

ممبران اسے جی ایم کے ایجنڈا آئٹمز کے لیے اپنے تاثرات اور استفسارات بھی واٹس ایپ نمبر 0333-2251376 اور ای میل agm.igiholdings@igi.com.pk پر ارسال کر سکتے ہیں۔

نوٹ:

1۔ کمپنی کی شیئر ٹرانسفر بکس 14 مئی 2020 تا 21 مئی 2020 (بشمول دونوں دن) بند رہیں گی۔

2۔ سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبر کسی دوسرے فرد کو اپنی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔ پراکسی کے فارم پر کسی کا تقرر کرنے والے ممبر کی جانب سے ہر طرح سے مکمل اور دستخط کر کے کمپنی کے شیئر رجسٹرار، فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8F، متصل ہوٹل فاران، بزمی، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو اجلاس کے لیے مقرر کردہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل موصول ہو جائیں۔

3۔ شیئر ہولڈرز (نان-سی ڈی سی) سے درخواست ہے کہ اپنے پتوں میں کسی بھی تبدیلی سے فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع فرمائیں۔

4۔ سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے پاس اکاؤنٹ یا ضمنی اکاؤنٹ کا حامل کوئی بھی انفرادی بینیفیشل اور جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھتا ہے، اجلاس میں اپنی شناخت ثابت کرنے کے لیے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) لازمی طور پر فراہم کرنا ہوگا اور پراکسی ہونے کی صورت میں ان کے سی این آئی سی کی مصدقہ نقول لازماً منسلک کی جائیں۔ کارپوریٹ اداروں کے نمائندے بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کی مصدقہ نقول اور/یا ایسے تمام دستاویزات فراہم کرنے ہوں گے جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر ایک مورخہ 26 جنوری 2000 کے تحت ضروری ہیں۔

5۔ کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے مطابق مالیاتی گوشوارے اور رپورٹس کمپنی کی ویب سائٹ پر فراہم کر دی گئی ہیں۔

ایس ای سی پی کے ایس آر او 2014/1(787) مورخہ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کے مطابق ممبران کو بذریعہ ہذا اطلاع دی جاتی ہے کہ کمپنیز اپنے ممبران کو سالانہ رپورٹ ای میل کے ذریعے تقسیم کرنے کی اجازت دی گئی ہے۔ اس مقصد کے لیے ہم نے سالانہ رپورٹ میں درخواست فارم کو منسلک کر دیا ہے اور یہ کمپنی کی ویب سائٹ www.igi.com.pk/holdings پر بھی اپ لوڈ کر دیئے گئے ہیں۔ وہ ممبران جو یہ سہولت حاصل کرنا چاہتے ہوں ان سے درخواست ہے کہ وہ یہ درخواست فارم مکمل طور پر پھرنے کے بعد شیئر رجسٹرار کو جمع کرا دیں۔

6۔ مزید برآں ایس آر او 2016/1(470) مورخہ 31 مئی 2016 کے مطابق، جس کے ذریعے ایس ای سی پی نے کمپنیز کو سالانہ آڈٹ شدہ گوشوارے بارڈر کا پیوں کے بجائے بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت دی ہے، اور یہ شیئر ہولڈرز کی اجازت اور چند دیگر شرائط سے مشروط ہے، کمپنی نے اپنے غیر معمولی اجلاس عام مورخہ 8 اکتوبر 2018 میں اس کے لیے شیئر ہولڈرز سے منظوری حاصل کر لی تھی۔

7۔ ایس ای سی پی نے سرکلر نمبر 10 بابت 2020 مورخہ یکم اپریل 2020 کے تحت کورونا وائرس (کووڈ-19) کے مہلک اثرات سے محفوظ رہنے اور اس کے نتیجے میں حکومت کی جانب سے لاک ڈاؤن کے باعث کارپوریٹ سیکٹر کو ریگولیٹری ریلیف دیا ہے۔ اس کے مطابق کمپنی کی 2019 کے لیے سالانہ رپورٹ شیئر ہولڈرز کو سی ڈی یا پرنٹ شدہ کا پیوں کے ذریعے ارسال نہیں کی جائیں گی تاہم یہ صرف پاکستان اسٹاک ایکسچینج کے PUCARS سسٹم اور کمپنی کی ویب سائٹ (www.igi.com.pk/holdings) پر ”انویسٹر انفارمیشن“ کے تحت الیکٹرونیکل دستیاب ہوں گی۔ شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ای میل ایڈریس agm.igiholdings@igi.com.pk پر فراہم کر دیں، اگر وہ سالانہ رپورٹ 2019 کو ای میل پر حاصل کرنے کے خواہشمند ہیں۔

8۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوق کے مطابق کسی بھی لمحہ کمپنی کے لیے یہ لازم ہے کہ وہ شیئر ہولڈرز کو نقد منافع منقسمہ صرف بذریعہ الیکٹرونک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں ادا کرے۔ اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کی غرض سے برائے مہربانی ای۔ کرڈٹ مینڈیٹ فارم پر دئے گئے کوائف کو مکمل کریں، منافع منقسمہ کے مینڈیٹ کا یہ فارم سالانہ رپورٹ کے ساتھ منسلک کر دیا گیا ہے اور اس کے علاوہ کمپنی کی ویب سائٹ - www.igi.com.pk/holdings پر بھی اپ لوڈ کر دیا گیا ہے۔

9۔ ممبر کے کارآمد بینک اکاؤنٹ کی تفصیلات اور/یا آئی بی اے این کی عدم دستیابی کی صورت میں کمپنی ایسے ممبران کے منافع منقسمہ کی ادائیگی کو مقررہ تفصیلات کی فراہمی تک روک لے گی۔

10۔ ایسے ممبران جو شیئر زغیر مادی (dematerialized) صورت میں رکھتے ہیں، ان سے درخواست ہے کہ وہ اپنے منافع منقسمہ کے بینک مینڈیٹ فارم کو بھر کر اسے اپنے پرائیویٹ/سی ڈی سی میں انویسٹر اکاؤنٹ سروسز کو جمع کرا دیں۔

11۔ حکومت پاکستان نے فنانس ایکٹ 2019 کے ذریعے انکم ٹیکس آرڈیننس 2001 میں چند ترامیم کی ہیں، جس کے ذریعے کمپنیز کی جانب سے ادا کیے جانے والے منافع منقسمہ کی رقم پر وہولڈنگ کی رقم کی کوئی کے لیے مختلف شرحیں مقرر کی گئی ہیں۔ یہ ریٹس درج ذیل کے مطابق ہیں:

| | | |
|------|---|-----|
| (اے) | انکم ٹیکس گوشواروں کے فائلرز کے لیے | 15% |
| (بی) | انکم ٹیکس گوشواروں کے نان-فائلرز کے لیے | 30% |

مجوزہ بنیادی کاروباری لائن

(i) کمپنی کے کاروبار کی عمومی نوعیت کی بنیادی لائن یہ ہوگی: ایک ہولڈنگ کمپنی کی حیثیت سے مصروف عمل رہنا جو کسی بھی ادارے میں کسی بھی قسم کی سرمایہ کاری کا انتظام سنبھالے، کسی بھی کمپنی کے شیئرز کیپٹل میں دیگر مفادات کا حصول اور اس کا بندوبست اور دوسری صورت میں پاکستان یا دنیا کے کسی بھی حصے میں ذیلی اداروں کو قائم کرنا، تشکیل دینا، ان کا فروغ اور دیکھ بھال اور یا شیئرز یا معاہدوں، مالی ذمے داریوں یا دیگر سیکورٹیز کا حصول اور ان کی فروخت: سرمایہ کاری کو ممکن بنانا بشمول کسی ادارے یا کسی بھی قانونی کاروبار میں ملوث کمپنی میں سرمایہ کاری: اور کسی بھی عمومی حد بندی اور امتیاز کے بغیر بطور ہولڈنگ کمپنی (i) آئی جی آئی جنرل انشورنس لمیٹڈ: (ii) آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ: (iii) آئی جی آئی لائف انشورنس لمیٹڈ: اور (iv) آئی جی آئی فنانکس سیکورٹیز لمیٹڈ کے لیے فرائض انجام دینا جو معزز عدالت عالیہ سندھ کی جانب سے اس کے حکم نامے بمطابق بے متفرق پٹیشن نمبر: 1 of 2017 میں منظور کردہ انضمام اور اربنجنٹ کی اسکیم کے تحت آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے آئی جی آئی انشورنس لمیٹڈ میں انضمام: آئی جی آئی انشورنس لمیٹڈ کے شعبہ بیمہ کو آئی جی آئی جنرل انشورنس لمیٹڈ میں منتقل کرنے اور آئی جی آئی انشورنس لمیٹڈ کے شعبہ انویسٹمنٹ کو آئی جی آئی انویسٹمنٹ (پرائیویٹ) لمیٹڈ میں منتقل کرنے کے نتیجے میں عمل آئی ہے۔

(ii) ماسوائے ذیلی شق (iii) میں درج کاروباروں کے لیے ذیل میں درج کمپنی تمام قانونی کاروباروں کے لیے مصروف عمل رہے گی اور اس سلسلے میں تمام مطلوبہ اور ضروری اقدامات اور کارروائیوں کو بروئے کار لانے کے سلسلے میں مجاز ہوگی۔

(iii) اس شق کی باقی ماندہ ذیلی شقوں میں شامل کوئی بھی شق کی شمولیت کے باوجود اس میں درج کوئی ایسا امر موجود نہیں جو کمپنی کو بااختیار بنانے کے حوالے سے ایسے کاروبار میں واسطہ یا بلا واسطہ ملوث ہونے سے روکتا ہو جو کہ بینکنگ کمپنی، نان۔ بینکنگ فنانس کمپنی (میوچل فنڈ، لیزنگ، انویسٹمنٹ کمپنی، انویسٹمنٹ ایڈوائزر، رئیل اسٹیٹ انویسٹمنٹ ٹرسٹ مینجمنٹ کمپنی، ہاؤسنگ فنانس کمپنی، وغیرہ، کیپٹل کمپنی، ڈسکاؤنٹنگ سروسز، مائیکروفنانس یا مائیکرو کریڈٹ برنس)، انشورنس برنس، مضاربہ مینجمنٹ کمپنی، اسٹاک بروکریج برنس، فاریکس، رئیل اسٹیٹ برنس، مینیجنگ ایجنسی، سیکورٹی گارڈز کی سروسز فراہم کرنے والا برنس یا کوئی بھی ایسا دیگر کاروبار جو کسی قانون نافذ کرنے والے ادارے کی جانب سے کچھ وقت کے لیے ممنوع رہا ہو، یا جیسا کہ کمیشن کی جانب سے واضح کیا گیا ہو۔

(iv) بذریعہ ہذا اس امر کو واضح کیا جاتا ہے کہ کمپنی درج ذیل معاملات انجام نہیں دے گی:

(اے) کوئی بھی ایسا کاروبار جو ذیلی شق (iii) مذکورہ بالا میں درج ہو یا کسی غیر قانونی آپریشن کے زمرے میں آتا ہو۔

(بی) ملٹی لیول مارکیٹنگ (MLM)، پیرامڈ اور پونزی اسکیمز یا اس سے متعلق کوئی بھی دیگر کاروبار / سرگرمی یا کسی لائری برنس کو متعارف کرانا۔

(سی) کوئی بھی ایسا قابل اجازت کاروبار انجام دینا تو قتیہ اس کے لیے حکام مجاز کی جانب سے مطلوبہ منظوری، اجازت، لائسنس نہ حاصل کر لیا جائے جیسا کہ مروجہ قانون کے تحت لاگو ضوابط کے مطابق درکار ہو۔

(ii) کاروبار کی بنیادی لائن میں تبدیلی کی وجوہات

جیسا کہ ضروری حقائق کے اس اسٹیٹمنٹ کے ابتدائی پیرا گراف میں واضح کیا گیا ہے کہ کمپنی حال ہی میں تنظیم نو کے مرحلے سے گزری ہے، جس کے بعد بیمہ کے کاروبار میں مصروف عمل رہنے کے بجائے کمپنی ایک ہولڈنگ کمپنی کے طور پر کارفرما رہے گی۔

(iii) مجوزہ تبدیلی کے نتیجے میں کمپنی اور اس کے ممبران کو حاصل ہونے والے ممکنہ فوائد:

کمپنی اب مزید انشورنس برنس میں مصروف عمل نہیں رہے گی اور مجوزہ تبدیلی کی صورت میں کمپنی اور اس کے ممبران کو حاصل ہونے والے ممکنہ فوائد کمپنی کے اغراض و مقاصد میں واضح ہیں اور کمپنی کی تنظیم نو کے امر کی عکاسی کرتے ہیں۔

(iv) مالیاتی اغراض و مقاصد، بشمول نئے مجوزہ بنیادی کاروبار کے لیے پروجیکٹ کی مالیت، پروجیکٹ کی لاگت کو پورا کرنے کے لیے فنڈز کے ذرائع، آمدنی، اخراجات وغیرہ بشمول ظاہر نہ ہونے والی ضروریات۔

لاگو نہیں ہوتا۔

(v) کمپنی کی موجودہ کاروباری لائن پر اس کے اثرات: اور

تبدیلی کے مطابق کمپنی انویسٹمنٹس اور موجودہ ذیلی اداروں کے لیے ایک ہولڈنگ کمپنی کے طور پر کام کرے گی اور اب مزید انشورنس برنس میں مصروف عمل نہیں رہے گی۔

(vi) مجوزہ تبدیلی کے لیے ممکنہ مقررہ مدت جس میں اس کو لاگو کیا جائے گا:

فوری طور پر۔

(vii) بورڈ کا اسٹیٹمنٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک اسٹیٹمنٹ کہ مجوزہ تبدیلی میں کمپنی یا اس کے ممبران کا مجموعی طور پر کوئی ذاتی مفاد نہیں ہے، منسلک ہذا ہے۔

میورنڈم کی ترمیم

(i) مجوزہ تبدیلی کے ساتھ موجودہ شق کا تقابلی جائزہ بشمول مجوزہ تبدیلی کی وجوہ اور اس کی وضاحت: اور

تقابلی جائزہ اس کے ساتھ منسلک ہے۔

(ii) کمپنی کے میورنڈم آف ایسوسی ایشن میں تبدیلی یا ترمیم کی وجوہ:

جیسا کہ اوپر واضح کیا گیا ہے کہ کمپنی حال ہی میں تنظیم نو کے مرحلے سے گزری ہے، جس کے بعد بیمہ کے کاروبار میں مصروف عمل رہنے کے بجائے کمپنی ایک ہولڈنگ کمپنی کے طور پر انویسٹمنٹس کا انتظام اور ذیلی اداروں کے لیے کارفرما رہے گی۔

مذکورہ بالا وجوہ کی بنیاد پر یہ ضروری ہو چکا ہے کہ کمپنی کے میورنڈم میں تبدیلی کی جائے تاکہ اس میں سے انشورنس برنس اور بیمہ کاروبار سے متعلق تمام اغراض و مقاصد کو حذف کیا جاسکے اور میورنڈم میں کمپنی کی نئی بنیادی کاروباری لائن کے امور واضح ہو سکیں۔

(iii) بورڈ کا اسٹیٹمنٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک اسٹیٹمنٹ کہ مجوزہ تبدیلی نافذ العمل قانون اور ریگولیٹری فریم ورک کی شقوں کے مطابق ہے، منسلک ہذا ہے۔

آرٹیکلز کی ترمیم

(iv) مجوزہ تبدیلی کے ساتھ موجودہ شق کا تقابلی جائزہ بشمول مجوزہ تبدیلی کی وجوہ اور اس کی وضاحت: اور

برائے مہربانی اس کے لیے ساتھ میں منسلک تقابلی جائزہ دیکھیں جس میں موجودہ آرٹیکلز اور مجوزہ نظر ثانی کو ایک سرخ لائن ورژن ظاہر کیا گیا ہے جو تبدیلیوں کو واضح کر رہا ہے بشمول ہیڈ نوٹ میں اس کے لیے وجوہات اور وضاحت کو بھی شامل کر دیا گیا ہے۔ آرٹیکلز میں مجوزہ ترمیم نئے کمپنیز ایکٹ 2017 کے تحت اس کی حیثیت کی عکاسی کرتی ہے۔

(v) کمپنی کے آرٹیکلز آف ایسوسی ایشن میں تبدیلی کے ترمیم کی وجوہات:

آرٹیکلز میں ترمیم انشورنس کمپنیز یا بیمہ کاروبار سے متعلق شقوں کو حذف کرنے اور نئے کمپنیز ایکٹ 2017 اور دیگر نافذ العمل قوانین کے مطابق آرٹیکلز تشکیل دینے اور اپ ڈیٹ کرنے کے لیے کی گئی ہے۔

آئی جی آئی اے ٹو بسٹمنٹس

آئی جی آئی اے ٹو بسٹمنٹس کی آمدنی کا بہاؤ بنیادی طور پر اس کی سرمایہ کاریوں سے حاصل منافع منقسمہ کی آمدنی سے اخذ کردہ ہے۔ سال رواں کے دوران کمپنی نے 1,246 ملین روپے مالیت کی منافع منقسمہ کی آمدنی حاصل کی جو اس کے مقابلے میں گزشتہ برس کے دوران 2,039 ملین روپے تھی۔ کمپنی نے 973 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو گزشتہ سال اس کے مقابلے میں 1,833 ملین روپے تھا جبکہ 784 ملین روپے کا منافع بعد از ٹیکس حاصل ہوا جو سال 2018 کے دوران مقابلے میں 1,407 ملین روپے تھا۔

آئی جی آئی فائیکس

سال رواں کے دوران آئی جی آئی فائیکس نے 132 ملین روپے کا آپریٹنگ ریونیو حاصل کیا جو اس کے مقابلے میں سال 2018 کے دوران 111 ملین روپے تھا۔ کمپنی نے 16 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جبکہ اس کے مقابلے میں سال 2018 کے دوران 29 ملین روپے کا بعد از ٹیکس خسارہ ظاہر ہوا تھا۔

آئی جی آئی لائف

سال 2019 میں آپ کی کمپنی کا مجموعی زیر تحریر پرمیئم (بشمول تکافل زرشراکت) 4.8 ارب روپے پر موجود رہا۔ انفرادی لائف ریگولر پرمیئم (بشمول تکافل زرشراکت) نے 8% کی شرح نمو ظاہر کی اور سال 2018 کے 2.22 ارب روپے سے بڑھ کر یہ 2.40 ارب روپے پر آ گیا۔ تجدیدی پرمیئم کی بنیاد 1.72 ارب روپے تک بڑھ گئی (2018؛ 1.64 ارب روپے) اور اس طرح گزشتہ برس کے مقابلے میں 5% کی شرح نمو رجسٹر کی گئی۔

انفرادی فیملی تکافل ریگولر پرمیئم نے گزشتہ برس کے مقابلے میں 36% کی ایک مستحکم شرح نمو ظاہر کی اور یہ 886.26 ملین روپے پر موجود رہا جبکہ اس کے برعکس سال 2018 میں اس کا حجم 650.96 ملین روپے تھا۔ کمپنی کا ونڈو تکافل آپریٹرز 2015 میں متعارف کرایا گیا تھا اور اس وقت سے مستقل طور پر بہتر شرح نمو ظاہر کر رہا ہے۔

گروپ لائف اور ہیلتھ پرمیئم (بشمول تکافل گروپ فیملی صحت) 1.97 ارب روپے پر موجود رہا (2018 1.66 ارب روپے) جس سے گزشتہ سال کے مقابلے میں 19% شرح نمو ظاہر ہوتی ہے۔

کمپنی نے 176 ملین روپے کا بعد از ٹیکس خسارہ حاصل کیا جبکہ اس کے برعکس 95 ملین روپے کا بعد از ٹیکس خسارہ (بشمول سرپلس/ اسٹیجوفری فنڈز کا خسارہ) ہوا تھا۔ سال کے دوران کمپنی کے منافع جات میں کی آئی جس کی بنیادی وجہ حصول اور انتظامی اخراجات میں اضافہ تھا۔

ہم اپنے کاروباری شراکت کاروں اور تمام اسٹیک ہولڈرز کی جانب سے کی گئی معاونت اور سرپرستی پر ان کے شکر گزار ہیں اور اپنے ملازمین کی جانب سے بے لوث خدمات اور سنجیدہ کاوشوں پر ان کو خراج تحسین پیش کرتے ہیں۔

برائے اور مخائب بورڈ

طاہر مسعود

چیف ایگزیکٹو آفیسر

لاہور، 9 مارچ 2020

سید باہری

چیرمین

لاہور، 9 مارچ 2020

اطلاع سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ آئی جی آئی ہولڈنگز لمیٹڈ (”کمپنی“) کا 66 واں سالانہ اجلاس عام بروز جمعرات 21 مئی 2020 کو صبح 11:30 بجے درج ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا:

(COVID-19) (کورونائرس) کی موجودہ صورت حال کے پیش نظر اجلاس کے لیے کوئی مقام طے نہیں کیا گیا ہے اور شیئر ہولڈرز کو آگاہ کیا جاتا ہے کہ اجلاس میں صرف بذریعہ وڈیو لنک شرکت کریں۔)

عمومی امور:

1۔ کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ 29 جولائی 2019 کی کاروائیوں کی توثیق۔

2۔ سال ختمہ 31 دسمبر 2019 کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے مع ان پرچیز مین کی جائزہ رپورٹ اور ڈائریکٹرز و آڈیٹرز کی رپورٹس کی وصولی، ان پر غور و خوض اور ان کی منظوری۔

3۔ مالیاتی سال ختمہ 31 دسمبر 2019 کے لیے کے لیے نقد منافع منقسمہ بشرح -3/ روپے (30%) فی شیئر کی ادائیگی پر غور و خوض اور اس کی منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کے لیے سفارش کی ہے۔

4۔ کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت 21 مئی 2020 سے شروع ہونے والی تین سالہ مدت کے لیے بورڈ کی جانب سے مقرر کردہ تعداد کے مطابق سات (7) ڈائریکٹرز کا انتخاب کرنا، سبکدوش ہونے والے ڈائریکٹرز کے نام یہ ہیں:

- | | | |
|-----------------|-----------------------|--------------------|
| 1۔ سید باہری | 4۔ سید شاہ علی | 7۔ جناب طاہر مسعود |
| 2۔ سید حیدر علی | 5۔ جناب شمیم احمد خان | |
| 3۔ سید یار علی | 6۔ محترمہ فریال جمعہ | |

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 09 مارچ 2020 کے اجلاس ہذا میں منتخب کیے جانے والے ڈائریکٹرز کی تعداد مقرر کی ہے۔ سبکدوش ہونے والے ڈائریکٹرز دوبارہ انتخاب کے لیے اہل ہیں۔ کمپنی کو علاوہ از اس محترمہ فریال صادق کی جانب سے کمپنیز ایکٹ 2017 کے سیکشن 159 کی شقوں کے مطابق تین سالہ مدت کے لیے کمپنی کے ڈائریکٹر کی حیثیت سے خود کو انتخاب کے لیے پیش کرنے کے ارادے کا نوٹس بھی موصول ہوا ہے۔

5۔ مالیاتی سال 2020 کے لیے بیرونی آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے مالیاتی سال 2020 کے لیے بطور آڈیٹرز تقرری پر رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کی سفارش بھی کی ہے۔

خصوصی امور:

6۔ کمپنی کے میورنڈم آف ایسوسی ایشن میں ترمیم کے لیے ایک خصوصی قرارداد پر غور و خوض اور درست پانے کی صورت میں اس کی ترمیم یا بلا ترمیم منظوری اور کمپنیز ایکٹ 2017 اور دیگر موجود قوانین پر عمل کرتے ہوئے کمپنی کی تنظیم نو کے لیے کمپنی کے کاروبار کی بنیادی لائن میں تبدیلی کی روشنی میں کمپنی کے ایک نئے اپ ڈیٹ کیے گئے آرٹیکل آف ایسوسی ایشن کے سیٹ (Set) کو رائج کرنا۔

دیگر امور

7۔ صدر اجلاس کی اجازت سے کسی دیگر امور پر غور و خوض۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 اور ایس۔ آراو۔ 423(I)/2018 مورخہ 3 اپریل 2018 کے تحت معلومات کو ظاہر کرنا ضروری ہے، اس ضمن میں ضروری حقائق کا ایک بیان اس نوٹس کی کاپی کے

بورڈ نے ان ڈائریکٹرز کی غیر حاضری پر ان کو چھٹی کی منظوری دے دی تھی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکے تھے

آڈٹ کمیٹی نے سال کے دوران چار اجلاس منعقد کیے اور ان میں ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

| ڈائریکٹر کے نام | ڈائریکٹر کے نام | شرکت |
|--------------------|-----------------|------|
| جناب شمیم احمد خان | 3 | |
| سید یاور علی | 4 | |
| سید حیدر علی | 4 | |
| محترمہ فریال جمعہ | 4 | |

ایچ آر کمیٹی نے سال کے دوران چار اجلاس منعقد کیے۔ ہر ایک ممبر کی حاضری درج ذیل کے مطابق تھی:

| ڈائریکٹر کے نام | ڈائریکٹر کے نام | شرکت |
|----------------------|-----------------|------|
| سید یاور علی | 1 | |
| سید شاہد علی | 0 | |
| سید حیدر علی | 1 | |
| جناب عثمان خالد وحید | 1 | |
| طاہر مسعود | 1 | |

آڈیٹرز:

آڈیٹرز، مہمسر زائے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس 66 ویں سالانہ اجلاس عام کے اختتام پر سکدوش ہو رہے ہیں۔ اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے اور بورڈ نے آڈٹ کمیٹی کی سفارشات کی بنیاد پر ان کی دوبارہ تقرری کی توثیق کر دی ہے۔

شیئرز ہولڈنگ کا پیٹرن

شیئرز ہولڈرز کی مختلف کلاس کی شیئرز ہولڈنگ کے پیٹرن کا ایک خاکہ برطانیہ 31 دسمبر 2019 جس کو واضح کرنا رپورٹنگ فریم ورک کے تحت ضروری ہے، ان کو شیئرز ہولڈرز کی معلومات کے لیے شامل کیا گیا ہے۔

مستقبل کا جائزہ

آئی جی آئی ہولڈنگ بحیثیت ایک ہولڈنگ کمپنی کا رفر ما ہے، اس کی کارکردگی کا تعین اس کے ذیلی اداروں کی مالیاتی کارکردگی کے ذریعے کیا جاتا ہے، جو اس کی انویسٹی کمپنیوں کی کارکردگی اور عمومی اقتصادی صورتحال کے ذریعے اثر انداز ہوتا ہے۔

اعتراف

ہم اپنے تمام اسٹیک ہولڈرز کے خود پر کیے جانے والے اعتماد کیلئے شکر گزار ہیں جس کی بدولت ہمیں کامیابی اور ترقی کے حصول میں مدد ملی۔

برائے اور منجانب بورڈ

سید یاور علی
چیئر مین
لاہور، 9 مارچ 2020

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور، 9 مارچ 2020

ڈائریکٹرز رپورٹ

سال ختم 31 دسمبر 2019 کے لیے مجموعی مالیاتی

حسابات پر شیئرز ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

بورڈ کی جانب سے میں ہمسرت سال ختم 31 دسمبر 2019 کے لیے آئی جی آئی ہولڈنگز لمیٹڈ (”آئی جی آئی ہولڈنگز“) اور اس کے ذیلی ادارے بنام: آئی جی آئی لائف انشورنس لمیٹڈ (آئی جی آئی لائف)، آئی جی آئی جنرل انشورنس لمیٹڈ (آئی جی آئی جنرل انشورنس)، آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ (آئی جی آئی انویسٹمنٹس) اور آئی جی آئی فنانکس سیکیورٹیز لمیٹڈ (آئی جی آئی فنانکس) (ذیلی ادارے) (مجموعی طور پر ان کا حوالہ بطور دی گروپ دیا جائے گا) کے مجموعی مالیاتی حسابات پیش کر رہا ہوں۔

آئی جی آئی ہولڈنگز بطور ایک ہولڈنگ کمپنی اپنے ذیلی اداروں سے منافع منقسمہ کی صورت میں آمدنی حاصل کرتی ہے۔

گروپ کی کارکردگی کا جائزہ

| 2019 | 2018 | منافع قبل از ٹیکس |
|--------------|--------------|--|
| روپے 000 میں | | |
| 939,097 | 1,480,844 | ٹیکس |
| (288,773) | (512,787) | منافع بعد از ٹیکس |
| 650,324 | 968,057 | دیگر جامع نقصان (خسارہ) |
| (4,981,068) | (14,268,619) | مجموعی جامع نقصان (خسارہ) |
| (4,330,744) | (13,300,562) | نان کنٹرول ہونے والے شرح سود سے قابل منسوب |
| (22,890) | (23,889) | عمومی حصص یافتگان سے قابل نسبت |
| (4,307,854) | (13,276,673) | |
| 2019 | 2018 | آمدنی فی حصص |
| روپے | | |
| 4.56 | 6.79 | |

سال رواں کے دوران گروپ نے 650 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جبکہ اس کے مقابلے میں سال 2018 کے دوران 968 ملین روپے کا منافع بعد از ٹیکس حاصل کیا گیا تھا جس سے 32% کی کمی ظاہر ہوتی ہے۔ یہ کمی بنیادی طور پر سرمایہ کاریوں سے حاصل کردہ کمتر منافع منقسمہ کی آمدنی، منسلکہ اداروں سے منافع کی شرح میں کمی اور بیمہ زندگی کے کاروبار کے منافع جات میں کمی سے منسوب ہے۔

تاہم جنرل انشورنس اور بروکریج بزنس نے گزشتہ سال کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا۔

دیگر جامع خسارہ 4,981 ملین روپے رہا جبکہ اس کے مقابلے میں سال گزشتہ کے دوران آئی جی آئی انویسٹمنٹس میں دیگر جامع آمدنی کے ذریعے فیوز ویلیو پر مالیاتی اثاثہ جات، پورٹ فولیو اور منسلکہ اداروں دیگر جامع خسارے کے شیئرز کی ری ویلیویشن پر خسارے کے باعث 14,269 ملین روپے حاصل کیے گئے تھے۔ اس کے مطابق خسارے کی دوبارہ چیپٹس کو نافذ العمل رپورٹنگ فریم ورک کے مطابق دیگر جامع آمدنی کے حصے کے طور پر تسلیم کیا جا رہا ہے۔ اس میں 1,202 ملین روپے بھی شامل ہیں جو منسلکہ اداروں کے دیگر مجموعی خسارے میں حصے کی نمائندگی کرتے ہیں۔

رواں سال گروپ نے 4.56 روپے کی فی شیئر آمدنی حاصل کی جو اس کے مقابلے میں 2018 کے دوران 6.79 روپے تھی۔

ذیلی اداروں کے مالیاتی نکات ذیل میں واضح کیے گئے ہیں:

آئی جی آئی جنرل

سال رواں کے دوران آئی جی آئی جنرل نے 5,611 ملین روپے کا مجموعی پریمیم (بشمول مکافل زرشراکت) حاصل کیا جو اس کے مقابلے میں گزشتہ سال کے دوران 4,608 ملین روپے تھا۔ آئی جی آئی جنرل نے 1,203 ملین روپے کے خالص کلیمز ادا کیے جو اس کے مقابلے میں سال 2018 کے دوران 1,143 ملین روپے تھے۔ سرمایہ کاری اور دیگر آمدنی بھی رواں سال کے دوران 243 ملین روپے تک بڑھ گئی۔

اس کے نتیجے میں کمپنی نے 578 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جو اس کے مقابلے میں سال 2018 کے دوران 368 ملین روپے تھا۔

تفصیل

| | |
|------------------------|---|
| انڈیپینڈنٹ ڈائریکٹرز | 1 |
| نان ایگزیکٹو ڈائریکٹرز | 6 |
| ایگزیکٹو ڈائریکٹرز | 1 |

ڈائریکٹرز کے نام بمطابق 31 دسمبر 2019 درج ذیل کے مطابق ہیں:

سید بابر علی

جناب شمیم احمد خان

سید یاور علی

سید شاہد علی

سید حیدر علی

محترمہ فریال جمعہ

جناب حسن عسکری

جناب طاہر مسعود

سال کے دوران جانب عثمان خالد وحید کے استعفیے کے باعث بورڈ میں ایک اتفاقی اسامی ظاہر ہوئی جس کو بورڈ کی باقی ماندہ مدت کے لیے جناب حسن عسکری کی تقرری بطور ڈائریکٹر کر کے پر کر لیا گیا۔

ڈائریکٹرز کا معاوضہ

کمپنی نے ڈائریکٹرز کے معاوضے کی پالیسی منظور کر رکھی ہے۔ پالیسی کا مقصد ڈائریکٹرز کے معاوضے مع نان۔ ایگزیکٹو ڈائریکٹرز کی جانب سے فراہم کردہ اضافی/ٹیکنیکل خدمات کے لیے معاوضے کے تعین کے لیے ایک شفاف طریقہ کار اختیار کرنا ہے۔ معاوضے پروقتاً نوقتاً نظر ثانی کرتے ہوئے بورڈ آف ڈائریکٹرز کی جانب سے ہیومن ریسورس ور میونریشن (ایچ آر اینڈ ایچ) کی کمپنی کے سفارشات کے تحت از سر نو تعین کیا جاتا ہے۔

رپورٹنگ فریم ورک

ڈائریکٹرز ہمسرت آگاہ کرتے ہیں کہ کمپنی کوڈ آف کارپوریٹ گورننس کی شقوں پر مکمل عمل درآمد کر رہی ہے جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے تحت ضروری ہے۔

آپ کی کمپنی کے ڈائریکٹرز آگاہ کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے امور، اس کے آپریشنز، کیش فلوز اور ایکویٹی میں تبدیلیوں کو واضح اور شفاف انداز میں پیش کرتے ہیں۔؛

- کمپنی کے کھاتوں کی باقاعدہ کتب مرتب کی گئی ہیں۔

- مالیاتی حسابات اور اکاؤنٹنگ تخمینہ جات کی تیاری میں درست اور موزوں اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور یہ نہایت مناسب اور محتاط فیصلوں پر مبنی ہیں۔؛

- مالیاتی حسابات کمپنیز ایکٹ 2017 اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں مروجہ ہیں، کی شرائط کے مطابق تیار کیے گئے ہیں۔ ان سے کسی قسم کی روگردانی کو مناسب طور پر بیان اور واضح کر دیا گیا ہے۔

- اندرونی کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل ہے اور اس کی نگرانی بھی کی جاتی ہے۔

- اس امر میں کوئی شبہ نہیں کہ کمپنی مستقل بنیادوں پر ایک ترقی کرنے والا ادارہ ہے۔

- کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی بڑی روگردانی نہیں کی گئی جیسا کہ لسٹنگ ریگولیشنز میں مفصل طور پر درج ہے۔

- گزشتہ چھ برس کے لیے کلیدی آپریشنل اور فنانشل ڈیٹا کی سمری اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

- ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے ضمن میں جہاں کوئی بھی قانونی ادائیگی واجب الادا ہے، اس بارے میں مطلوبہ رقم مع اس کی مختصر تفصیل اور اس کے اسباب کو مالیاتی گوشوارے میں واضح کر دیا گیا ہے۔

- اہم و نمایاں منصوبے اور فیصلے، جیسا کہ کارپوریٹ کی تنظیم نو، کاروبار میں توسیع اور آپریشنز کے عدم تسلسل کو مستقبل کے امکانات، خطرات اور بے یقینی، اگر کوئی ہو، کے ساتھ آگاہ کر دیا گیا ہے۔

- موجودہ بورڈ کے آٹھ ممبران میں سے چار ڈائریکٹرز باقاعدہ طور پر ڈائریکٹرز کے تربیتی پروگرام میں شرکت کر چکے ہیں اور دیگر چار، ڈائریکٹرز ٹریننگ پروگرام سے مستغنیٰ ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ان کو انتشی حاصل ہے۔

- ڈائریکٹرز اور ان کی شریک حیات کی جانب سے کمپنی کے شیئرز میں کی جانے والی تجارت کو ذیل میں بیان کیا گیا ہے:

ڈائریکٹرز اور شریک حیات

سید بابر علی، ڈائریکٹر نے 689,350 شیئرز خریدے۔

سید بابر علی، ڈائریکٹر نے 854,375 شیئرز بابر علی فاؤنڈیشن کو عطیہ کئے۔

مسز پروین بابر علی نے 86,100 شیئرز خریدے۔

سید حیدر علی، ڈائریکٹر نے 5,300 شیئرز خریدے۔

جناب حسن عسکری نے 150 شیئرز خریدے۔

سی ای او، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹوز نے سال کے دوران کمپنی کے شیئرز میں کوئی خرید و فروخت نہیں کی۔

ٹیکسز اور لیویز کے بارے میں معلومات مالیاتی حسابات کے نوٹس میں درج کی گئی ہیں

بورڈ نے سال کے دوران پانچ اجلاس منعقد کیے، جس میں ہر ایک ڈائریکٹر کی حاضری درج ذیل کے مطابق تھی۔

| ڈائریکٹرز کے نام | شرکت |
|----------------------|------|
| سید بابر علی | 3 |
| جناب شمیم احمد خان | 4 |
| سید یاور علی | 5 |
| سید شاہد علی | 4 |
| سید حیدر علی | 4 |
| محترمہ فریال جمعہ | 5 |
| جناب عثمان خالد وحید | 1 |
| جناب حسن عسکری | 1 |
| جناب طاہر مسعود | 5 |

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

آئی جی آئی ہولڈنگز لمیٹڈ (”آئی جی آئی ہولڈنگز“) کے ڈائریکٹرز مورخہ 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی سالانہ رپورٹ ہمراہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کرتے ہیں۔

کمپنی بحیثیت ایک ہولڈنگ کمپنی مصروف عمل ہے اور اپنے شیئر ہولڈرز کے لیے منافع جات کا بندوبست اپنے ذیلی اداروں بنام آئی جی آئی جزل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ، آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ اور آئی جی آئی فنانکس سکیورٹیز سے حاصل آمدنی کے ذریعے کرتی ہے۔ منافع منقسمہ کی آمدنی کا بڑا ذریعہ کمپنی کی آمدنی ہے اور اس کے نتیجے میں اس کی آمدنی کا بیڑن ذیلی اداروں کے منافع منقسمہ کی تقسیم کے طریقہ کار پر عمل پیرا ہے۔

کمپنی کی کارکردگی کا جائزہ

| | روپے ہزاروں میں | |
|--------------------------------------|------------------------|------------------------|
| | سال ختمہ 31 دسمبر 2018 | سال ختمہ 31 دسمبر 2019 |
| آپریٹنگ ریونیو | 1,107,950 | 2,182,664 |
| آپریٹنگ آمدنی | 808,832 | 1,992,145 |
| منافع قبل از ٹیکس | 911,542 | 1,839,889 |
| ٹیکس/محصولات | (14,813) | (39,842) |
| منافع بعد از ٹیکس | 896,729 | 1,800,047 |
| آمدنی فی شیئر (روپے میں) بنیادی/خالص | 6.29 | 12.63 |

کمپنی نے سال کے دوران 809 ملین روپے کی آپریٹنگ آمدنی حاصل کی اس کے برخلاف سال 2018 میں یہ حجم 1,992 ملین روپے تھا اس کے ساتھ منافع بعد از ٹیکس 897 ملین روپے رہا جبکہ سال 2018 کے دوران منافع بعد از ٹیکس 1,800 ملین روپے تھا۔ اس کی بنیادی وجہ آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ سے منافع منقسمہ کی کم رقم کا حصول تھا۔

سال رواں کے دوران ایک مکمل ملکیتی ذیلی ادارے آئی جی آئی فنانکس سکیورٹیز لمیٹڈ میں کمپنی کی سرمایہ کاری کے سلسلے میں 92.720 ملین روپے کی رقم کے بڑے خسارے کو الٹ کیا گیا جو گزشتہ برسوں میں سامنے آیا تھا۔ اس تبدیلی کے پیچھے کلیدی وجوہات میں آئی جی آئی فنانکس سکیورٹیز لمیٹڈ کی جانب ہینڈل کردہ ٹریڈنگ والیومز، اوسط کمیشن کی شرح، تجارتی حجم میں اضافہ، آمدنی کی شرحوں کے لیے لاگت، لگائے گئے فنڈز پر منافع جات، شرح سود، ٹرمینل نمو کی شرح وغیرہ وغیرہ شامل ہیں۔

تصرف

کمپنی نے سال کے دوران 908 ملین روپے کا منافع حاصل کیا، اس کے مطابق ڈائریکٹرز نے 30% (یعنی تین روپے فی شیئر) کے نقد منافع منقسمہ کی سفارش کی (2018: 30% یعنی تین روپے فی شیئر)۔ لہذا کمپنی نے ختمی نقد منافع منقسمہ کی ادائیگی کے لیے 427.9 ملین روپے مختص کیے (2018: 427.9 ملین روپے)۔

خطرات کا تدارک

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی باقاعدگی کے ساتھ کمپنی کو درپیش خطرات، ان کے اثرات اور ممکنات کے ضمن میں جائزہ لیتی رہتی ہے۔ چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر انتظامی ٹیم خطرات کے تدارک کے لیے کیے جانے والے اقدامات کے سلسلے میں ذمہ دار ہے۔ مارکیٹ کی صورتحال کا مستقل طور پر جائزہ لینے اور اس کے بروقت انتظامات کا بندوبست کرنے کے لیے کمپنی کی صلاحیت بڑھانے اور خطرات کے تدارک کے موثر اقدامات کا مستقل جائزہ لیا جاتا ہے۔

کمپنل مینجمنٹ و لیکویڈیٹی

کمپنی اپنے مالیاتی معاہدوں مع اپنی سرمایہ کاریوں کی کریڈٹ کوالٹی اور اس کے پھیلاؤ کے تحت اپنے اثاثہ جات کی پوزیشن کو ہم آہنگ بنانے اور اس کا بندوبست کرنے کے لیے موثر طور پر سرگرم عمل رہتی ہے۔

بحیثیت ایک ہولڈنگ کمپنی منافع منقسمہ کی آمدنی اس کی انکم کا ایک نہایت اہم ذریعہ ہے۔ اس کو شیئر ہولڈرز کے لیے منافع جات پیدا کرنے کے ضمن میں مستقبل کی سرمایہ کاریوں اور مالیاتی معاہدوں کو پورا کرنے کے بعد شیئر ہولڈرز کو مناسب ادائیگیاں برقرار رکھنے کے لیے استعمال کیا جائے گا۔

شرح سود کے خطرات

قابل تغیر شرح پر طویل مدتی فنانسنگ ”قبل از وقت ادائیگی کے آپشن“ کے ذریعے شرح سود کے خطرات میں رکاوٹ ہے جو چٹائی سطح کے شرح سود میں کمی بھی ضرر رساں مومونٹ کے تحت بروئے کار لایا جاسکتا ہے۔

متعلقہ پارٹی کی ٹرانزیکشنز

کمپنیز ایکٹ 2017 کے سیکشن 208 کی شقوں اور کمپنیز (متعلقہ پارٹی ٹرانزیکشنز و متعلقہ ریکارڈز کی بحالی) ریگولیشنز 2018 کے مطابق آپ کی کمپنی درج ذیل کی حامل ہے:

- بورڈ کی جانب باقاعدہ منظور شدہ متعلقہ پارٹی ٹرانزیکشنز کی ایک پالیسی کا قیام۔
- متعلقہ پارٹیز کے ساتھ ٹرانزیکشنز کے لیے شرائط کی تشکیل جس کو ”آرمز لینتھ ٹرانزیکشنز“ کے طور پر کیٹیگریزڈ کیا جائے گا اور
- متعلقہ پارٹیز کی ٹرانزیکشنز کی تفصیلات منظوری کے لیے ڈائریکٹرز کو جمع کرانا۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کمپنی کے لیے نافذ العمل ہے اور اس کی شقوں پر مکمل عمل درآمد کیا جاتا ہے۔ اس بارے میں ایک بیان منسلک ہے۔

ضروری تبدیلیاں

31 دسمبر 2019 سے کوئی بھی اہم یا ضروری تبدیلی نہیں کی گئی اور کمپنی نے ایسا کوئی معاہدہ نہیں کیا جو اب تک اس کی مالی پوزیشن پر اثر انداز ہوا ہو ماسوائے ان کے جن کا ذکر سال ختمہ 31 دسمبر 2019 کے لیے کمپنی کے آڈٹ شدہ مالیاتی حسابات میں کر دیا گیا ہے۔

بورڈ آف ڈائریکٹرز

آئی جی آئی ہولڈنگز کے بورڈ آف ڈائریکٹرز آٹھ ڈائریکٹرز بشمول چیئرمین اور سی ای او پر مشتمل ہے:

ڈائریکٹرز کی مجموعی تعداد:

| | |
|-------|---|
| مرد | 7 |
| خاتون | 1 |

چیئر مین کی جائزہ رپورٹ

میں بمسرت سال ختم 31 دسمبر 2019 کے لئے آئی جی آئی ہولڈنگز لمیٹڈ کی کارکردگی کا جائزہ پیش کر رہا ہوں۔ کمپنی بحیثیت ایک ہولڈنگ کمپنی مصروف عمل ہے اور اپنے شیئرز ہولڈرز کے لئے منافع جات اپنے ذیلی ادارے بنام آئی جی آئی انویسٹمنٹس (پرائیویٹ) لمیٹڈ، آئی جی آئی جنرل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ اور آئی جی آئی فنانکس سیکورٹیز لمیٹڈ سے حاصل آمدنی کے ذریعے کرتی ہے۔


منافع منقسمہ کی آمدنی کمپنی کے اہم ذرائع پر مشتمل ہے اور اس کے نتیجے کے طور پر اس کی آمدنی کا پیٹرن ذیلی اداروں کے منافع منقسمہ کی تقسیم کے پیٹرن پر عمل درآمد کرتا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف النوع پس منظر کا ایک امتزاج اور کاروبار، فنانس، بیمہ اور ریگولیشنز کے شعبوں میں بھرپور تجربے کا حامل بھی ہے۔ بورڈ اسٹریٹجک رہنمائی کی فراہمی کے ساتھ ساتھ انتظامیہ کو بھی رہنمائی فراہم کرتا ہے۔ بورڈ انتظامیہ کی جانب سے قانونی ضوابط پر عمل درآمد کو یقینی بناتا ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، بورڈ اپنی جانب سے تشکیل کردہ ایک میکنزم کے ذریعے ذاتی کارکردگی کا جائزہ بھی لیتا ہے جبکہ چیئر مین ہر ایک ڈائریکٹر کی کارکردگی کا جائزہ لیتے ہیں۔

بورڈ کی معاونت اس کی کمیٹیاں کرتی ہیں۔ آڈٹ کمیٹی مالیاتی حسابات کا جائزہ لیتی ہے اور اس امر کو یقینی بناتی ہے کہ وہ کمپنی کی مالی حیثیت کو شفاف انداز میں پیش کرے۔ یہ کمیٹی اندرونی مالیاتی نظم و ضبط کو موثر بنانے کو بھی یقینی بناتی ہے۔ بورڈ نے ایک ہیومن ریسورس وریمینوشن کمیٹی بھی تشکیل دی ہے جو انسانی وسائل اور معاوضوں کے معاملات کو طے کرتی ہے۔ ہر ایک ذیلی ادارہ اپنے ذاتی بورڈ آف ڈائریکٹرز اور متعلقہ کمیٹیوں کا حامل ہے۔

میں اللہ تعالیٰ سے دعا کرتا ہوں کہ کمپنی اور اس کے ذیلی ادارے مستقبل میں بھی اپنی شاندار کارکردگی کا سلسلہ برقرار رکھیں۔

برائے اور مخاطب بورڈ



سید باقر علی

چیئر مین

لاہور، 9 مارچ 2020

The logo for IGI Holdings, featuring the letters 'IGI' in a large, bold, serif font. The letters are white and set against a solid blue background that occupies the left half of the page. The 'I' and 'G' are connected, and the 'I' has a small dot above it. The 'G' has a small dot below it. The 'H' is a simple vertical bar.

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