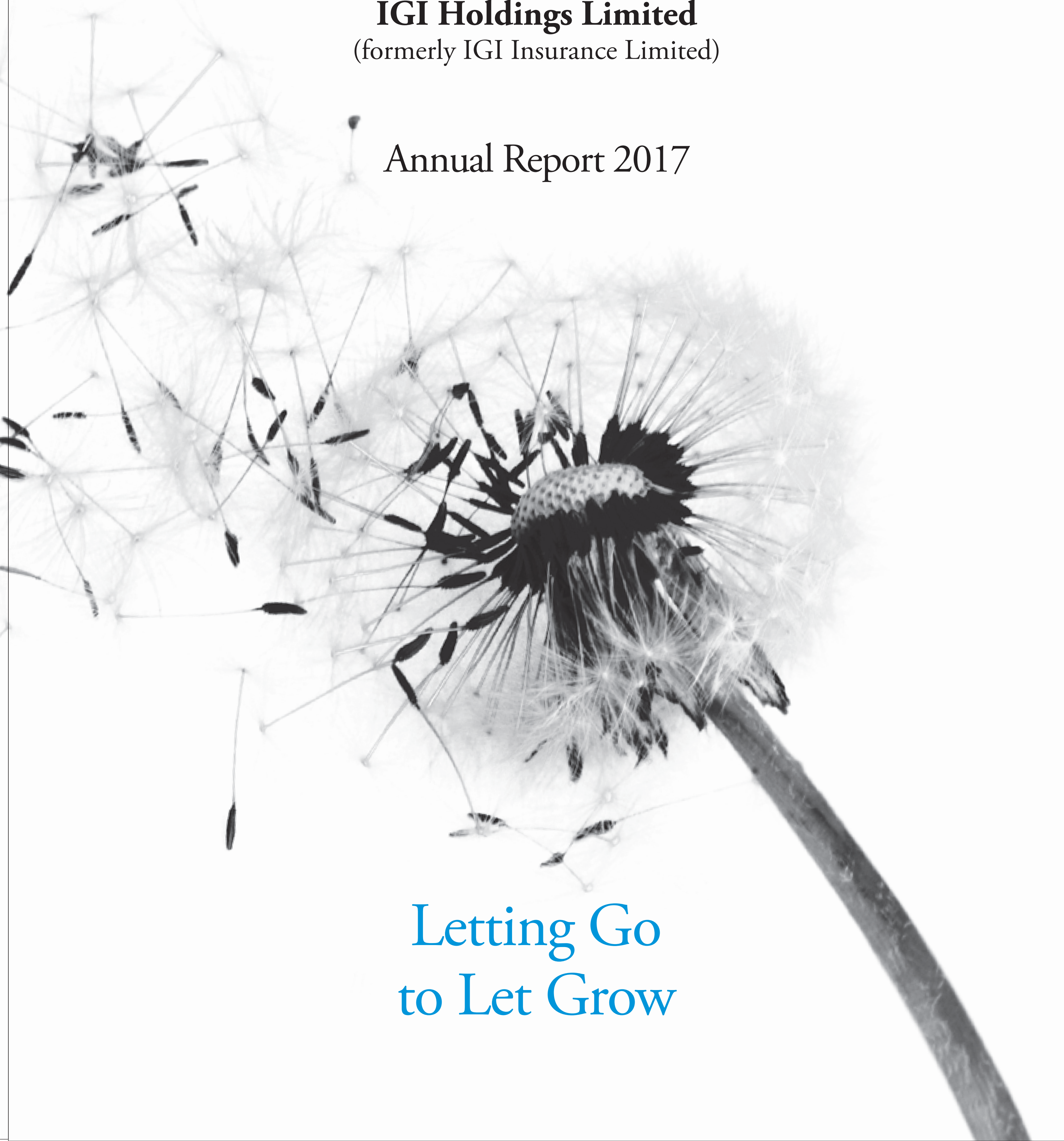
Holdings

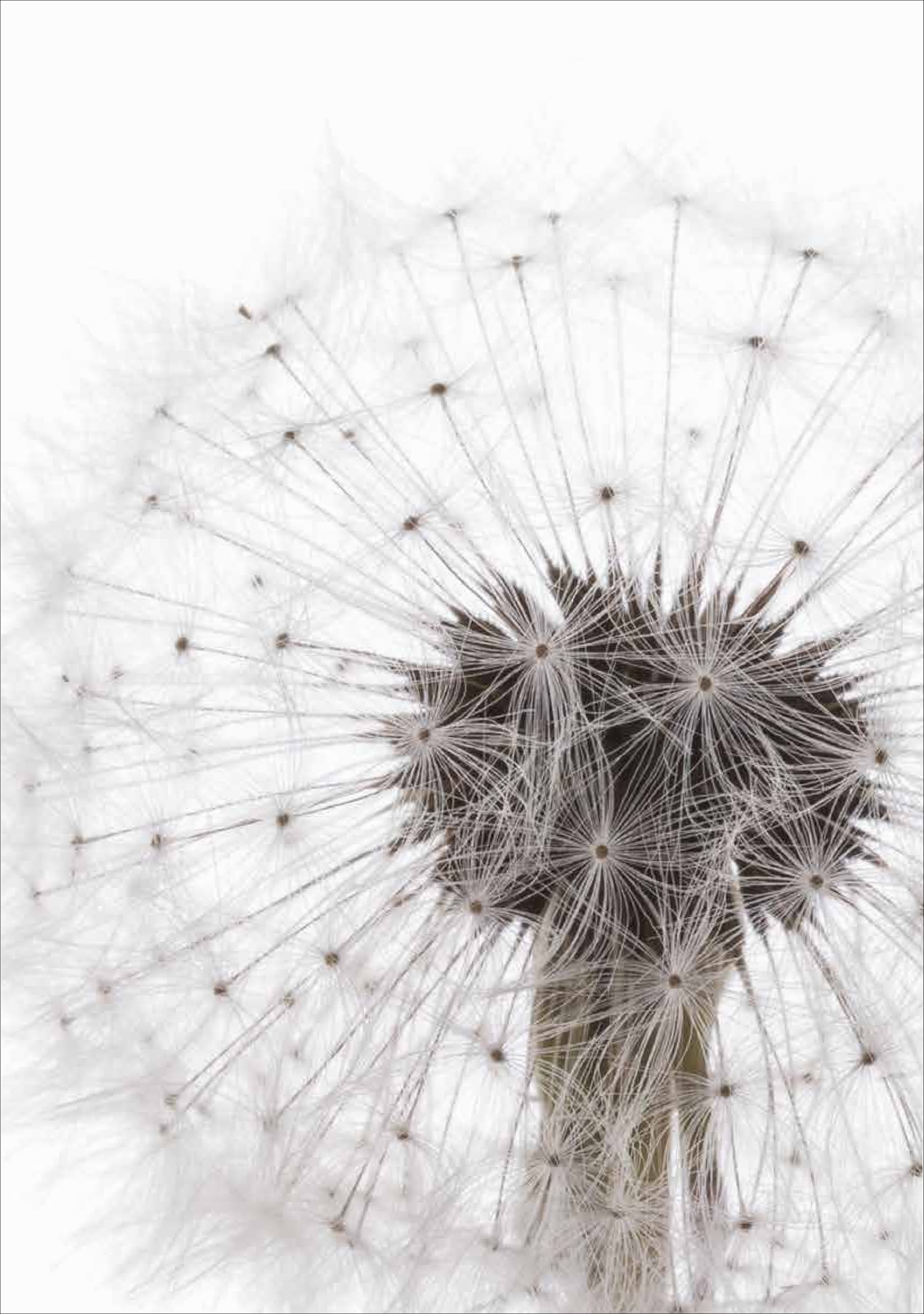
IGI Holdings Limited

(formerly IGI Insurance Limited)

Annual Report 2017



Letting Go
to Let Grow



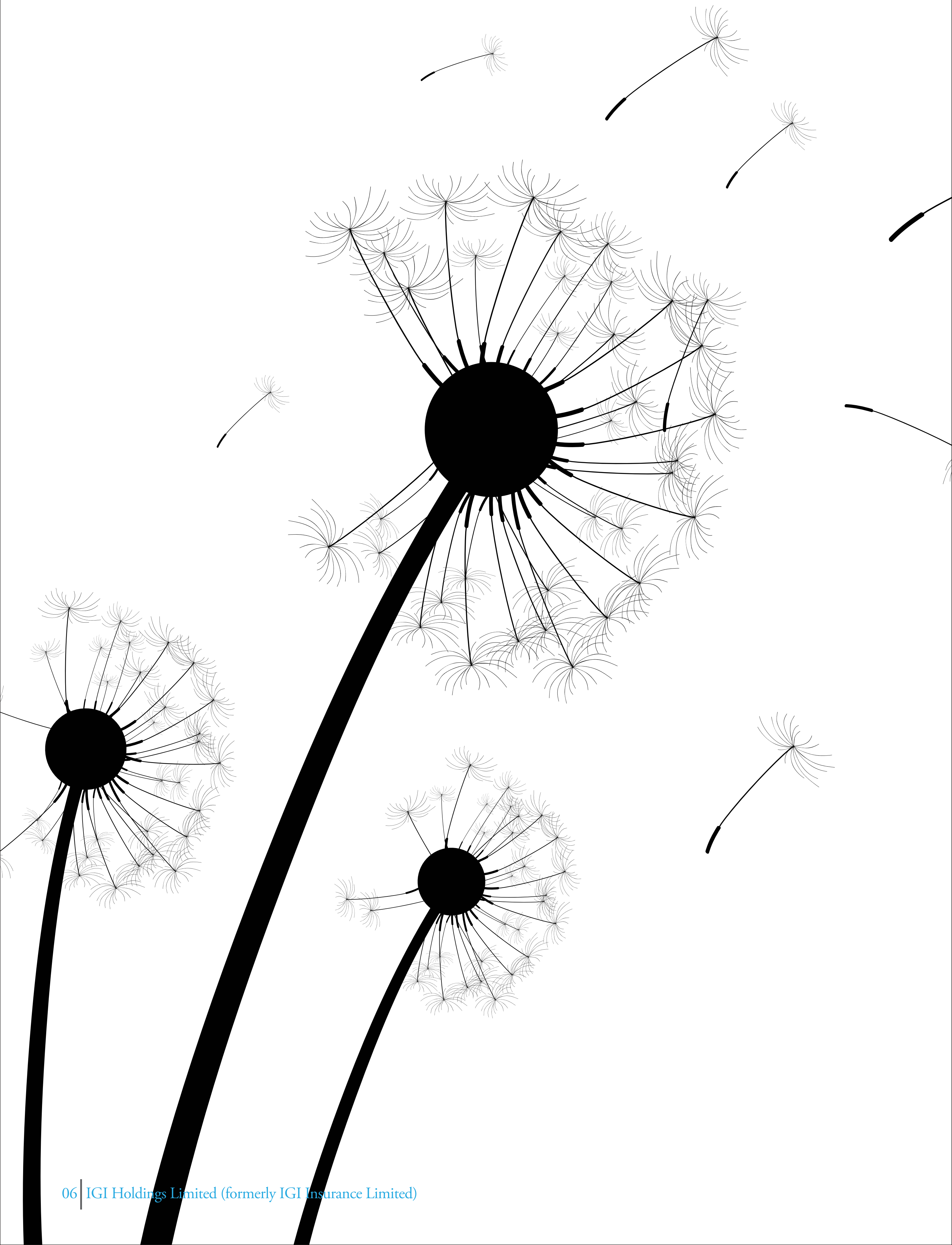
Introduction

The restructuring of IGI group's financial services businesses envisage creation of "financial services holding company" of the group, in line with international practices and to enhance the focus of management on respective businesses.

Contents

Letting Go to Let Grow

The restructuring, which was approved by the Honorable High Court of Sindh on December 16, 2017 the allowed amalgamation of IGI Investment Bank Limited with and into IGI Holdings Limited (Formerly IGI Insurance Limited) ("IGI Holdings") and subsequent demerger of the insurance business and certain investments held by IGI Holdings into two wholly owned subsidiaries i.e. IGI General Insurance and IGI Investments respectively.



Group Structure

IGI Holdings Limited
(Formerly IGI Insurance Limited)

Subsidiaries

- 100% — **IGI Finex Securities Limited**
- 81.97% — **IGI Life Insurance Limited**
- 100% — **IGI Investments (Private) Limited**
- 100% — **IGI General Insurance Limited**

Vision

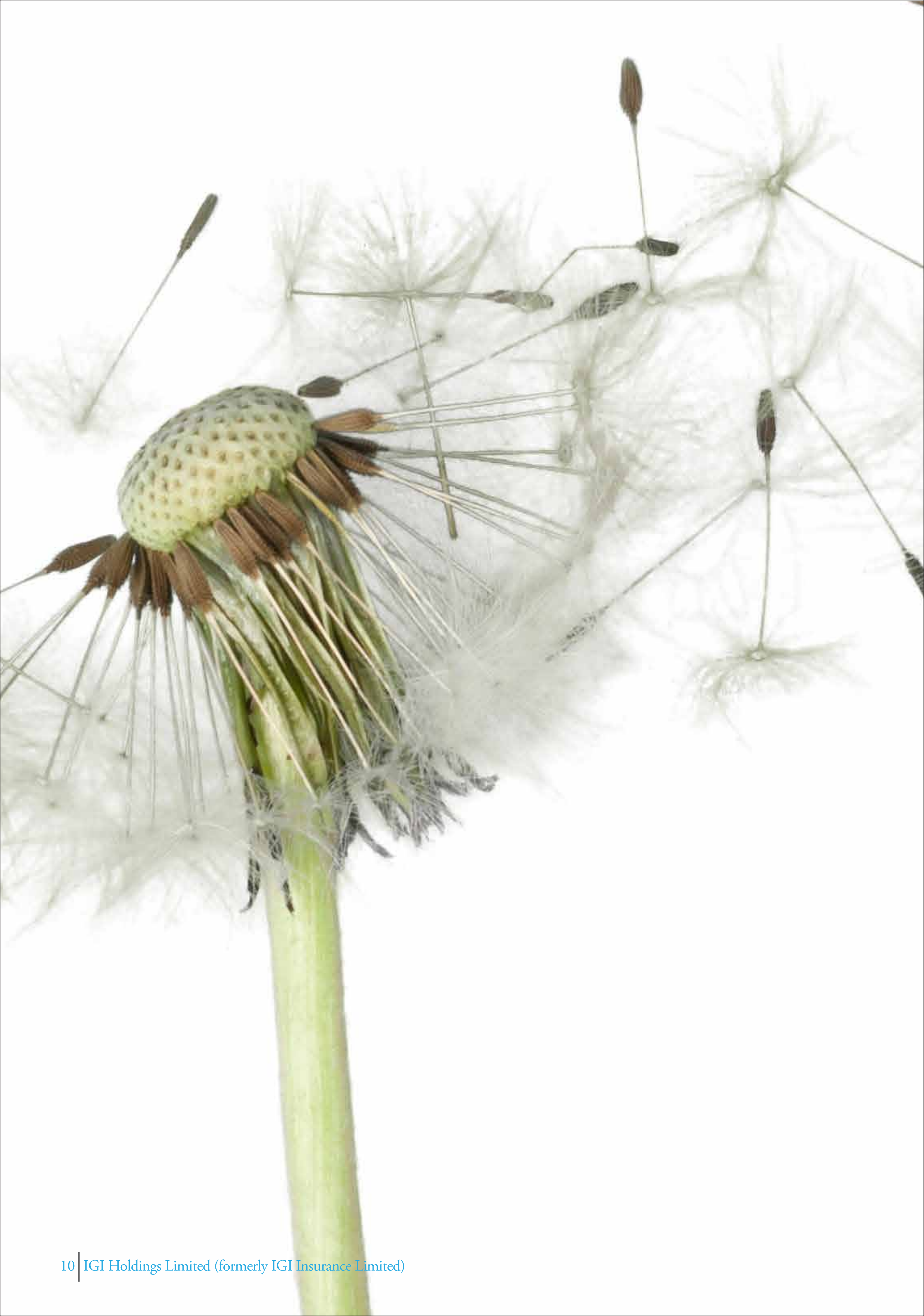
IGI Holdings Limited (formerly IGI Insurance) is a Company built on a culture of ethics, transparency and professionalism.

Mission

SHAREHOLDERS: Consistently delivering above market average return on capital.

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

COMMUNITY: Compliance with the highest ethical and moral standards.



Core Values

Professionalism
We have a mind-set towards perfection. Our business model works on the philosophy of passion and customer delight. We serve all our stakeholder with dedication, discipline, decisiveness and distinction.

Integrity
In conducting business we are inspired by and comply with the principles of honesty, fairness and transparency.

Customer Service
Provide value added Customer Service both to external and internal customers.

Commitment to Growth
Through our expertise, analysis and focus, we assure growth for all our stakeholders.

Commitement to Excellence
Performing consistently at higher levels, striving continuously for innovation, agility and optimization. Responding vigorously to change is our mark of excellence.

Company information

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

Chief Executive Officer
Mr. Tahir Masaud

Chief Financial Officer
Syed Awais Amjad

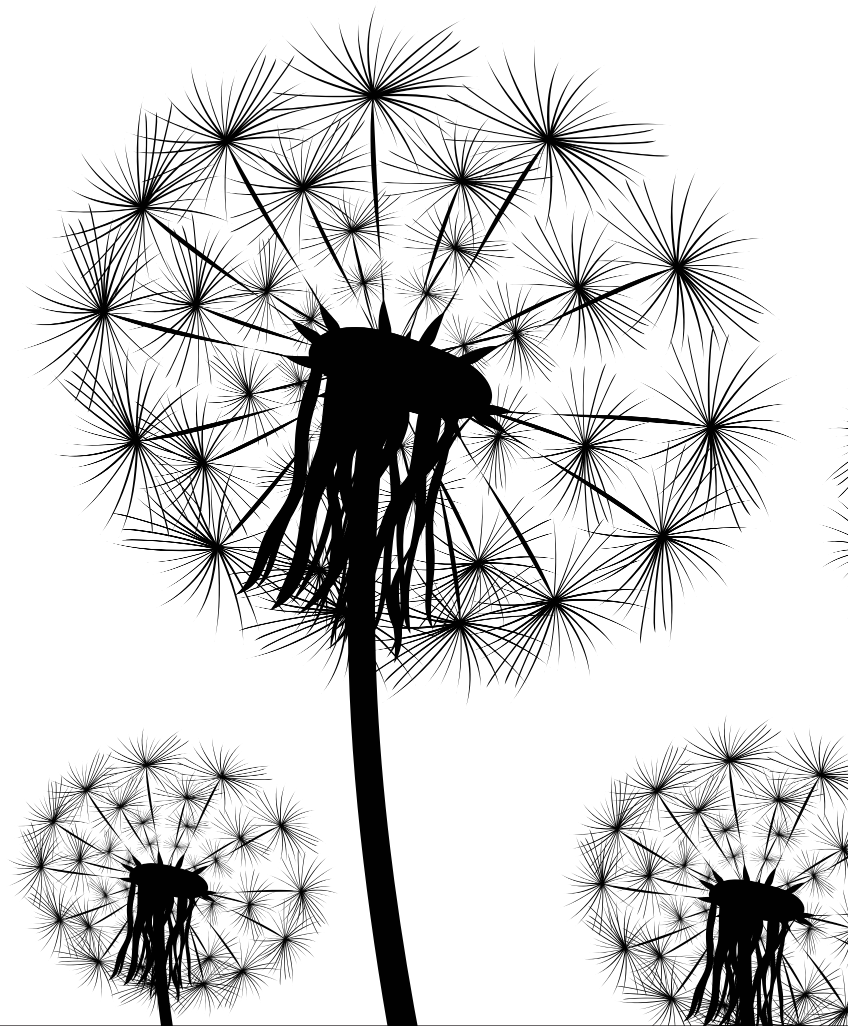
Company Secretary
Mr. Yasir Ali Quraishi

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

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

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

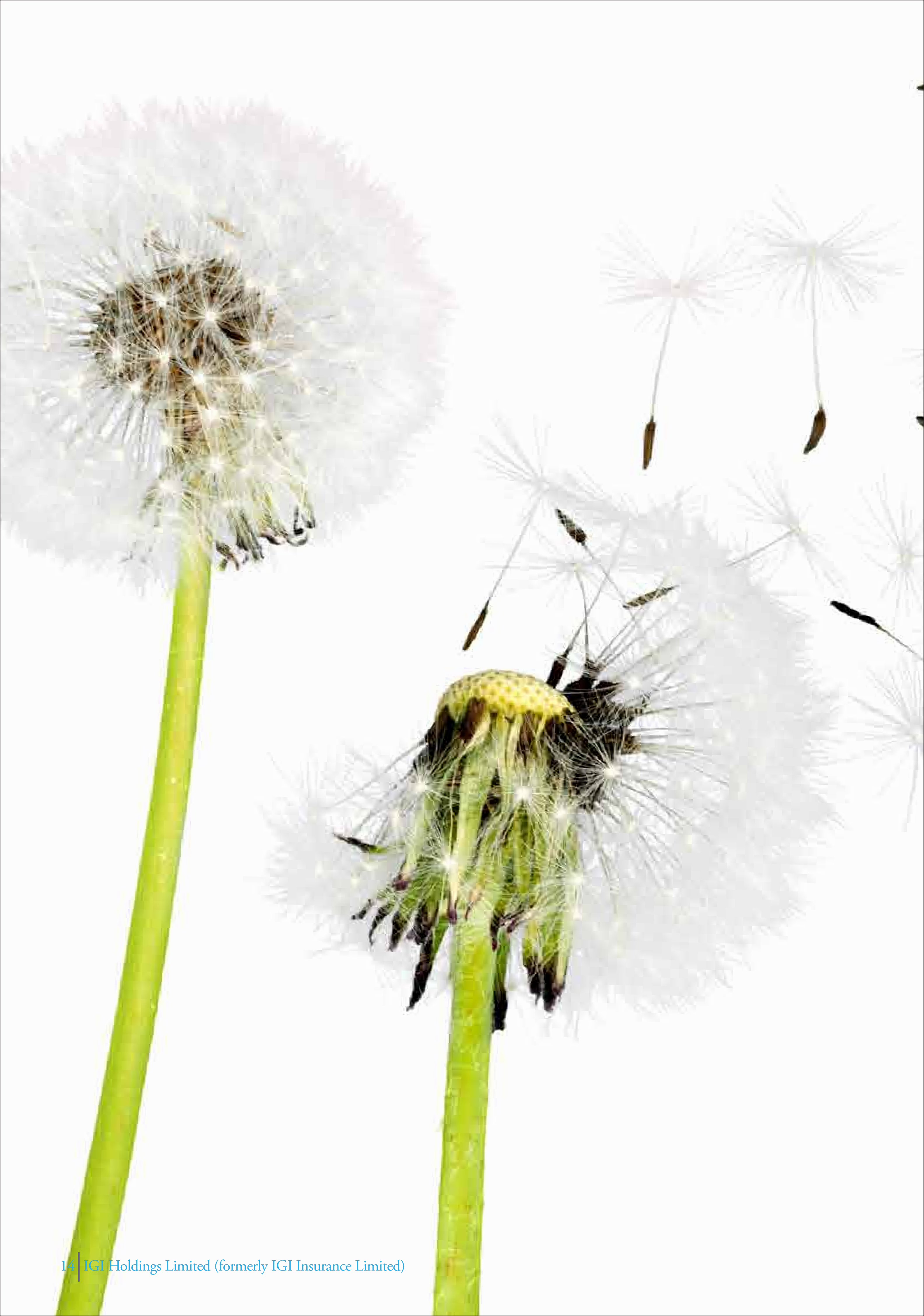


Legal Advisors
Ramday Law Associates
Hassan & Hassan Advocates
Lari & Company
Access World Law Company
A.W. Butt & Associates
Azam Lawyers & Consultants
Chaudhry Abdul Rauf & Co.
S. & B. Durrani Law Advocates
Haider Mota & Co.
Jurists & Arbitrators Advocates & Consultants
Lexicon Law Firm
Mandviwala & Zafar Advocates
Mian Law Associates
Mohsin Tayebaly & Co.
Mughees Law Associates
Naveedul Zaman & Associates
ORR, Dignam & Co.
Rahman Law Associates
Haidermota & Co.

Share Registrar
FAMCO Associates (Private) 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
Toll Free No. 0800-2-3434
Fax: 92-21-35301706



Code of Conduct

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Sustainability at IGI

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

Since Corporate Social Responsibility (CSR) is a continuous process, this year 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. We have offered paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at IGI but in the external job market as well.
- We take our contribution towards national economy seriously and have always discharged our obligations in a transparent, accurate and timely manner. During the year, Rs. 9 Mn was paid on account of income tax and other levies.

ENVIRONMENTAL SUSTAINABILITY

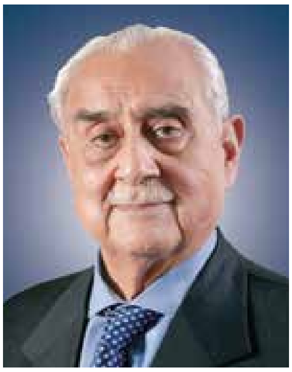
Pollution reduction and waste management measures have been defined and are implemented to ensure that it has a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

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

BUSINESS SUSTAINABILITY

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

Board of Directors



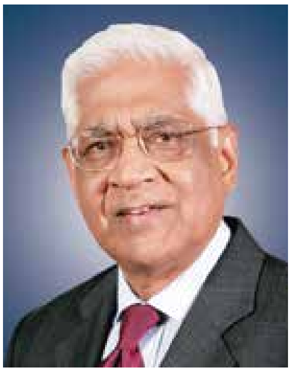
Syed Babar Ali
(Chairman) Director since 1954

Other Engagements

IGI Investment Bank Limited, Sanofi-Aventis Pakistan Limited, Tri-Pack Films Limited, Nestle Pakistan Limited, Coca Cola Beverages Pakistan Limited, Tetra Pak Pakistan Limited, Ali Institute of Education, Babar Ali Foundation, Gurmani Foundation, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society.

PRO CHANCELLOR

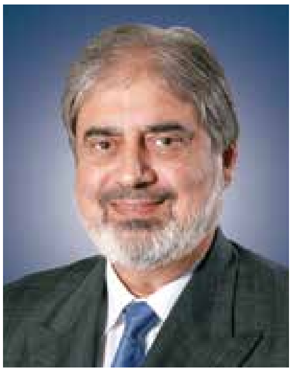
Lahore University of Management Sciences (LUMS).



Shamim Ahmad Khan
Director since 2000

Other Engagements

IGI Life Insurance Limited, Attock Refinery Ltd, Abbott Laboratories Pakistan Limited, Packages Limited, Karandaaz (Pvt) Limited, Sustainable Development Policy Institute-(Member of Board Governors).



Syed Yawar Ali
Director since 1999

Other Engagements

IGI Life Insurance Limited, Nestle Pakistan Limited, Amjad & Afzal Foundation (NGO), Pakistan Dairy Association, Wazir Ali Industries Ltd, HY Enterprises (Pvt.) Limited, Pakistan International Airline, Dairy & Rural Development Foundation (NGO), Zarai Taraqiati Bank Limited.

Syed Shahid Ali
Director since 1980

Other Engagements

Packages Limited, Treet Corporation Limited, Treet Power Limited, Loads Limited, Treet Holdings Limited, Specialized Motorcycle (Pvt.) Limited, Specialized Autoparts Industries (Pvt.) Limited, Multiple Autoparts Industries (Pvt.) Limited, Treet Assets (Pvt.) Limited, First Treet Manufacturing Modaraba, Global Arts Limited.

Syed Hyder Ali
Director since 1989

Other Engagements

IGI Life Insurance Limited, Bulleh Shah Packaging (Pvt.) Limited, Flexible Packages Convertors (Pty) Limited, Nestle Pakistan Limited, Packages Limited, Packages Lanka (Pvt.) Limited, Packages Construction (Pvt.) Limited, Sanofi-Aventis Pakistan Limited, Tetra Pak Pakistan Limited, Tri-Pack Films Limited, International Steel Limited, Babar Ali Foundation, National Management Foundation, Pakistan Centre for Philanthropy, KSB Pumps Company Limited, Syed Maratib Ali Religious & Charitable Trust Society, World Wide Fund for Nature-Pakistan(WWF-Pakistan).

MEMBER & TRUSTEE

Ali Institute of Education, International Chamber of Commerce Pakistan, Lahore University of Management Sciences (LUMS), Packages Foundation.

Faryal Jooma
Director since 2015

Other Engagements

Jooma Law Associates
Haidermota & Co.

Osman Khalid Waheed
Director since 2015

Other Engagements

Ferozsons Laboratories Limited, BF Biosciences Limited, Murree Brewery Co. Ltd, Nestle Pakistan Limited, Lahore University of Management Science (LUMS), Lahore Biennale Foundation, DGS (Pvt) Limited, Pakistan Centre for Philanthropy, Lahore.

Tahir Masaud
Chief Executive since 2014

Other Engagements

Systems Limited.

Key Financial Data (Ten years at a Glance)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(Rupees in '000)									
Gross Premium *	530,782	2,820,043	2,343,705	2,139,673	2,035,289	1,846,856	1,747,015	1,296,765	1,151,797	1,035,218
Balance Sheet										
Paid Up Capital	1,226,895	1,226,895	1,226,895	1,226,895	1,115,359	1,115,359	1,115,359	718,427	598,689	598,689
General & Capital Reserves	7,366,574	7,366,574	8,102,711	8,470,780	8,749,620	8,972,692	9,530,371	10,264,964	10,534,374	10,624,177
Shareholders Equity	13,366,157	13,612,551	12,260,735	11,579,146	10,928,233	10,673,722	11,179,366	11,575,854	10,960,813	10,846,519
Investments-at Book Value	14,977,048	15,658,683	12,325,078	12,196,544	11,252,448	11,246,453	11,517,573	11,905,802	11,235,758	11,709,948
Investments-at Market Value	19,388,017	72,865,651	54,774,293	57,483,450	41,428,682	25,732,615	18,578,665	14,367,621	9,393,620	8,964,435
Fixed Assets	2,981	262,298	220,743	240,178	222,085	163,797	165,115	270,822	282,545	302,531
Total Assets-at Book Value	15,468,504	19,449,039	14,650,626	14,490,090	13,227,423	12,942,307	13,470,805	12,960,451	12,366,066	13,200,639
Underwriting Provisions	-	1,990,067	1,464,778	1,361,433	1,278,317	1,207,028	1,363,873	701,366	699,522	801,975
Profit And Loss Account										
Underwriting Profit *	22,923	323,137	256,411	208,195	104,616	232,399	207,782	205,095	253,103	193,166
Investment Income	83,803	2,128,713	1,445,480	940,878	691,351	559,231	378,402	937,663	(380,793)	(157,476)
(Loss) / Profit Before Tax	(248,776)	2,067,126	1,531,753	942,101	555,232	613,856	440,385	995,369	(322,655)	(404,103)
Taxation	2,382	633,251	238,707	119,300	74,165	11,326	6,929	84,215	100,800	(27,061)
(Loss) / Profit After Tax	(246,394)	1,433,875	1,293,046	822,801	481,067	602,530	433,456	836,556	263,966	(377,042)
Cash Flow Summary										
Operating Activities	78,043	(186,179)	34,479	232	155,276	177,039	(18,106)	278,667	126,941	(27,651)
Investing Activities	(914,846)	(1,048,288)	1,277,366	(134,210)	667,840	268,042	266,935	175,741	768,554	367,307
Financing Activities	1,480,620	393,808	(1,328,060)	444,856	(260,305)	(616,604)	(319,720)	(369,442)	(587,100)	(153,632)
Cash & Cash Equivalents at the Year End	22,312	(621,505)	219,154	235,369	(75,509)	(638,320)	(466,797)	(395,906)	(480,872)	(789,267)

*During the year the insurance segment of the Company has been transferred to IGI General Insurance Limited, wholly owned subsidiary through court sanctioned scheme of arrangement w.e.f. January 31, 2017, therefore, these numbers represent one month businsess of insurance segment.

Key Financial Data (Ten years at a Glance)

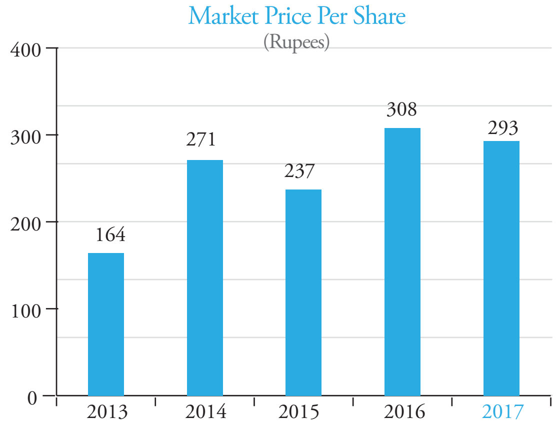
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(Rupees in '000)									
INVESTMENT / MARKET RATIOS										
Earnings per share (Rs.)	(2.01)	11.69	10.54	6.71	4.31	5.40	3.89	11.64	4.41	(6.30)
Market value per share (Rs.)	292.89	307.89	236.57	270.58	164.38	96.28	44.00	97.00	87.89	115.27
Break up value per share (Rs.)	108.94	110.95	99.93	94.38	97.98	95.70	100.23	161.13	183.08	181.17
Price earning ratio (Times)	(145.84)	26.34	22.45	40.35	38.11	17.82	11.32	8.33	19.93	(18.30)
Price to book ratio (Times)	2.69	2.78	2.37	2.87	1.68	1.01	0.44	0.60	0.48	0.64
Dividend yield (%)	1	3	2.54	1.11	1.52	3.12	11.36	3.09	3.98	1.30
Dividend payout (%)	(199.18)	68.45	56.93	44.73	57.96	55.53	1,060.48	25.76	79.38	(23.82)
Dividend cover (Times)	(0.50)	1.46	1.76	2.24	1.73	1.80	0.78	3.88	1.26	(4.20)
Investment yield (%)	0.4	3	2.64	1.64	1.67	2.17	2.04	6.53	(4.05)	(1.76)
Market capitalization (Rs. M)	35,935	37,775	29,025	33,197	18,334	10,739	4,908	6,969	5,262	6,901
Cash dividend per share (Rs.)	4.00	8.00	6.00	3.00	2.50	3.00	5.00	3.00	3.50	1.50
Cash dividend (%)	40.00	80.00	60.00	30.00	25.00	30.00	50.00	30.00	35.00	15.00
Stock Dividend per share (Rs.)	-	-	-	-	1.00	-	1.50	5.50	-	5.00
Stock dividend (%)	-	-	-	-	10.00	-	15.00	55.00	-	50.00
PROFITABILITY RATIOS										
Return on equity (%)	(1.86)	15.19	12.49	8.14	5.08	5.75	3.94	8.60	(2.94)	(3.73)
Return on assets (%)	(1.59)	7.37	8.83	5.66	3.64	4.66	3.22	6.45	2.13	(2.86)
EBITDA to gross premium (Times)	-	0.77	0.69	0.50	0.49	(0.19)	0.08	0.79	0.46	(0.15)
Underwriting profit to gross premium (%) *	4.32	11.46	10.94	9.73	5.14	12.58	11.89	15.82	21.97	18.66
Profit before tax to gross premium (%)	-	73.30	65.36	44.03	27.28	33.24	25.21	76.76	(28.01)	(39.04)
Profit after tax to gross premium (%)	-	50.85	55.17	38.45	23.64	32.62	24.81	64.51	22.92	(36.42)
Cost / income ratios (Times)	0.85	0.41	0.36	0.56	1.01	0.94	0.56	0.30	(0.73)	(1.06)
LIQUIDITY / PERFORMANCE RATIOS										
Equity / Total assets (%)	86.41	69.99	83.69	79.69	82.62	82.47	82.99	89.32	88.64	82.17
Financial leverage	0.13	0.20	0.01	0.07	0.03	0.06	0.05	0.03	0.05	0.13
Paid up capital / Total assets (%)	7.93	6.31	8.37	8.44	8.43	8.62	8.28	5.54	4.84	4.54
Incurred loss ratio (%)	-	50.54	52.27	56.84	71.87	62.08	62.24	50.56	41.83	44.41
Total liabilities / Equity (Times)	3.96	2.07	0.19	0.25	0.21	0.22	0.20	0.12	0.13	0.22
Cash flow from operations to gross premium (Times)	-	(0.07)	0.01	0.00	0.08	0.10	(0.01)	0.21	0.11	(0.03)
Total assets turnover (Times)	-	0.14	0.16	0.15	0.15	0.14	0.13	0.10	0.09	0.08
Fixed assets turnover (Times)	-	10.75	10.62	8.91	9.16	11.28	10.58	4.79	4.08	3.42

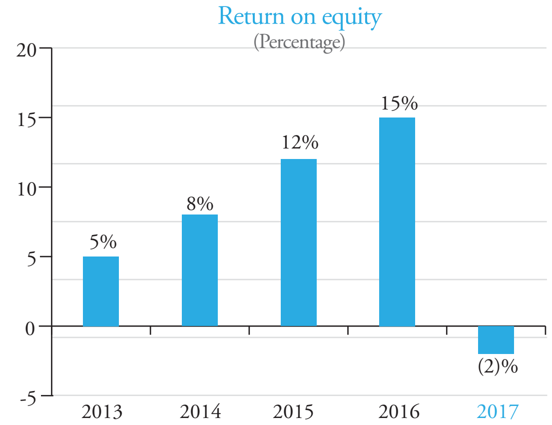
Key Financial Data (For the year)

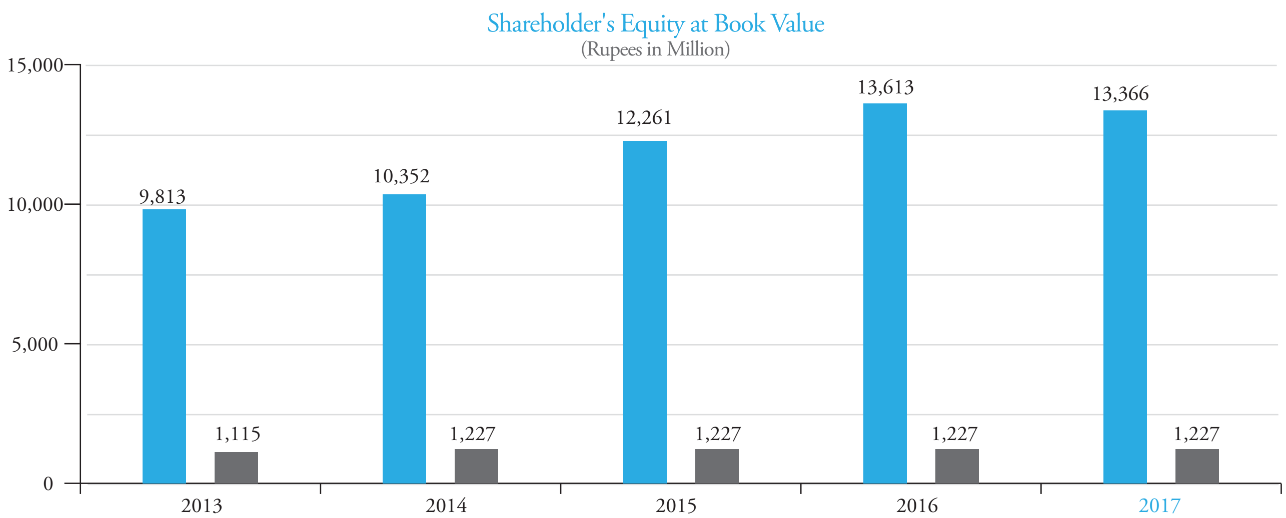
	2017	2016
	(Rupees in '000)	
PROFIT AND LOSS ACCOUNT		
Gross Written Premium *	530,782	2,820,043
Net Written Premium *	263,586	1,499,439
Net Premium Revenue *	142,905	1,380,740
Claims Incurred *	69,627	1,546,877
Net Claims Expenses *	53,705	697,866
Direct Expenses *	34,206	408,633
Commission Income *	2,829	311,222
Commission Expense *	34,900	262,327
Underwriting Profit *	22,923	323,137
Investment Income	83,803	2,128,713
Return on Bank Balances	3,604	8,297
Profit/(Loss) Before Tax	(248,776)	2,067,126
Profit/(Loss) After Tax	(246,394)	1,433,875
TECHNICAL RESERVES COVER		
Fire	-	549,205
Marine	-	165,301
Motor	-	407,666
Health	-	84,744
Miscellaneous	-	257,862
Total	-	1,464,778
CORPORATE ASSETS		
Investment Property	-	171,147
Investment in Fixed Assets	2,981	264,465
Investment in subsidiary	14,964,461	1,275,964
Equity Investment in Associated Companies	-	6,430,337
Other Investments	12,587	7,952,382
Total Investments	14,977,048	15,658,683
Total Investments at Realizable Value	19,388,017	72,865,651
NUMBER OF EMPLOYEES		
Karachi Corporate Office	5	59
Lahore	3	38
Islamabad	1	13
Faisalabad	-	4
Multan	-	3
Sialkot	-	3
Gujranwala	-	2
Peshawar	-	-
Total	9	122

* During the year the insurance segment of the Company has been transferred to IGI General Insurance Limited, wholly owned subsidiary through court sanctioned scheme of arrangement w.e.f. January 31, 2017, therefore, these numbers represent one month businsess of insurance segment.

Key Financial Data







Board Committees

The Board has formed the following sub committees to exercise good governance.

• Audit Committee • Human Resources and Remuneration Committee

Audit Committee

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

The names of current members are:

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

The terms of reference of the Committee are as follows:

i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;

ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;

iii) To facilitate 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;

iv) To review the management letter issued by external auditors and management's response thereto;

v) To ensure coordination between the internal and external auditors of the Company;

vi) To review the scope and extent of internal audit and ensuring that the outsourced internal audit function has adequate resources and skills sets to carry out the function;

vii) To consider the major findings of internal investigations and management's response thereto;

viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

ix) To determine compliance with relevant statutory requirements; and

x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

Human Resources & Remuneration Committees

Human Resources Committee assists the Board in fulfilling its obligations relating to human resources and to establish a plan of continuity and development of senior Management for IGI Holdings Ltd.

The Committee shall meet at least once a year.
The names of current members are:

1. Mr. Osman Khalid Waheed (Independent Director and Chairman)
2. Syed Yawar Ali (Non-Executive Director)
3. Syed Shahid Ali (Non-Executive Director)
4. Syed Hyder Ali (Non-Executive Director)
5. Tahir Masaud (Chief Executive Officer)
6. Nayyab Baig (Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) To review and recommend the organizational structure of the Company;

ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;

iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report to the Board on the implementation of these strategies;

iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;

v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentive and other benefits;

vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentive calculation; and

vii) To review and recommend the CEO's compensation, including incentives and other benefits, to the Board for approval.

Shareholder information

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

Share Registrar Office
FAMCO Associates (Pvt.) Ltd.
Block-6, P.E.C.H.S
Near Hotel Faran, Nursery,
Shahrah-e-Faisal
Karachi.
Tel # 92-21-32420755
Fax# 92-21-32426752

Listing on Stock Exchanges

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

Listing Fees and SECP Supervisory Fee

The annual listing fee and SECP Supervisory Fee for the financial year 2017-2018 has been paid to the stock exchange within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of IGI Holdings Limited is “IGIIL” to be changed to “IGIHL” subject to regulatory approval.

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 3,882 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Yasir Ali Quraishi, Company Secretary at the Registered Office.

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

Mr. Salman Rauf
Phone: (9221) -34380107
(9221) –34380101-5

Services Standards

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

	For request received through post	Over the counter
Transfer of shares	15 days after receipt	15 days after receipt
Transmission of shares	15 days after receipt	15 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

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, 2017, 30.97% 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 40% (Rs.4/- per share), subject to approval by the shareholders of the Company at the Annual General Meeting (AGM).

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 20, 2018 to April 27, 2018 both days inclusive.

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 27, 2018, but within the statutory time limit of 15 working days:

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

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

Withholding of Tax & Zakat on Dividend:

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

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

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

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

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

Zakat is also being deductible at source from the dividend at the rate of 2.5% of face value of shares, other than corporate holders or individuals who provide the undertaking (CZ-50) for non-deduction of Zakat.

Investors' Grievances

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

Legal Proceedings

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

General Meetings & Voting Rights

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

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

Video Conference Facility

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

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

Proxies

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

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

Web Presence

Updated information regarding the Company can be accessed at IGI web site, www.igi.com.pk/holdings

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

Circulation of annual financial through email

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

Categories of Shareholding

As at December 31, 2017

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	19	39,414,191	32.13
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	4	42,178,998	34.38
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	7	5,546,413	4.52
5	Insurance Companies	5	1,635,475	1.33
6	Modarabas and Mutual Funds	6	750,297	0.61
7	Share holders holding 10%	3	60,755,519	49.52
8	General Public :			
	a. local	1,417	21,679,003	17.67
	b .Foreign			
9	Others	134	11,485,155	9.36
	Total (excluding : share holders holding 10%)	1,592	122,689,532	100.00

Information as required

Under the Code of Corporate Governance-Categories of Shareholding

As at December 31, 2017

	Number of shareholders	Number of shares held
Associated Companies, Undertaking and Related Parties (name-wise details)		
BABAR ALI FOUNDATION	2	8,302,939
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	20,853,966
PACKAGES LIMITED	1	13,022,093
Mutual Funds (name-wise details)		
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	6,797
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	5,000
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	10,000
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	3,500
MC FSL - TRUSTEE JS GROWTH FUND	1	625,000
MCBFSL - TRUSTEE JS VALUE FUND	1	100,000
Directors and their spouse (name-wise details)		
SYED BABAR ALI	2	26,880,609
SYED HYDER ALI	3	7,036,029
SYED SHAHID ALI	3	1,159,844
SYED YAWAR ALI	2	1,249,996
MRS. PERWIN BABAR ALI	3	2,483,977
MRS. AMINA HYDER ALI	1	295,179
SYEDA NIGHAT ALI	1	301,951
SHAMIM AHMAD KHAN	1	6,306
FARYAL JOOMA	1	100
OSMAN KHALID WAHEED	1	100
CHAUDHRY TAHIR MASAUD	1	100
Public Sector Companies and Corporations	1	1,214,475
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	25	6,981,129
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
BABAR ALI FOUNDATION	2	8,302,939
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	20,853,966
PACKAGES LIMITED	1	13,022,093
SYED BABAR ALI	2	26,880,609
SYED HYDER ALI	3	7,036,029

Distribution of Shareholding in CDC

As at December 31, 2017

	Shareholdings		
No. of Shareholder	**From**	**To**	**Total Number of Shareholders**
255	1	100	8,402
198	101	500	59,089
98	501	1,000	77,790
262	1,001	5,000	679,061
121	5,001	10,000	916,005
50	10,001	15,000	629,008
23	15,001	20,000	412,792
19	20,001	25,000	429,727
20	25,001	30,000	565,406
7	30,001	35,000	226,039
6	35,001	40,000	219,954
3	40,001	45,000	127,561
8	45,001	50,000	379,458
6	50,001	55,000	318,851
6	55,001	60,000	343,422
1	65,001	70,000	69,931
4	70,001	75,000	289,213
1	75,001	80,000	77,000
3	80,001	85,000	245,200
3	95,001	100,000	297,800
1	100,001	105,000	102,500
2	105,001	110,000	215,131
1	110,001	115,000	112,360
3	115,001	120,000	354,368
3	120,001	125,000	364,478
2	125,001	130,000	260,000
1	135,001	140,000	136,840
2	160,001	165,000	325,852
1	170,001	175,000	173,800
1	200,001	205,000	200,066
1	215,001	220,000	220,000
1	220,001	225,000	225,000
1	255,001	260,000	255,799
1	285,001	290,000	286,700
1	290,001	295,000	294,700
3	300,001	305,000	907,897
1	305,001	310,000	307,500
1	320,001	325,000	320,865
1	360,001	365,000	364,000
1	380,001	385,000	382,100
1	425,001	430,000	425,185
1	440,001	445,000	441,700
1	495,001	500,000	500,000
1	515,001	520,000	519,400
1	530,001	535,000	534,600
1	580,001	585,000	580,176
1	620,001	625,000	625,000
1	665,001	670,000	667,142
1	755,001	760,000	759,000
1	780,001	785,000	784,000
1	995,001	1,000,000	997,720
1	1,165,001	1,170,000	1,167,916
1	1,210,001	1,215,000	1,214,475
1	1,225,001	1,230,000	1,226,801
1	1,470,001	1,475,000	1,474,700
1	1,675,001	1,680,000	1,680,000
1	3,900,001	3,905,000	3,904,200
1	8,190,001	8,195,000	8,190,865
1,141			37,874,545

Pattern of Shareholding

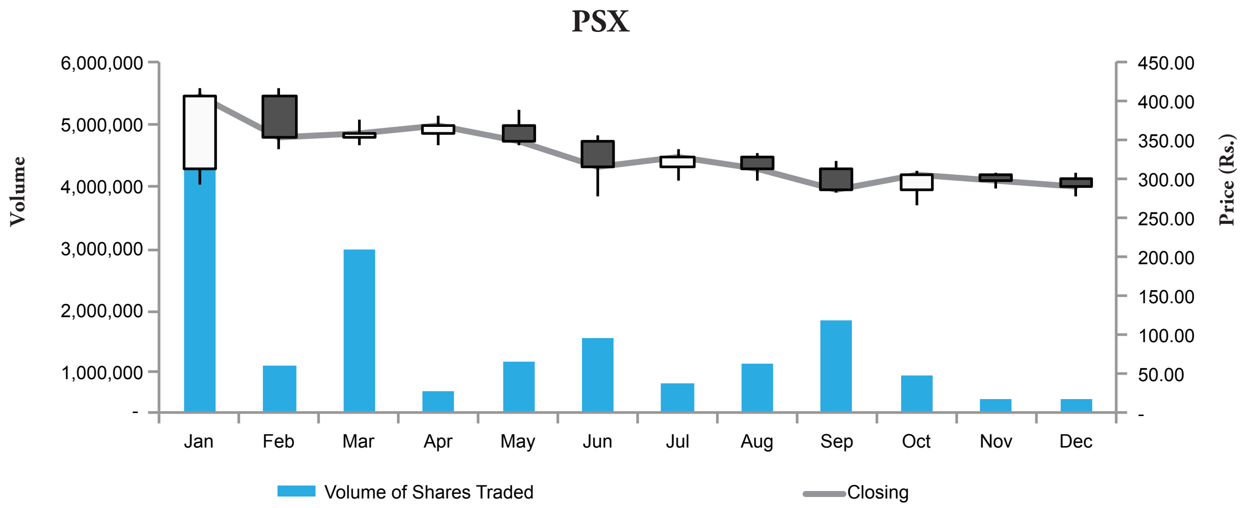
As at December 31, 2017

No. of Shareholder	Size of Holding Rs. 10 Shares		Total Number of Shareholders
359	1	100	12,131
302	101	500	87,088
150	501	1,000	116,069
339	1,001	5,000	860,057
171	5,001	10,000	1,283,817
58	10,001	15,000	723,656
27	15,001	20,000	477,383
22	20,001	25,000	496,071
25	25,001	30,000	702,112
7	30,001	35,000	226,039
9	35,001	40,000	330,148
6	40,001	45,000	261,494
9	45,001	50,000	427,423
6	50,001	55,000	318,851
7	55,001	60,000	403,000
1	65,001	70,000	69,931
6	70,001	75,000	433,601
1	75,001	80,000	77,000
5	80,001	85,000	410,221
1	85,001	90,000	88,600
8	95,001	100,000	797,800
1	100,001	105,000	102,500
2	105,001	110,000	215,131
2	110,001	115,000	224,434
3	115,001	120,000	354,368
3	120,001	125,000	364,478
2	130,000	135,000	260,000
2	135,001	140,000	274,466
1	145,001	150,000	148,415
1	150,001	155,000	151,298
2	160,001	165,000	325,852
3	170,001	175,000	514,022
1	200,001	205,000	200,066
3	220,000	225,000	669,571
1	225,001	230,000	226,235
1	250,001	255,000	254,283
1	255,001	260,000	255,799
2	285,001	290,000	572,189
1	290,001	295,000	294,700
1	295,001	300,000	295,179
3	300,001	305,000	907,897
1	305,001	310,000	307,500
1	320,001	325,000	320,865
1	330,001	335,000	334,547
1	360,001	365,000	364,000
1	380,001	385,000	382,100
1	425,001	430,000	425,185
1	440,001	445,000	441,700
1	500,000	505,000	500,000
1	515,001	520,000	519,400
1	530,001	535,000	534,600
2	550,001	555,000	1,101,498
1	580,001	585,000	580,176
1	585,001	590,000	585,457
2	620,001	625,000	1,249,995
1	625,001	630,000	625,001
1	665,001	670,000	667,142
1	715,001	720,000	718,700
1	755,001	760,000	759,000
1	780,001	785,000	784,000
1	995,001	1,000,000	997,720
1	1,060,001	1,065,000	1,063,207
1	1,165,001	1,170,000	1,167,916
1	1,210,001	1,215,000	1,214,475
1	1,225,001	1,230,000	1,226,801
1	1,470,001	1,475,000	1,474,700
2	1,675,001	1,680,000	3,356,677
1	1,945,001	1,950,000	1,946,364
1	3,900,001	3,905,000	3,904,200
1	4,745,001	4,750,000	4,746,728
1	6,230,001	6,235,000	6,230,119
1	8,190,001	8,195,000	8,190,865
1	13,020,001	13,025,000	13,022,093
1	20,850,001	20,855,000	20,853,966
1	26,875,001	26,880,000	26,879,460
1,592			122,689,532

Share Price / Volume

Month	Volume of shares traded	Share price on PSX (Rs.)			
		Opening	Highest	Lowest	Closing
January	4,974,800	315.00	418.75	295.00	408.75
February	811,500	408.75	421.00	340.00	355.00
March	2,802,400	355.00	377.90	345.00	360.46
April	347,000	360.46	385.00	347.10	371.67
May	863,600	371.67	391.90	345.36	351.72
June	1,280,400	351.72	359.90	278.89	316.80
July	491,200	316.80	341.00	301.00	329.69
August	826,700	329.69	336.00	300.00	315.00
September	1,589,600	315.00	324.78	285.00	288.08
October	627,900	288.08	311.99	268.00	307.70
November	221,300	307.70	309.99	290.00	300.37
December	239,100	302.40	310.00	280.00	292.89

Pakistan Stock Exchange



Corporate Calendar

Final - Cash (2016)	Announced on	December 29, 2017
	Entitlement date	February 22, 2018
	Statutory limit upto which payable	March 22, 2018
	E-Credit between	March 12 to 16, 2018
First quarter ended March 31, 2017	Announced on	January 30, 2018 **
Half year ended June 30, 2017	Announced on	January 30, 2018 **
Third quarter ended September 30, 2017	Announced on	January 30, 2018 **
Year ended December 31, 2017	Announced on	March 21, 2018
Cash Dividend (2017)	Announced on	March 21, 2018
Entitlement date		April 19, 2018
	Statutory limit upto which payable	May 17, 2018
	Expected to be E-Credited by	May 17, 2018

Issuance of Annual Report	April 6, 2018
64th Annual General Meeting	April 27, 2018

** The meetings of the Board could not be held once in every quarter as required by the CCG due to pendency of the Petition of IGI Insurance Limited for restructuring before the High Court of Sindh. The Honorable Court sanctioned the Schemes of Arrangement and Amalgamation through its Order dated December 16, 2017. Subsequently, the meeting of the Board pertaining to the financial year 2017 were held and the minutes of the meetings were appropriately recorded and circulated and the same was intimated to the Securities and Exchange Commission of Pakistan (SECP).

Chairman's Review Report

I am pleased to introduce the annual report of IGI Holdings Limited (Formerly: IGI Insurance Limited). It is a matter of satisfaction that the Company has completed its corporate restructuring as approved by you and sanctioned by Honorable Sindh High Court involving amalgamation of IGI Investment Bank into IGI Insurance Limited and a subsequent hive down of insurance business of IGI Insurance into a wholly-owned subsidiary i.e. IGI General Insurance Limited and of certain investments of IGI Insurance to another wholly-owned subsidiary i.e. IGI Investments (Private) Limited. As a result of this restructuring, IGI Insurance Limited has been renamed as IGI Holdings Limited.

IGI Holdings Limited would henceforth be operating as a holding company and would drive value for its shareholders through dividend income from its subsidiaries namely; IGI Investments (Private) Limited, IGI General Insurance Limited, IGI Life Insurance Limited and IGI Finex Securities Limited. We feel that the new corporate structure shall be conducive to focused management of the subsidiaries leading to better operating performance.

The composition of the Board of Directors reflects a mix of varied backgrounds and rich experience in the fields of business, insurance, finance and regulations. The Board provides strategic direction to the management and is available for guidance. The Board ensures compliance of all 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.

The Board is assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls.

During the year, the Company has made investment of Rs. 1,500 million in IGI General Insurance Limited to enable it to meet minimum capital and solvency requirements applicable to the general insurance company under insurance laws.

Thank you for your continued support on.

For and on behalf of the Board

Syed Babar Ali
Chairman
Lahore: March 21, 2018

Directors' Report to the Shareholders

The Directors of IGI Holdings Limited (Formerly: IGI Insurance 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, 2017.

I am pleased to inform you that in accordance with the Schemes of Arrangement and Amalgamation approved by you and sanctioned by the Honorable Sindh High Court on December 16, 2017, IGI Investment Bank Limited ("IGI Investment Bank") amalgamated into IGI Insurance Limited ("IGI Insurance") as of December 31, 2016. Subsequently, insurance business of IGI Insurance has been transferred to a wholly-owned subsidiary named IGI General Insurance Limited ("IGI General Insurance"), while certain investments of IGI Insurance have been transferred to another wholly-owned subsidiary named IGI Investments (Private) Limited ("IGI Investments") as of January 31, 2017.

I am also glad to inform you that the management of your Company has successfully implemented the directives of the Honorable Sindh High Court mentioned in its Order. Accordingly, Securities and Exchange Commission of Pakistan (SECP) has issued authorization to IGI General Insurance for undertaking general insurance business. As a result, IGI Insurance has been renamed as IGI Holdings Limited under the Court sanctioned scheme, and SECP has issued a 'Certificate of Incorporation on Change of Name' to your Company accordingly.

In order to enable IGI General Insurance to meet minimum capital and solvency requirements applicable to the general insurance company under insurance laws, the Company has injected cash equity of Rs. 1,500 million into IGI General Insurance during the year 2017.

IGI Holdings, being a holding company, shall be deriving income in the form of dividends from its subsidiaries namely; IGI Investments, IGI General Insurance, IGI Life Insurance Limited (IGI Life Insurance) and IGI Finex Securities Limited (IGI Finex).

COMPANY PERFORMANCE REVIEW 2016

	2017	2016
	(Rupees in '000)	
Operating revenue	229,019	3,355,332
Operating income	27,927	1,848,835
(Loss) / profit before taxation	(248,776)	2,067,126
Taxation	2,382	633,251
(Loss) / profit after taxation	(246,394)	1,433,875
(Loss) / Earnings per share (in rupees)	(2.01)	11.69

During the period, the operating results of the Company are not comparable with the corresponding period of 2016 since the insurance segment and certain investments have been transferred to wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited respectively as of January 31, 2017. This has been carried out in accordance with the Scheme of Arrangement and the related revenue streams are now part of stand-alone financial statements of these subsidiaries.

The Company has earned operating income of Rs. 229 million during the year against Rs. 3,355 million earned during 2016 with loss after taxation of Rs. 246 million as compared to the profit of Rs. 1,433 million earned during 2016.Since insurance segment and certain investments have been transferred to respective subsidiaries as on January 31, 2017 through court order dated December 16, 2017; therefore, net income of such operations for the period subsequent to January 31, 2017 have also been transferred to respective subsidiaries. This has reduced reported income of IGI Holdings for the year as compared to 2016.

In 2017, the Company has recognized a non-cash loss of Rs. 244 million resulting from impairment testing of investment portfolio. During the year, the tax regime applicable to the companies engaged in brokerage business has been changed through Finance Bill 2017. Accordingly, the Company has re-assessed recoverable amount of the Company's investment in IGI Finex and recognized a non-cash impairment loss of Rs. 137 million since the change in tax regime is likely to adversely impact future profitability of IGI Finex. As a result, goodwill arising on the acquisition of IGI Investment Bank/IGI Finex amounting to Rs. 107 million has also been fully impaired in these financial statements.

APPROPRIATIONS

Even though the Company has incurred a loss of Rs. 247 million during the year 2017 for the reasons explained in the preceding paragraphs, the directors have recommended cash dividend of 40% (i.e. Rs. 4 per share) out of retained earnings of the Company. Accordingly, the Company has appropriated Rs. 496 million for the payment of final cash dividend out of total retained earnings of Rs. 4,361 million.

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves the Company's transactions made with associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed at arm's length method on the basis of comparable uncontrolled price method and cost sharing arrangements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Code of Corporate Governance set out by the Pakistan Stock Exchange Limited in its Listing Regulations has been adopted by the Company and its provisions have been duly complied with. A Statement to this effect is annexed.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors matching of its asset positions against its commitments, together with Being a holding company, dividend income will be major source of income of the Company. It would be utilized for creation of value for shareholders through future investments and maintaining reasonable payouts to shareholders after meeting financial commitments to the lending institutions.

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.

BOARD OF DIRECTORS

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

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP) except for the fact that quarterly financial statements of the Company for the year 2017 could not be published on due dates due to the pendency of the schemes of amalgamation and arrangement before the court. Accordingly, meetings of the board of directors and sub-committees have also not been held on timely basis. These exceptions have also been communicated to the Securities and Exchange Commission of Pakistan by the management on a proactive basis.

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 conformity with the Companies Ordinance 1984 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 are no doubts on 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;
- At present, out of eight members on the board, four Directors have undergone formal Directors training program, one of them has been specially exempted from training by SECP, while all the other directors have minimum of 14 years of education and 15 years or more experience on the boards of listed companies and hence are exempt from the Directors training program;
- 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 3,169,900 shares.

Syed Babar Ali, Director donate (3,672,400) shares to Babar Ali Foundation

Mrs. Perwin Babar Ali purchased 375,200 shares.

Syed Hyder Ali, Director purchased 588,400 shares.

- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The Board held only two (2) meetings during the year due to the pendency of the schemes of amalgamation and arrangement before the court. Attendance by each director was as follows:

Name of Director	Attendance
Syed Babar Ali	2
Mr. Shamim Ahmad Khan	2
Syed Yawar Ali	2
Syed Shahid Ali	-
Syed Hyder Ali	2
Ms. Faryal Jooma	2
Mr. Osman Khalid Waheed	-
Mr. Tahir Masaud	2

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

The Audit Committee held only two meetings during the year due to the pendency of the schemes of amalgamation and arrangement before the court. Attendance by each member was as follows

Name of Director	Attendance
Mr. Shamim Ahmad Khan	2
Syed Yawar Ali	2
Syed Hyder Ali	2
Ms. Faryal Jooma	2

The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

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

AUDITORS

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 64th Annual General Meeting. Being eligible, they have offered themselves for re-appointment and the Board's Audit Committee has also recommended their re-appointment which is endorsed by the Board.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2017, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

FUTURE OUTLOOK

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

Dividend income shall constitute major source of income of IGI Holdings. As a result, its income pattern will follow dividend distribution pattern of the subsidiaries. It is envisioned that the operating performance of the subsidiaries will result in better dividend payout to the holding company. The management believes that the new corporate structure shall be conducive to focused management of the subsidiaries and leading to better operating performance.

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 21, 2018

Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of the listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

IGI Holdings Limited (formerly IGI Insurance Limited) [the Company] has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

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

   All independent directors meet the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-Banking Financial Institution, or being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. No casual vacancy occurred during the year 2017.

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

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

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board could not be held once in every quarter as required by the CCG due to pendency of the Petition of IGI Insurance Limited (now IGI Holdings Limited) for restructuring before the High Court of Sindh and the same was intimated to the Securities and Exchange Commission of Pakistan (SECP). The Honorable Court sanctioned the Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited and Scheme of Arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Pvt) Limited through its Order dated December 16, 2017. The meeting of the Board pertaining to the financial year 2016 was held in December 2017, which was presided by the Chairman. Written notice of the board meeting, along with agenda and working papers was circulated less than seven days before the meeting being emergent meeting. The minutes of the meetings were appropriately recorded and circulated.

9. No training program was arranged during the year. However, the Company is in compliance with the certification requirement for Director's Training Program prescribed by the CCG.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15. The Board has formed an Audit Committee. It comprises of four (4) members, of whom three (3) are non-executive directors. The Chairperson of the Committee is an independent director.

16. The meetings of the Audit Committee could not be held once in every quarter as required by the CCG due to pendency of the Petition of IGI Insurance Limited (now IGI Holdings Limited) for restructuring before the High Court of Sindh and the same was intimated to the Securities and Exchange Commission of Pakistan (SECP). The Honorable Court sanctioned the Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited and Scheme of Arrangement between IGI Insurance Limited, IGI General Insurance Limited and IGI Investments (Pvt) Limited through its Order dated December 16, 2017. The meeting of the Audit Committee pertaining to financial year 2016 was held in December 2017 prior to approval of final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for the compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five (5) members, of whom one (3) are non-executive directors and the Chairman of the Committee is a non-executive director.

18. The Board has setup an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The ‘closed period’, prior to the announcement of interim/final results and business decision, which may materially affect the market price of Company’s securities was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once though stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles contained in the Code of Corporate Governance as applicable for the year ended December 31, 2017 have been complied with.

By Order of the Board

Syed Babar Ali
Chairman
Lahore: March 21, 2018

Unconsolidated Financial Statements

A·F·FERGUSON&CO.

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of IGI Holdings Limited (formerly IGI Insurance Limited) ['the Company'] for the year ended December 31, 2017 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

Further, we highlight below certain instances of non-compliance with the requirements of the Code as reflected in the respective paragraph references where these have been stated in the Statement of Compliance:

Paragraph Reference	Description
8	The meetings of the Board could not be held once in every quarter due to pendency of the petition of the Company for restructuring before the High Court of Sindh.
16	The meetings of the Audit Committee could not be held once in every quarter due to pendency of the petition of the Company for restructuring before the High Court of Sindh.

Affergusonco

Chartered Accountants
Dated: April 05, 2018
Karachi

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

Auditors' Report to the Members

We have audited the annexed balance sheet of IGI Holdings Limited (formerly IGI Insurance Limited) [the Company] as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as disclosed in note 3.6.1.7 with which we concur ;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Afferguson&Co

Chartered Accountants
Engagement Partner: Shahbaz Akbar
Dated: April 05, 2018
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI ▪ LAHORE ▪ ISLAMABAD

Unconsolidated Balance Sheet For the year ended December 31, 2017

	Note	2017	2016 Restated
		(Rupees in '000)	
ASSETS			
Non-current assets			
Fixed assets	8	2,981	265,305
Intangible assets	9	4	110,165
Long-term Investments	10	14,977,048	15,679,011
Long-term loans and advances	11	-	-
Investment property	12	-	171,147
Long-term deposits		4,414	4,414
Deferred tax asset-net	17	3,421	-
		14,987,868	16,230,042
Current assets			
Premiums due but unpaid - unsecured		-	412,117
Amounts due from other insurers / reinsurers - unsecured		-	355,249
Reinsurance recoveries against outstanding claims		-	649,453
Prepaid reinsurance premium ceded		-	419,825
Short term investments		-	6,422
Current maturity of long term loan and advances	13	19,684	26,900
Deposits and prepayments		5,748	48,191
Prepayments and other receivables	14	295,990	322,285
Taxation recoverable		136,902	256,376
Cash and bank balances	15	22,312	726,512
		480,636	3,223,330
TOTAL ASSETS		15,468,504	19,453,372
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
200,000,000 ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	7	1,226,895	1,226,895
Proposed shares to be issued on amalgamation	5	411,659	411,659
Unappropriated profit		4,361,029	4,607,423
Reserves		7,366,574	7,366,574
		13,366,157	13,612,551
Non-current liabilities			
Long term finances	16	1,726,000	1,231,000
Liabilities against assets subject to finance lease		-	36,477
Deferred tax liabilities - net	17	-	4,333
		1,726,000	1,271,810
Current liabilities			
Provision for outstanding claims (including IBNR)		-	944,954
Provision for unearned premium		-	950,263
Commission income unearned		-	94,850
Amounts due to other insurers / reinsurers		-	352,078
Premium received in advance		-	332
Short term finances		-	1,348,017
Current portion of long term liabilities		69,860	76,363
Unclaimed dividend		13,821	14,104
Trade and other payables	18	292,666	788,050
		376,347	4,569,011
TOTAL LIABILITIES		2,102,347	5,840,821
TOTAL EQUITY AND LIABILITIES		15,468,504	19,453,372
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Profit and Loss Account For the year ended December 31, 2017

	Note	2017	2016
		(Rupees in '000)	
Operating revenue	20	229,019	3,355,332
Operating expenses	21	(119,982)	(1,106,498)
		109,037	2,248,834
Other income	22	7,400	35,844
General and administrative expenses	23	(66,894)	(327,153)
Finance cost	24	(21,616)	(108,690)
		27,927	1,848,835
(Provision) / reversal of provision against investments - net	10.1.1	(176,596)	218,291
Impairment of goodwill	9	(107,998)	-
Recovery against bad and doubtful loans and advances / lease losses - specific - net		7,891	-
(Loss) / profit before taxation		(248,776)	2,067,126
Taxation	25	2,382	(633,251)
(Loss) / profit after taxation		(246,394)	1,433,875
(Loss) / earnings per share - basic and diluted	26	(2.01)	11.69

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Comprehensive Income For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
(Loss) / profit after taxation	(246,394)	1,433,875
Other comprehensive income / (loss)	-	(2,960)
Total comprehensive (loss) / income for the year	(246,394)	1,430,915

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

S A M Khan
Director

Unconsolidated Statement of Changes In Equity

For the year ended December 31, 2017

	Issued, subscribed and paid-up share capital	Proposed shares to be issued on amalgamation	Reserves				Total
			Capital Reserves		Revenue Reserves		
			Premium on issue of shares	Other capital reserves	General reserve	Unappro-priated profit	
	(Rupees in '000)						
Balance as at January 1, 2016	1,226,895	-	35,762	33,267	8,033,682	2,931,129	12,260,735
Profit after taxation for the year ended December 31, 2016	-	-	-	-	-	1,433,875	1,433,875
Other comprehensive income for the year	-	-	-	-	-	(2,960)	(2,960)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	1,430,915	1,430,915
Proposed issue of share capital in lieu of business combination (note 5)	-	411,659	-	-	-	-	411,659
Transfer from general reserve to unappropriated profit	-	-	-	-	(736,137)	736,137	-
Transactions with owners, recorded directly in equity							
Final dividend for the year ended December 31, 2015 - Rs. 4 per share	-	-	-	-	-	(490,758)	(490,758)
Balance as at December 31, 2016	1,226,895	411,659	35,762	33,267	7,297,545	4,607,423	13,612,551
Profit after taxation for the year ended December 31, 2017	-	-	-	-	-	(246,394)	(246,394)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	(246,394)	(246,394)
Balance as at December 31, 2017	1,226,895	411,659	35,762	33,267	7,297,545	4,361,029	13,366,157

The annexed notes from 1 to 35 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, 2017

	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(248,776)	2,067,126
Adjustments for :		
Depreciation and amortisation	5,575	56,348
Finance costs	21,615	104,307
Interest, mark-up and profit income	(415)	-
Gain on disposal of property and equipment	(1,423)	(5,454)
(Provision) / reversal of provision against investments - net	176,596	(218,291)
Impairment of Goodwill	107,998	-
(Reversal of provision) / provision for bad and doubtful loans and advances / lease losses - specific - net	(7,891)	-
Return on bank balances	(3,329)	(3,914)
Return on government securities	(1,418)	(15,840)
Gain on sale of available for sale investments	-	(10,962)
Dividend income	(82,385)	(1,898,895)
	214,923	(1,992,701)
	(33,853)	74,425
Changes in working capital		
(Increase) / decrease in current assets		
Trade deposit, prepayments and sundry receivables	(464,773)	(452,542)
Increase/ (decrease) in current liabilities		
Accrued expenses and sundry payables	552,509	661,488
	53,883	283,371
Net recovery from long term loans and advances	13,711	-
Net recovery from finance leases	1,396	-
Tax received / (paid) - net	9,053	(469,550)
Net cash generated from / (used in) operating activities	78,043	(186,179)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,715)	(41,944)
Return on government securities	9,295	-
Proceeds on disposal of property, plant and equipment	1,423	16,308
Proceeds on disposal of short term investments	6,500	10,962
Purchase of investments	(45)	(2,956,529)
Dividend received	272	1,898,895
Profit / return received	448	24,020
Investment in subsidiary company	(1,500,000)	-
Cash and bank balance transferred to IGI Investments (Pvt.) Limited under scheme of arrangement	1,299,936	-
Cash and bank balance transferred to IGI General Insurance Limited under scheme of arrangement	(728,960)	-
Net cash used in investing activities	(914,846)	(1,048,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(283)	(490,938)
Repayment of certificate of deposits	(769)	-
Long term loan obtained	1,500,000	1,000,000
Loan repayments	(5,000)	-
Financial charges paid	(12,764)	(107,773)
Repayment of liability against assets subject to finance lease	(564)	(7,481)
Net cash generated from investing activities	1,480,620	393,808
Net increase / (decrease) in cash and cash equivalents	643,817	(840,659)
Cash and cash equivalent at beginning of the year	(621,505)	219,154
Cash and cash equivalents at end of the year	22,312	(621,505)

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to and Forming Part of the Unconsolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

1.1 IGI Holdings Limited - formerly IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

1.2 Under the 'Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited under section 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance"), hereinafter referred to as 'The Scheme', IGI Investment Bank Limited was amalgamated with and into the Company with effect from December 31, 2016. The proposal for the amalgamation and the scheme of amalgamation were approved by the shareholders of both the Companies in their meetings held on February 22, 2017 and the Honorable Sindh High Court, through its order dated December 16, 2017, under Companies Ordinance, 1984 sanctioned the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited.

1.3 During the year, a Scheme of Arrangement of IGI Insurance Limited, after amalgamation of IGI Investment Bank Limited with IGI Insurance Limited, under sections 284 to 288 of the Companies Ordinance, 1984 has been sanctioned by the High Court of Sindh through its order dated December 16, 2017. The Scheme of Arrangement became effective from January 31, 2017 and essentially entailed the following:

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

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

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

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

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

Pursuant to the sanction of Scheme of Amalgamation and Scheme of Arrangement by the Honorable Sindh High Court, insurance license of the Company was revoked w.e.f January 16, 2018 and transferred to IGI General Insurance Limited on the same day. Accordingly, objects of the Company now includes 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.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

Pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh through its order dated December 16, 2017 with effect from January 31, 2017, as more fully explained in note 1.3 of these unconsolidated financial statements, the Insurance segment of the Company has been transferred to IGI General Insurance Limited along with its associated license to carry out the business of general insurance. Accordingly, the requirements of the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 are not applicable on IGI Holdings Limited with effect from close of business on January 31, 2017.

As a result, the unconsolidated financial statements of the Company have now been prepared in accordance with approved accounting standards as applicable in Pakistan to companies that are not conducting general insurance business. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the said directives prevail.

The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a circular dated October 04, 2017 has allowed companies whose financial year closes on or before December 31, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the financial statements of the Company for the year ended December 31, 2017 have been prepared in accordance with the provisions of the Companies Ordinance, 1984. The management is currently in the process of assessing the impact of the provisions of the Act going forward on the financial statements of the Company.

2.2 Basis of presentation

These financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets at fair value.

2.3 Functional and presentation currency

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

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

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not be to relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

The following revised standards, amendments and interpretations with respect to the approved accounting 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)
- IFRS 9 - Financial Instruments	July 01, 2018
- IFRS 15 - Revenue from contracts	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preceding years except for the change in policy as disclosed in note 3.6.1.7. The accounting policies relating to insurance business are the same as those applied in the preceding years and disclosed in annual financial statements of the Company for the year ended December 31, 2016.

3.1 Business Combination

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

3.2 Goodwill

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

3.3 Fixed Assets - Tangible

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Disposal of asset are 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 profit and loss account.

Depreciation is charged to the profit and loss account using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 8.1. Depreciation on addition is charged from the month in which the asset is available for use while in case of assets disposed of, no depreciation is charged in the month of disposal.

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

3.4 Intangible

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Amortisation on intangible assets is charged to profit and loss account 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 balance sheet 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 profit and loss account when the asset is derecognised.

3.5 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" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

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

3.6 Investments

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

- Investments in associates
- Investments at fair value through profit and loss - held for trading
- Loans and receivables
- Held to maturity
- Investments in subsidiaries
- Available for sale

3.6.1.1 Investments in associates

Investments in associates are presented in the unconsolidated financial statements on the basis of direct equity interest (i.e. at cost less accumulated impairment losses; if any) . In addition dividend income is accounted for when the Company's right to receive such dividend is established.

3.6.1.2 Investments at fair value through profit and loss - held for trading

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

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

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

3.6.1.3 Loans and receivables

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

3.6.1.4 Held to maturity

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

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

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

3.6.1.5 Investment in subsidiaries

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

3.6.1.6 Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it off within 12 months of the end of the reporting date.

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

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

3.6.1.7 Change in accounting policy

During the year the Company has changed its accounting policy relating to subsequent measurement and impairment of available for sale investments with effect from close of business on January 31, 2017 to comply with the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." As per the revised policy available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any, on available for sale investments are recognised directly in the income statement. Previously, available for sale investments were stated subsequent to initial recognition at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Any decline in market value recognised by the Company was taken to the income statement.

The change in policy has been made pursuant to the Scheme of Arrangement of the Company sanctioned by the High Court of Sindh, whereby the Insurance segment of the Company along with its associated license to carry out general insurance business has been transferred to IGI General Insurance Limited with effect from January 31, 2017. Accordingly, the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 are no longer applicable on IGI Holdings Limited from close of business on January 31, 2017. This change in accounting policy does not have any impact on the financial statements as the market value of available for sale investments carried at the balance sheet date is lower than their respective cost against which impairment has been recognised.

3.7 Cash and cash equivalents

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

3.8 Share capital

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

3.9 Borrowings

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

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

3.11 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 Company.

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

3.12 Offsetting of financial assets and financial liabilities

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

3.13 Impairment

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

3.14 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.

Deferred

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

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

3.15 Dividends and appropriations to reserves

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

3.16 Earnings per share

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

4 SIGNIFICANT ESTIMATES AND JUDGMENT

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

i) Determination and measurement of useful life and residual value of property and equipment (notes 3.3 and 8.1)
ii) Amortisation of intangible assets (notes 3.4 and 9.1)
iii) Classification and valuation of investments (notes 3.5 and 10)
iv) Impairment of assets (notes 3.5,3.12 and 10)
v) Impairment of goodwill (notes 3.12, 9.1 and 9.2)
vi) Business combination (note 5)
vii) Provision for taxation and deferred tax (notes 3.13, 17 and 25)

5 BUSINESS COMBINATION

5.1 Amalgamation of IGI investment Bank Limited

Under the Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited under section 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance"), hereinafter referred to as 'The Scheme', IGI Investment Bank Limited has been amalgamated with and into the Company with effect from the close of business on December 31, 2016.

The proposal for the amalgamation and the scheme of amalgamation were approved by the shareholders of both the Companies in their meetings held on February 22, 2017 and the Honorable Sindh High Court, through its order dated December 16, 2017, under Companies Ordinance, 1984 sanctioned the amalgamation scheme of IGI Investment Bank Limited with and into IGI Insurance Limited.

IGI Investment Bank Limited as per the Scheme means the business and all assets and liabilities, of the then IGI Investment Bank Limited of whatsoever nature and wherever situated.

IGI Investment Bank Limited at the time of acquisition by the Company had a wholly owned subsidiary namely IGI Finex Securities Limited which by virtue of amalgamation has now become a subsidiary of the Company.

5.2 The business combination has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the fair value of the purchase consideration in the form of shares of IGI Insurance Limited. The Company had recorded the assets and liabilities acquired in the business combination at provisional values in the financial statements for the year ended December 31, 2016. During the year the management has completed the exercise in respect of identification and determination of the fair values to be assigned to the acquiree's identifiable assets and liabilities. IFRS 3 'Business Combination' requires adjustments to be made to the provisional values on the initial accounting subsequent to completion of fair valuation exercise, and to be incorporated in the financial statements with effect from the acquisition date. As a result, the provisional values determined by the management have been adjusted with effect from the acquisition date.

In accordance with the Scheme, every 92 ordinary shares of Rs. 10 each in IGI Investment Bank Limited shall be allotted one ordinary share of IGI Insurance Limited. Accordingly, the Company intends to issue 1,337,033 shares to the shareholders of IGI Investment Bank Limited. Further, 42.01% equity interest of IGI Insurance Limited in IGI Investment Bank Limited has been remeasured at fair value and has been adjusted in the calculation of goodwill.

	Restated (Rupees in '000)
Consideration paid	411,659
Fair value of previously held equity interest	290,451
Carrying value of net identifiable assets acquired	(314,962)
Tax synergies	(279,150)
Goodwill	107,998

5.3 The adjustments to the fair values of assets and liabilities acquired as part of the business combination are as follows:

	IGI Investment Bank's carrying amounts as at December 31, 2016 (based on audited financial statements)	Fair value adjustments	Fair values as at December 31, 2016
	(Rupees in '000)		
ASSETS			
Fixed assets	3,671	-	3,671
Long-term investments	223,957	237,800	461,757
Long-term deposits	4,414	-	4,414
Current maturity of long-term loans and advances - net	-	26,900	26,900
Current maturity of net investment in finance lease	221,313	13,100	234,413
Short-term investments	9,702	-	9,702
Taxation - net	146,915	-	146,915
Prepayments and other receivables	5,899	-	5,899
Cash and bank balances	4,527	-	4,527
Total Assets	620,398	277,800	898,198
LIABILITIES			
Long-term loans	300,860	-	300,860
Current maturity of non-current liabilities	216,110	-	216,110
Interest and mark-up accrued	9,671	-	9,671
Deferred tax liabilities	-	11,724	11,724
Trade and other payables	44,871	-	44,871
Total Liabilities	571,512	11,724	583,236
NET ASSETS	48,886	266,076	314,962

The above adjustments have been incorporated in these financial statements with effect from the date of amalgamation. The requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" have been considered and the impacts of the above adjustments have been incorporated in these financial statements by restating the comparative figures. The effects are summarized below :

	December 31, 2016
Impact on Balance Sheet	(Rupees in '000)
- Increase in deferred taxation	11,724
- Increase in current maturity of long-term loans and advances - net	26,900
- Increase in current maturity of net investment in finance lease	13,100
- Decrease in goodwill	55,026

There is no impact of these adjustments on profit and loss account, statement of comprehensive income, cash flow statement and earnings per share. The third Balance Sheet at the beginning of the preceding period has not been presented as the above mentioned changes did not have any effect on the results of the year ended December 31, 2015.

The figures pertaining to post combination reserve and profit or loss pertaining to the operations of IGI Investment Bank Limited have not been disclosed as the business combination was effective as at the close of business on December 31, 2016.

6 SCHEME OF ARRANGEMENT

As more fully explained in note 1.3, pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh with effect from January 31, 2017, the Insurance segment and Investment segment of the Company have been transferred to and vested into IGI General Insurance Limited and IGI Investments (Pvt.) Limited respectively against proposed issue of ordinary shares by these companies. As per Article 14, "Determination of the Value of the Undertakings" of the Scheme of Arrangement the net assets of the Insurance segment and Investment segment at January 31, 2017 have been determined in accordance with accounting principles generally accepted in Pakistan for the purposes of determining the actual number of shares to be issued in consideration of transfer of these segments.

6.1 A summary of the assets and liabilities transferred to and vested into IGI General Insurance Limited and IGI Investments (Pvt.) Limited with effect from close of business on January 31, 2017 is as follows:

	Transferred and vested into	
	IGI Investments (Pvt.) Limited	IGI General Insurance Limited
	(Rupees in '000)	
ASSETS		
Non current assets		
Fixed assets		
- Tangible operating assets	-	258,552
- Capital work in progress	-	4,236
Intangible assets	-	2,110
Investment property	-	170,257
Investments	14,198,774	125,118
Deferred taxation	-	7,165
Current assets		
Premiums due but unpaid - unsecured	-	791,510
Amounts due from other insurers / reinsurers - unsecured	-	296,679
Accrued income on investments and deposits	-	2,828
Reinsurance recoveries against outstanding claims	-	631,658
Prepayments:		
- prepaid reinsurance premium ceded	-	575,975
- others	-	23,630
Taxation - payments less provision	-	107,302
Sundry receivables	-	117,333
Dividend receivable	8,413	-
Cash and bank balances	64	728,960
TOTAL ASSETS	14,207,251	3,843,313
LIABILITIES		
Non current liabilities		
Long term finance - secured	1,000,000	-
Liabilities against assets subject to finance lease	-	37,130
Current liabilities		
Provision for outstanding claims (including IBNR)	-	902,330
Provision for unearned premium	-	1,227,094
Commission income unearned	-	144,846
Premium received in advance	-	332
Amounts due to other insurers / reinsurers	-	508,950
Sundry creditors	-	420,422
Accrued expenses	-	178,108
Current portion of liabilities against assets subject to finance lease	-	6,717
Markup payable	26,156	-
Short term finances - secured	1,300,000	-
TOTAL LIABILITIES	2,326,156	3,425,929
NET ASSETS	11,881,095	417,384

6.2 A summary of the operating results related to insurance and investment segment transferred to and vested into IGI General Insurance Limited and IGI Investments (Pvt.) Limited with effect from close of business on January 31, 2017 is as follows:

	For the month of January 2017 (Rupees in '000)
Operating revenue	152,652
Operating expenses	(119,982)
	32,670
Other income	7,008
General and administrative expenses	(15,839)
Finance cost	(12,697)
	11,142
(Provision) / reversal of provision against investments - net	(29,297)
(Loss) / profit before taxation	(18,155)
Taxation	(3,367)
(Loss) / profit after taxation	(21,522)

7 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
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
120,747,345	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,207,473	1,207,473
122,689,532	122,689,532		1,226,895	1,226,895

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

	Note	2017	2016
		(Number of shares)	
Packages Limited		13,022,093	13,022,093
Babar Ali Foundation		8,302,939	4,630,539
Industrial Technical and Educational Institute		20,853,966	20,853,966
		42,178,998	38,506,598

8 FIXED ASSETS - Tangible

	Note	2017	2016
		(Rupees in '000)	
Property and equipment	8.1	2,981	262,298
Capital work in progress		-	3,007
		2,981	265,305

8.1 Propertyand equipment

	Furniture, fixtures and office equipment				Buildings	Motor vehicles		Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		Own	Leased	
	(Rupees in '000)							
As at January 1, 2016								
Cost	28,163	42,965	40,192	111,320	183,595	110,601	-	405,516
Accumulated depreciation	(11,107)	(22,284)	(30,048)	(63,439)	(75,147)	(48,043)	-	(186,629)
Net book value as at January 1, 2016	17,056	20,681	10,144	47,881	108,448	62,558	-	218,887
For the year ended December 31, 2016								
Opening net book value	17,056	20,681	10,144	47,881	108,448	62,558	-	218,887
Additions / Transfer								
- Cost	9,810	2,955	778	13,543	33,311 *	9,856	49,544	106,254
- Accumulated depreciation	-	-	-	-	(11,167)*	-	-	(11,167)
	9,810	2,955	778	13,543	22,144	9,856	49,544	95,087
Assets acquired as part of business combination - net	289	37	52	378	760	2,529	-	3,667
Disposals / Transfer								
- Cost	(5,052)	(712)	(460)	(6,224)	-	(22,082)	(2,059)	(30,365)
- Accumulated depreciation	1,513	575	440	2,528	-	16,230	103	18,861
	(3,539)	(137)	(20)	(3,696)	-	(5,852)	(1,956)	(11,504)
Depreciation charge	(2,859)	(4,465)	(4,050)	(11,374)	(9,911)	(19,040)	(3,514)	(43,839)
Net book value as at December 31, 2016	20,757	19,071	6,904	46,732	121,441	50,051	44,074	262,298
As at December 31, 2016								
Cost	33,210	45,245	40,562	119,017	217,666	100,904	47,485	485,072
Accumulated depreciation	(12,453)	(26,174)	(33,658)	(72,285)	(96,225)	(50,853)	(3,411)	(222,774)
Net book value as at December 31, 2016	20,757	19,071	6,904	46,732	121,441	50,051	44,074	262,298
For the year ended December 31, 2017								
Opening net book value	20,757	19,071	6,904	46,732	121,441	50,051	44,074	262,298
Additions	13	130	280	423	2,000	62	1,432	3,917
Disposals								
- Cost	-	-	-	-	-	(3,120)	-	(3,120)
- Accumulated depreciation	-	-	-	-	-	3,068	-	3,068
	-	-	-	-	-	(52)	-	(52)
Assets transferred under scheme of arrangement	(20,229)	(18,840)	(6,728)	(45,797)	(121,697)	(46,161)	(44,897)	(258,552)
Depreciation charge	(348)	(335)	(421)	(1,104)	(1,218)	(1,699)	(609)	(4,630)
Net book value as at December 31, 2017	193	26	35	254	526	2,201	-	2,981
As at December 31, 2017								
Cost	3,158	3,541	4,316	11,015	9,377	7,513	-	27,905
Accumulated depreciation	(2,965)	(3,515)	(4,281)	(10,761)	(8,851)	(5,312)	-	(24,924)
Net book value as at December 31, 2017	193	26	35	254	526	2,201	-	2,981
Annual rate of depreciation	10%	20%	20%		10%	20%	20%	

* These assets were charged off as donation expense during the year.

8.2 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Assets with book value of less than Rs. 50,000						
Motor Vehicles- Own						**Employees / Agents**
Toyota Vitz	1,087	1,068	19	521	Company policy	Muhammad Rafique
Suzuki Cultus	1,017	1,000	17	451	Company policy	Arsalan Zafar
Suzuki Cultus	1,016	1,000	16	451	Company policy	Madiha Ahmed
	3,120	3,068	52	1,423		

8.3 The cost of fully depreciated property and equipment still in use amounts to Rs. 14.877 million (2016: Rs. 58.611 million).

9 INTANGIBLE ASSETS

	Note	2017	2016 Restated
		(Rupees in '000)	
Computer software		4	2,167
Goodwill	5.2	-	107,998
		4	110,165

9.1

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

	2016									
	Cost				Accumulated Amortisation				WDV as at Dec 31, 2016	Useful life
	As at Jan 01, 2016	Additions	Transferred under scheme of arrangement	As at Dec 31, 2016	As at Jan 01, 2016	For the year	Transferred under scheme of arrangement	As at Dec 31, 2016		
	(Rupees in '000)									
Goodwill (Refer note 5)	-	107,998	-	107,998	-	-	-	-	107,998	Indefinite
Computer Software	13,900	1,204	-	15,104	12,044	893	-	12,937	2,167	5 years
	13,900	109,202	-	123,102	12,044	893	-	12,937	110,165	

9.2 Movement in net book value

	Note	2017	2016 Restated
		(Rupees in '000)	
Opening written down value		110,165	1,856
Add:			
Additions during the period / year		-	1,200
Assets acquired as part of business combination-net		-	4
Goodwill		-	107,998
		110,165	111,058
Less:			
Amortisation		(53)	(893)
Net book value of assets transferred as part of scheme of arrangement		(2,110)	-
Impairment loss recognised during the year	10.1.3	(107,998)	-
		(110,161)	(893)
Closing written down value		4	110,165

10 LONG TERM INVESTMENTS

	Note	2017	2016 Restated
The investments comprise of the following:			
- Investments in subsidiaries	10.1	14,964,461	1,302,714
- Investments in associates		-	6,430,337
- Held to maturity investments		-	125,072
- Available for sale investments	10.2	12,587	7,820,888
		14,977,048	15,679,011

10.1 Investments in subsidiaries

	Note	2017	2016 Restated
Quoted equity instrument			
IGI Life Insurance Limited 57,846,319 (2016: 49,593,895) fully paid shares of Rs. 10 each Equity held 81.967% (2016: 81.967%) Market value Rs. 91.10 per share (2016: Rs. 85.92 per share)	10.1.2	858,831	858,831
Unquoted			
IGI Finex Securities Limited 52,000,000 (2016: 52,000,000) fully paid shares of Rs. 10 each Equity held 100% (2016: 100%)	10.1.1 & 10.1.3	305,151	441,883
IGI General Insurance Limited 100,000 (2016: 100,000) fully paid shares of Rs. 10 each Equity held 100% (2016: 100%)	10.1.4	1,918,384	1,000
IGI Investments (Pvt.) Limited 10,000 (2016: 10,000) fully paid shares of Rs. 100 each Equity held 100% (2016: 100%)	10.1.5	11,882,095	1,000
		14,105,630	443,883
		14,964,461	1,302,714

10.1.1 Movement in provision against investments

	2017	2016
	(Rupees in '000)	
Opening balance	91,190	-
Transferred under scheme of arrangement	(120,487)	-
Charge for the year	176,596	-
Closing balance	147,299	-

10.1.2 During the year ended December 31, 2017, the Company received 8,252,424 shares as a result of a bonus issue made by IGI Life Insurance Limited. 824,910 shares were withheld by IGI Life Insurance Limited in respect of issuance of bonus in current and previous year as issuance of bonus shares had been made taxable through Finance Act, 2014.

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

As at December 31, 2017, 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.

10.1.3 The Company had acquired 100% shareholding of IGI Finex Securities Limited as a result of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited as at December 31, 2016.

During the year, the management taking cognizance of the change in tax regime applicable for the companies engaged in brokerage business, as an indicator for impairment, assessed the future profitability / recoverable amount of the Company's investment in IGI Finex Securities Limited. As a result of this exercise, the management has recognised an impairment loss of Rs. 136.732 million against the Company's investment in IGI Finex Securities Limited at December 31, 2017. Accordingly the goodwill arising on the acquisition of IGI Investment Bank Limited / IGI Finex Securities Limited amounting to Rs. 107.998 million has also been fully impaired.

10.1.3.1 In determining the recoverable amount, the management has used certain key assumptions regarding the future business, economic and market conditions considering the applicable tax regime. Key assumptions include market share of the Company, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. A significant change in the assumptions used may impact the value of investment.

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

	2017	2016
Discount rate	17.5%	18.3%
Terminal growth rate	6%	7%

10.1.4 The Company incorporated a wholly owned subsidiary namely IGI General Insurance Limited on 18 November, 2016. The objective of this company is to carry on all kinds of general insurance business (excluding life insurance) and General Takaful (Islamic Insurance) as Window Takaful Operator. As more fully explained in note 6 to these unconsolidated financial statements, the Insurance segment of the Company has been transferred to this subsidiary company with effect from close of business on January 31, 2017 in accordance with the Scheme of Arrangement sanctioned by the High Court of Sindh.

Under Article 16 of the Scheme of Arrangement, IGI Insurance Limited has invested an amount of Rs. 1.5 billion in IGI General Insurance Limited during the current year.

Further, the increase in amount of investment during the year represents the net assets of Rs. 417.38 million transferred to IGI General Insurance Limited under the Scheme of Arrangement against proposed issuance of 41,738,400 shares to the Company by IGI General Insurance Limited which have been issued subsequent to the year end.

10.1.5 The Company incorporated a wholly owned subsidiary namely IGI Investments (Pvt.) Limited on 31 October, 2016. The objective of this company is to act as an investment holding Company and for that purpose invest, acquire, sell and hold investments. As more fully explained in note 6 to these unconsolidated financial statement, the Investment segment of the Company has been transferred to this subsidiary company with effect from close of business on January 31, 2017 in accordance with the Scheme of Arrangement sanctioned by the High Court of Sindh.

The increase in amount of investment during the year represents the net assets of Rs. 11,881.09 million transferred to IGI Investments (Pvt.) Limited under the Scheme of Arrangement against proposed issuance of 118,810,950 shares to the Company by IGI Investments (Pvt.) Limited which have been issued subsequent to the year end.

10.2 Available for sale

	Note	2017	2016
		(Rupees in '000)	
Term Finance Certificates	10.2.1	3,280	3,280
Quoted equity instruments	10.2.2	6,589	7,667,690
Unquoted equity instruments	10.2.3	2,718	149,918
		12,587	7,820,888

10.2.1 Term Finance Certificates

	2017	2016
Available for sale		
Unlisted term finance certificates	3,280	3,280

10.2.2 Quoted equity instruments

Number of ordinary shares of Rs. 10 each)					
December 2017	December 2016	Particulars	Note	2017	2016
				(Rupees in '000)	
		Related parties			
-	3,750,417	Tri-Pack Films Limited		-	564,610
		Others			
1,352,992	1,352,992	Agritech Limited	10.2.21	17,156	17,156
-	70,031	Siemens Pakistan Engineering Company Limited		-	125,442
-	4,364,666	Nestle Pakistan Limited		-	6,472,825
-	1,841,739	Sanofi Aventis Pakistan Limited		-	391,348
-	458,611	International Industries Limited		-	37,395
-	292,738	Mitchell's Fruit Farms Limited		-	21,437
-	4,188,033	Systems Limited		-	45,532
-	199,169	Zulfiqar Industries Limited		-	19,561
				17,156	7,130,696
		Less: Provision for impairment		(10,567)	(57,815)
				6,589	7,637,491

10.2.21 This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) dated July 26, 2012 between Azgard Nine Limited (ANL) and various lenders including the Company. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.

10.2.3 Unquoted equity instruments

Number of ordinary shares				
December 2017	December 2016	Particulars	2017	2016
			(Rupees in '000)	
7,600,000	9,500,000	DHA Cogen Limited	-	19,125
-	12,433,934	Coca Cola Beverages Pakistan Limited	-	134,665
-	843,975	LSE Financial Services Limited	-	11,732
-	44	Kissan Fruit Growers (Private) Limited	-	4
-	32	Punjab Fruit Growers (Private) Limited	-	3
-	1,705	Haider Fruit Growers (Private) Limited	-	17
-	350	Petroleum Development Pakistan Limited	-	1
-	500	National Steel of Pakistan Limited	-	1
-	649,998	Central Depository Company of Pakistan	-	9,110
-	464,827	Visionet Systems Inc.	-	5,423
1,123,318	1,497,758	Techlogix International Limited	2,718	6,979
			2,718	187,060
		Less: Provision for impairment	-	(37,142)
			2,718	149,918

11 LONG-TERM LOANS AND ADVANCES - NET

	Note	2017	2016 Restated
		(Rupees in '000)	
Long term loans and advances		19,684	26,900
Less: Current maturity of long term loan and advances		(19,684)	(26,900)
		-	-

11.1 These loans carry mark-up at rate of 11.34% (December 31, 2016: 11.34%) per annum and are repayable over periods ranging from 1 to 9 years (December 31, 2016: 1 to 9 years) from the date of disbursement. Repayment terms vary from monthly basis to repayments at maturity. These loans are secured against mortgage of properties and hypothecation of vehicles.

12 INVESTMENT PROPERTY

	2017									
	Cost				Accumulated Amortisation				WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Additions	Transferred under scheme of arrangement	As at Dec 31, 2017	As at Jan 01, 2017	For the year	Transferred under scheme of arrangement	As at Dec 31, 2017		
	(Rupees in '000)									
Building	213,357	(213,357)	-	213,357	42,210	(43,100)	890	-	-	20 years

	2016									
	Cost				Accumulated Amortisation				WDV as at Dec 31, 2016	Useful life
	As at Jan 01, 2016	Additions	Transferred under scheme of arrangement	As at Dec 31, 2016	As at Jan 01, 2016	For the year	Transferred under scheme of arrangement	As at Dec 31, 2016		
	(Rupees in '000)									
Building	232,330	-		213,357	41,761	-	11,616	42,210	171,147	20 years
			(18,973)				(11,167)			

13 CURRENT MATURITY OF LONG TERM LOAN AND ADVANCES

	Note	2017	2016 Restated
		(Rupees in '000)	
Current maturity of long-term loans and advances - net	11	19,684	26,900

14 PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
Advances - considered good		-	4,641
(Payable to) / receivable from defined benefit plan		-	(9,588)
Sales tax recoverable		-	15,703
Salvage recoverable		-	27,438
Dividend Receivable		64,495	7,460
Excise duty paid on behalf of customers		-	3,652
Net investment in finance lease	14.1	231,495	234,413
Others		-	38,566
		295,990	322,285

14.1 This represents residual values relating to net investment in finance lease of IGI Investment Bank acquired as part of business combination.

15 CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees in '000)	
Cash at banks under:			
- deposit accounts	15.1	1,154	4,573
- current accounts		21,158	21,565
		22,312	26,138
Policy stamps in hand		-	374
		-	374
Deposits maturing within 12 months		-	700,000
		-	700,000
		22,312	726,512

15.1 The balances in deposit accounts carry mark-up ranging between 3.0% to 4.0% (December 31, 2016: 3.5% to 4.5%) per annum.

16 LONG TERM FINANCES

	Note	2017	2016
		(Rupees in '000)	
Secured			
Long term loan	16.1	1,500,000	1,000,000
Unsecured			
Local currency - from sponsor	16.2	226,000	231,000
Local currency - from subsidiary	16.3	69,860	69,860
Current maturity of loan from subsidiary		(69,860)	(69,860)
		1,726,000	1,231,000

16.1 The Company obtained a long term finance facility amounting to Rs. 1,500 million from Habib Bank Limited during the current year for the purpose of injecting equity in its subsidiary IGI General Insurance Limited. The loan carries markup rate at 6 month KIBOR + 0.3% 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. The facility is secured against pledge of shares held by IGI Investments (Pvt) Limited one of the subsidiary of the Company.

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

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

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

During 2015, IGI Investment Bank Limited (the Investment Bank) had entered into a long term loan agreement with its wholly owned subsidiary (IGI Finex Securities Limited) for Rs.85 million. Under the terms of the loan agreement, the loan was to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement.

The loan carries markup rate at 1 month KIBOR + 2% and is repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at January 31, 2016, the Investment Bank had received Rs.69.860 million out of the total amount of the loan i.e. Rs.85 million. The loan term matured on November 10, 2017. As at December 31, 2017 the entire amount of the loan is overdue and is payable by the Company to IGI Finex Securities Limited. Subsequent to the year end the Board of Directors of the Company has approved the extension in repayment of this loan alongwith markup till April 30, 2018.

17 DEFERRED TAX ASSET / (LIABILITY) - NET

	Note	2017	2016
		(Rupees in '000)	
Deferred tax asset arising on deductible temporary difference:			
- Provision for doubtful receivables		-	40,914
- Fixed Assets		1,400	-
- Leased assets including deposits under lease contracts		104,045	-
- Defined benefit plan		-	2,972
- Liabilities against assets subject to finance lease		-	13,324
		105,445	57,210
Deferred tax liabilities arising on taxable temporary differences:			
- Accelerated tax depreciation		-	36,156
- Net investment in finance lease		73,379	-
- Fair value of long term loans and advances		5,905	-
- Assets subject to finance lease		-	13,663
- Impairment / fair value adjustments on investment in IGI Finex Securities Limited		22,740	11,724
		(102,024)	(61,543)
		3,421	(4,333)

18 TRADE AND OTHER PAYABLES

	Note	2017	2016
Federal excise duty		-	6,264
Federal insurance fee		-	893
Agent commission payable		-	110,298
Cash margin		-	169,534
Withholding tax payable		-	206
Certificates of deposit	18.1	5,313	6,082
Deposits under lease contracts	18.2	207,107	210,028
Accrued expenses	18.3	44,221	211,517
Others		36,025	73,228
		292,666	788,050

18.1 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.

The Investment Bank has made repayment of all deposits along with mark-up, except for four depositors with aggregate deposits amounting to Rs.5.313 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.158 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank had placed an amount of Rs.6.422 million in Market Treasury Bills which has matured during the year. The Securities and Exchange Commission of Pakistan (SECP), while granting No Objection Certificate (NOC) to the amalgamation of IGI Insurance Limited and IGI Investment Bank Limited has, advised to form a trust, appoint Central Depository Company (CDC) as the trustee to invest the outstanding deposits amounting to Rs. 5.313 million in PIBs and transfer the same in the name of trustee for onward payment to depositors of IGIBL as and when the depositors are traced after due verification. Subsequent to the year end the Company has paid 4.699 million out of these deposits.

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

18.3 This includes interest amounting to Rs. 15.240 million accrued on loan from IGI Finex Securities Limited (subsidiary).

19 CONTINGENCIES AND COMMITMENTS

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

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

For the assessment / tax years of 1998-99 to 2016, the Investment Bank has an aggregate tax liability of Rs. 111.896 million and aggregate tax deductions and credits claimed of Rs. 352.935 million as declared in the original or revised returns of income filed by the Investment Bank with the tax authorities resulting in an aggregate refund of Rs. 241.040 million as per original returns or revised returns.

For the same period as aforesaid, as per latest Assessment Orders issued by the tax authorities with respect to the respective assessment / tax years, aggregate tax liability of Rs.164.409 million has been assessed and aggregate tax deductions and credits of Rs.338.734 million have been allowed and Rs. 100.081 million has been refunded by the tax authorities leading to an aggregate assessed refund (after prior year adjustments etc.) of Rs.70.406 million, subject to verification which is currently underway.

Matters that are being contested mainly include the following:

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

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

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

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

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

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

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

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

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

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

19.2 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.

19.3 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 matters will be decided in favour of the Company.

20 OPERATING REVENUE

	Note	2017	2016
		(Rupees in '000)	
Net premium revenue	20.1	142,905	1,380,740
Commission income - net		-	48,895
Dividend income	20.2	82,385	1,898,895
Gain on sale of available for sale investments		-	10,962
Return on government securities	20.3	1,418	15,840
Advisory fee		2,311	-
		229,019	3,355,332

20.1 This represents one month operating results from insurance business prior to the transfer of insurance business by the Company to its subsidiary company, IGI General Insurance w.e.f. January 31, 2017.

20.2 This includes an amount of Rs. 73.709 million and Rs. 8.676 million pertaining to retained undertakings and investment segment of the Company respectively.

20.3 This represents one month operating results from investment business prior to the transfer of investment business by the Company to its subsidiary company, IGI Investment (Private) Limited w.e.f. January 31, 2017.

21 OPERATING EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Net claims	20.1	53,705	697,866
Commission expense - net	20.1	32,071	-
Management expenses	20.1	34,206	408,632
		119,982	1,106,498

22 OTHER INCOME

	2017	2016
From financial assets		
Profit on saving accounts and term deposits	3,604	8,297
From non-financial assets		
Rental income	2,308	21,507
Gain on disposal of fixed assets	1,371	6,040
Others	117	-
	3,796	27,547
	7,400	35,844

23 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Salaries, allowances and benefits		14,123	12,696
Depreciation and amortisation		5,573	56,348
Auditors' remuneration	23.1	13,466	64,641
Rent, rates and taxes		1,476	-
Travelling and entertainment		3,250	28,826
Telephone, telex and fax		454	-
Vehicle expenses		-	20,053
Donations		-	20,666
Printing, postage and stationery		1,160	7,583
Insurance		1,272	7,074
Lighting, heating and cooling		161	-
Repairs and maintenance		1,167	3,211
Computer expenditure		716	-
Brokerage and commission		1	-
Legal and professional fees		18,782	61,222
Subscriptions		2,079	-
Advertisement		2,604	14,821
Workers' Welfare Fund		-	12,330
Investment related expenses		-	15,275
Other expenses		610	2,407
		66,894	327,153

23.1 Auditors' remuneration

	2017	2016
Fee for statutory audit	750	1,000
Fee for interim review	300	400
Fee for audit of consolidated financial statements	800	750
Fee for audit of regulatory return	-	350
Special certifications and sundry services	11,366	8,405
Other advisory services	-	53,486
Out of pocket expenses	250	250
	13,466	64,641

24 FINANCE COSTS

	2017	2016
Markup on long term finances	8,464	39,892
Markup on short term finances	12,906	66,488
Markup on lease vehicles	141	917
Bank charges	105	1,393
	21,616	108,690

25 TAXATION

	2017	2016
For the year		
- Current	12,763	584,932
- Deferred	(15,145)	(7,789)
Prior year	-	56,108
	(2,382)	633,251

25.1 Tax charge reconciliation

	2017	2016
	(Rupees in '000)	
Profit before tax	(248,776)	2,067,126
Tax calculation at the rate of 30% / 31%	(74,633)	640,809
Prior year	-	56,108
Effect of items taxable under lower rates	(13,138)	(54)
Effect of permanent differences	67,305	(63,848)
Reversal of impairment	17,950	-
Others	134	236
	(2,382)	633,251

26 (LOSS) / EARNINGS PER SHARE

Basic / diluted earnings per share

	2017	2016
(Loss) / profit for the year	(246,394)	1,433,875
	Number of shares	
Weighted average number of ordinary shares	122,689,532	122,689,532
	Rupees	
(Loss) / earnings per share	(2.01)	11.69

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives*		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)							
Fee for attending board meeting	-	-	-	3,425	-	-	-	3,425
Managerial remuneration	889	9,278	180	1,800	8,396	66,400	9,465	77,478
Bonus	268	6,420	-	-	-	16,197	268	22,617
Retirement benefits (including provident fund)	154	1,610	-	-	901	11,520	1,055	13,130
Housing and utilities	492	5,228	-	-	3,950	37,970	4,442	43,198
Medical expenses	89	928	-	-	254	4,448	343	5,376
Conveyance allowance	-	431	-	-	567	7,665	567	8,096
Others	129	2,151	-	-	299	4,332	428	6,483
	2,021	26,046	180	5,225	14,367	148,532	16,568	179,803
Number of persons	1	1	1	1	5	55	6	57

* In addition to the above an amount of Rs.14.971 million (2016: Nil) was charged by the Company to its subsidiary company under group shared services arrangement between the Company and its subsidiary.

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

28 STAFF STRENGTH

	2017	2016
	(Rupees in '000)	
Number of employees as at December 31, 2017	9	148
Average number of employees during the year	10	130

29 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		Other related parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)									
Transactions										
Premium Underwritten	509	4,577	37,762	87,785	-	-	38	737	42,063	167,894
Premium Collected	380	5,539	10,073	118,288	-	-	38	249	5,041	278,947
Claims Expense	110	1,480	90	16,888	-	-	-	134	718	58,676
Commission Expense	-	-	1,919	4,966	-	-	-	-	4,912	11,298
Commission Paid	-	-	-	5,232	-	-	-	-	-	12,893
Rental Income	2,232	17,204	-	-	-	-	-	-	-	3,433
Fixed Assets Purchased	-	-	-	-	-	-	-	-	-	-
Fixed Assets Disposed	-	-	-	615	-	-	-	1,779	-	-
Dividend Income	73,709	-	-	-	-	-	-	-	-	-
Dividend Received	-	40,989	330,572	-	-	6,767	-	-	-	-
Dividend Paid	-	-	-	52,088	-	-	-	-	155,514	-
Key Management Personnel Compensation	-	-	-	-	-	-	10,751	66,244	-	-
Rent Expense	-	-	-	-	-	-	-	-	-	-
Markup expense on long term loan	5,774	-	-	-	-	-	-	-	-	-
Long term loan paid	-	-	-	-	-	-	5,000	-	-	-
Investment/ (Disinvestment) in Shares - Net of Provision for Impairment	-	417,133	-	2,697,185	-	-	-	-	-	299,625
Brokerage Commission	-	8,527	-	-	-	-	-	-	-	-
Charge in respect of Gratuity Fund	-	-	-	-	-	13,409	-	-	-	-
Charge in respect of Provident Fund	-	-	-	-	-	9,827	-	-	-	-
Contribution to Gratuity Fund	-	-	-	-	-	7,733	-	-	-	-
Contribution to Provident Fund	-	-	-	-	-	9,045	-	-	-	-
Charge for Administrative Services	-	-	-	-	-	-	-	-	-	-
Insurance Premium Paid	-	2,930	-	-	-	-	-	-	-	-
Medical Insurance Premium Paid	-	-	-	-	-	-	-	-	-	-
Receipts against Group Shared Services	2,165	35,412	210	2,722	-	-	-	-	-	-

	Subsidiaries		Associates		Post employment benefit plans		Key Management personnel		Other related parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)									
Balances										
Premium Receivable	-	1,132	-	5,704	-	-	-	678	-	9,459
Commission Payable	-	-	-	226	-	-	-	-	-	4,071
Investment in Shares	14,964,461	1,275,964	-	6,430,337	-	-	-	-	-	564,610
Other Receivable	-	30,279	-	1,903	-	-	-	-	-	-
Other Payable	6,821	-	-	-	-	-	-	-	-	-
Dividend recievable	64,495	-	-	-	-	-	-	-	-	-
Long term loan	69,860	-	-	-	-	-	226,000	-	-	-
Markup payable on long term loan	15,240	-	-	-	-	-	-	-	-	-
(Payable to)/ receivable from Gratuity Fund	-	-	-	-	-	(9,588)	-	-	-	-
(Payable to)/ receivable from Provident Fund	-	-	-	-	-	(1,942)	-	-	-	-

30 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and cash equivalents		
Cash at banks	22,312	26,138
Policy stamps in hand	-	374
Deposits maturing within 12 months	-	700,000
	22,312	726,512
Current assets - others		
Premiums due but unpaid - unsecured	-	412,117
Amounts due from other insurers / reinsurers - unsecured	-	355,249
Reinsurance recoveries against outstanding claims	-	649,453
Prepaid reinsurance premium ceded	-	419,825
Short term investments	-	6,422
Current maturity of long term loan and advances	19,684	26,900
Deposits and prepayments	5,748	48,191
Prepayments and other receivables	295,990	306,582
	321,422	2,224,739
Investments - available for sale	12,587	7,820,888
Financial Liabilities		
Amortised cost		
Long term finances	1,726,000	1,231,000
Amounts due to other insurers / reinsurers	-	352,078
Short term finances	-	1,348,017
Current portion of long term liabilities	69,860	76,363
Unclaimed dividend	13,821	14,104
Trade and other payables	292,666	781,968
	376,347	2,572,530

31 RISK MANAGEMENT

Risk management framework

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

31.1 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:

	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
2016		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Investments - available for sale		-	-	-	12,587	-	12,587	12,587
Cash at banks	4.0% to 3.0%	22,312	-	22,312	-	-	-	22,312
Deposits and prepayments		-	-	-	5,748	-	5,748	5,748
Prepayments and other receivables		-	-	-	295,990	-	295,990	295,990
		22,312	-	22,312	314,325	-	314,325	336,637
Financial liabilities								
Long term finances	6.24%	-	1,500,000	1,500,000	-	226,000	226,000	1,726,000
Current portion of long term liabilities	6.28% to 6.25%	-	-	-	69,860	-	69,860	69,860
Unclaimed dividend		13,821	-	13,821	-	-	-	13,821
Trade and other payables		292,666	-	292,666	-	-	-	292,666
		306,487	1,500,000	1,806,487	69,860	226,000	295,860	2,102,347
		(284,175)	(1,500,000)	(1,784,175)	244,465	(226,000)	18,465	(1,765,710)

	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
2016		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank deposits	3.5% - 7.20%	704,573	-	704,573	21,939	-	21,939	726,512
Investments	5.80% - 13.98%	6,422	125,072	131,494	7,820,888	-	7,820,888	7,952,382
Premium due but unpaid		-	-	-	412,117	-	412,117	412,117
Amounts due from other insurers / reinsurers - unsecured		-	-	-	355,249	-	355,249	355,249
Accrued income on investments and deposits		-	-	-	7,460	-	7,460	7,460
Reinsurance recoveries against outstanding claims		-	-	-	649,453	-	649,453	649,453
Sundry receivables		-	-	-	333,614	-	333,614	333,614
		710,995	125,072	836,067	9,600,720	-	9,600,720	10,436,787
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	944,954	-	944,954	944,954
Amounts due to other insurers / reinsurers		-	-	-	352,078	-	352,078	352,078
Accrued expenses		-	-	-	211,517	-	211,517	211,517
Sundry creditors		-	-	-	567,030	-	567,030	567,030
Short term finances - secured	5.99% to 6.55%	1,348,017	-	1,348,017	-	-	-	1,348,017
Long term finances - secured	6.36% to 8.99%	69,860	1,000,000	1,069,860	-	231,000	231,000	1,300,860
Liabilities against assets subject to finance lease	3.89% - 4.13%	6,503	36,477	42,980	-	-	-	42,980
Unclaimed dividend	-	-	-	14,104	-	14,104	14,104	
		1,424,380	1,036,477	2,460,857	2,089,683	231,000	2,320,683	4,781,540
		(713,385)	(911,405)	(1,624,790)	7,511,037	(231,000)	7,280,037	5,655,247

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, 2017 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on profit and loss account	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2017		
Cash flow sensitivity - variable rate financial instruments	(1,413)	1,413
As at December 31, 2016		
Cash flow sensitivity-Variable rate financial liabilities	(2,843)	2,843

(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 Company does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 6.589 million at the balance sheet date.

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

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

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

Sensitivity analysis

The table below summarises Company's equity price risk as of December 31, 2017 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase /(decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
	(Rupees in '000)				
31-Dec-17	6,589	10% increase	7,248	659	
		10% decrease	5,930	(659)	
31-Dec-16	46,335,043	10% increase	50,968,547	4,633,504	
		10% decrease	41,701,539	(4,633,504)	

(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 balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

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

	2016			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	944,954	944,954	944,954	-
Amount due to other insurers / reinsurers	352,078	352,078	352,078	-
Accrued expenses	211,517	211,517	211,517	-
Unclaimed dividend	14,104	14,104	14,104	-
Short term finance	1,348,017	1,348,017	1,348,017	-
Long term finances	1,300,860	1,300,860	69,860	1,231,000
Liabilities against assets subject to finance lease	42,980	42,980	6,503	36,477
Sundry creditors	567,030	567,030	567,030	-
	4,781,540	4,781,540	3,514,063	1,267,477

(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.

	2017	2016
	(Rupees in '000)	
Cash at banks	22,312	26,138
Deposits maturing within 12 months	-	700,000
Prepayments and other receivables	231,495	333,614
Premiums due but unpaid	-	412,117
Amount due from other insurers / reinsurers	-	355,249
Accrued income on investments and deposits	-	7,460
Prepaid reinsurance premium ceded	-	419,825
Reinsurance recoveries against outstanding claims	-	649,453
	253,807	2,903,856

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

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

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

32 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

As at December 31, 2017, the Company held the following financial instruments measured at fair value:

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

	2016		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Long-term Investments*	-	-	-
Short term investments - Held for trading	-	6,422	-

For the comparative period, in the case of available for sale investments, the equity securities were carried at lower of cost or market value in line with SECP's SRO applicable for insurance companies.

33 GENERAL

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

33.2 Comparative information has been rearranged and re classified wherever necessary. There has been no significant rearrangements during the year other than those disclosed in note 5.3 to these financial statements.

34 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on March 21, 2018 by the Board of Directors of the Company.

35 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2017 of Rs. 4 per share (2016: Rs. 8.0 per share), amounting to Rs. 496.107million (2016: Rs 992.213 million) in its meeting held on March 21, 2018 for the approval of the members at the annual general meeting to be held on April 27, 2018. The financial statements for the year ended December 31, 2017 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2018.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Financial Statements

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2017

On behalf of the Board, I am pleased to present the consolidated financial statements of IGI Holdings Limited (Formerly: IGI Insurance 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)(hereinafter referred to as 'the Group') for the year ended December 31, 2017.

I am pleased to inform you that in accordance with the Schemes of Arrangement and Amalgamation approved by you and sanctioned by the Honorable Sindh High Court on December 16, 2017, IGI Investment Bank Limited ("IGI Investment Bank") amalgamated into IGI Insurance Limited ("IGI Insurance") as of December 31, 2016 and subsequently the insurance business of IGI Insurance has been transferred to a wholly-owned subsidiary named IGI General Insurance, while certain investments of IGI Insurance have been transferred to another wholly-owned subsidiary named IGI Investments as of January 31, 2017.

I am also glad to inform you that the management has successfully implemented the directives of the Honorable Sindh High Court mentioned in its Order. Accordingly, Securities and Exchange Commission of Pakistan (SECP) has issued authorization to IGI General Insurance for undertaking general insurance business. As a result, IGI Insurance, the parent company, has been renamed as IGI Holdings Limited (IGI Holdings) under the Court sanctioned scheme, and SECP has also issued a 'Certificate of Incorporation on Change of Name' to the parent company accordingly.

The parent company has injected cash equity of Rs. 1,500 million into IGI General Insurance during the year 2017 to enable it to meet minimum capital and solvency requirements applicable to a general insurance company under insurance laws.

IGI Holdings, being a holding company, will be deriving income in the form of dividends from its subsidiaries namely; IGI Investments, IGI General Insurance, IGI Life Insurance and IGI Finex:

Group performance review

	2016	2015
	(Rupees in '000)	
Profit before tax	4,903,263	3,342,440
Taxation	(834,900)	(872,372)
Profit after tax	4,068,363	2,470,068
Other comprehensive Income	53,591,303	24,347
Total comprehensive Income	57,659,666	2,494,415
Profit attribute to non-controlling interest	(21,205)	-
Profit attribute to ordinary shareholders	57,680,871	2,494,415
Earnings per share	33.16	20.13

During the current year, the Group recorded profit after tax of Rs. 4,068 million compared to Rs. 2,470 million earned in 2016 representing growth of 65%. This growth is primarily attributable to higher dividend income received from investments, increase in share of profit from associates and improved profitability in general and life insurance businesses.

Other comprehensive income of Rs. 57,660 million generated during the year is due to revaluation of available for sale investment portfolio. As part of restructuring, these investments have been transferred from IGI Holdings to its wholly-owned subsidiary i.e. IGI Investments. These investments have been classified as 'Available for Sale' investments. Accordingly, re-measurement gain has been recognized as part of 'Other Comprehensive Income' as per applicable financial reporting framework. This also includes Rs. 7,808 million representing the share in other comprehensive income of associates.

The Group achieved earnings per share of Rs. 33.16 compared to Rs. 20.13 during 2016.

Financial Highlights of the subsidiaries are hereunder:

IGI GENERAL INSURANCE LIMITED

The insurance segment of IGI Holdings has been transferred to IGI General as of January 31, 2017 under the Scheme of Arrangement sanctioned by the High Court of Sindh on December 16, 2017.

During the current year, IGI General has written gross premium of Rs 2,902 million and has incurred net claims of Rs. 933 million. As a result, the company has generated net underwriting profit of Rs. 389 million with profit after tax of Rs. 173 million during the year 2017.

IGI INVESTMENTS (PRIVATE) LIMITED

Under the Scheme of Arrangement sanctioned by the High Court of Sindh, certain investments of IGI Holdings have been transferred to IGI Investments as of January 31, 2017. The scheme was sanctioned by the High Court of Sindh on December 16, 2017.
Income stream of IGI Investments is primarily derived from dividend income from investments. During the current year, IGI Investments has earned dividend income of Rs. 2,510 million with financing cost of Rs. 147 million on bank borrowings. As a result, IGI Investments generated profit after tax of Rs 2,016 million during the year.

IGI LIFE INSURANCE LIMITED

In 2017, Gross Premiums written by IGI Life (including Family Takaful Contributions) stands at Rs. 5.61 billion.

Individual Life regular premium (including Takaful contributions) increased by 12.5% reaching a total premium of Rs.2.07 billion (2016: Rs. 1.84 billion). Renewal premium base increased to Rs. 1.45 billion (2016: Rs. 1.28 billion), registering growth of 13.5%. The Company's focus on service quality has resulted in improved persistency during the year. The overall persistency of individual life business stood at 79% in 2017 (2016: 73%).

Individual Family Takaful overall premium written during 2017 amounted to Rs. 1.2 billion (2016: Rs. 383 million), registering a growth of 2.1 times. The Window Takaful Operations of the Company were launched in the 3rd quarter of 2015 and have since witnessed impressive growth.

The Group Life & health premium (including Takaful Group Family and Health) stand at Rs. 1.26 billion (2016: Rs. 943 million), registering growth of 34% over prior year. The Group business mainly comprises of corporate customers and the healthy growth in Group business is a result of better service quality and the trust reposed by the customers.

The Company's statutory funds – excluding Life Participating fund generated a surplus of of Rs. 134.6 million as compared to surplus of Rs. 86.9 million last year. After accounting for the Shareholders' Fund, the Company made a profit after tax of Rs. 202.5 million (2016: Rs 171.8 million), reflecting an increase of 18% compared to last year.

IGI FINEX SECURITIES LIMITED

During the current year, IGI Finex has generated operating revenues of Rs. 129 million. The Company has also made a gain of Rs. 67 million on sale of investments. As a result, IGI Finex has earned a profit after tax of Rs. 59 million during year.

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 21, 2018

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of IGI Holdings Limited (formerly IGI Insurance Limited Company) [the Holding Company] and its subsidiary companies; IGI Life Insurance Limited, IGI Finex Securities Limited, IGI General Insurance Limited and IGI Investments (Pvt.) Limited (here-in-after referred to as 'the Group') as at December 31, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI General Insurance Limited and IGI Investments (Pvt.) Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of IGI Holdings Limited (formerly IGI Insurance Limited Company) and its subsidiary companies as at December 31, 2017 and the results of their operations for the year then ended.

Afferguson&Co

Chartered Accountants
Engagement Partner: Shahbaz Akbar
Dated: April 05, 2018
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI · LAHORE · ISLAMABAD

Consolidated Balance Sheet For the year ended December 31, 2017

	Note	2017	2016 Restated
		(Rupees in '000)	
ASSETS			
Non-current assets			
Fixed assets	6	698,906	765,067
Investment property	7	44,808	77,304
Investments	8	88,336,552	33,351,891
Long-term deposits		4,414	4,414
		89,084,680	34,198,676
Current assets			
Premiums due but unpaid - unsecured	9	609,065	519,916
Amounts due from other insurers / reinsurers - unsecured	10	396,669	444,731
Reinsurance recoveries against outstanding claims		723,743	649,453
Prepaid reinsurance premium ceded		481,956	419,825
Current maturity of long term investments	8	3,354,124	-
Experience refund receivable		16,299	12,306
Loans secured against life insurance policies		168,046	154,086
Deferred commission expense		131,192	-
Accrued income on investments and deposits		288,982	380,669
Deposits and prepayments		96,517	78,841
Sundry receivables	11	934,519	718,866
Wakala fees receivable		11,526	-
Taxation recoverable		716,668	614,429
Cash and bank balances	15	5,800,996	2,198,483
		13,730,302	6,191,605
TOTAL ASSETS		102,814,982	40,390,281

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Balance Sheet For the year ended December 31, 2017

	Note	2017	2016 Restated
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
200,000,000 ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	16	1,226,895	1,226,895
Proposed shares to be issued on amalgamation		411,659	411,659
Unappropriated profit		10,596,371	6,612,573
Surplus on revaluation of available-for-sale investments		53,670,533	-
Reserves		7,366,574	7,366,574
Equity Attributable to the equity holders of the parent		73,272,032	15,617,701
Non-controlling interest	17	252,256	263,962
TOTAL EQUITY		73,524,288	15,881,663
Non-current liabilities			
Balance of Statutory Funds	19	17,741,337	16,939,441
Long term finances	18	2,259,333	1,231,000
Liabilities against assets subject to finance lease		80,011	41,537
Staff retirement benefits	12	34,796	32,807
Deferred tax liability	21	2,119,619	406,898
		22,235,096	18,651,683
Current liabilities			
Provision for outstanding claims (including IBNR)		1,456,661	1,210,466
Provision for unearned premium		1,185,547	950,263
Commission income unearned		101,679	94,850
Amounts due to other insurers / reinsurers		373,256	365,526
Deferred Wakalah Fee		7,832	-
Premium received in advance		81,958	144,585
Short term finances	22	1,600,000	1,348,017
Experience refund payable		26,701	36,831
Accrued expenses		342,243	316,649
Current portion of long term liabilities		480,006	7,786
Unclaimed dividend		14,918	14,251
Sundry creditors	23	1,384,797	1,367,711
		7,055,598	5,856,935
TOTAL LIABILITIES		29,290,694	24,508,618
TOTAL EQUITY AND LIABILITIES		102,814,982	40,390,281
CONTINGENCIES AND COMMITMENTS	24		

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

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Profit and Loss Account For the year ended December 31, 2017

	Note	2017	2016
		(Rupees in '000)	
Operating revenue	25	10,406,793	12,874,675
Operating expenses	26	(6,868,575)	(5,356,482)
		3,538,218	7,518,193
Other income	27	248,250	111,522
General and administrative expenses	28	(713,672)	(341,165)
Financial charges		(173,285)	(108,689)
		2,899,511	7,179,861
Gain on re-measurement of previously held equity interest of associate		-	290,451
Change in policyholders' liability	19	(992,290)	(5,331,770)
(Surplus) / deficit taken to statutory fund - participating fund		155,109	(135,850)
Surplus of participating fund transferred from Ledger B to Ledger C	19	35,285	32,432
Share of profit from associates		2,805,648	1,307,316
Profit before taxation		4,903,263	3,342,440
Taxation	29	(834,900)	(872,372)
Profit after taxation		4,068,363	2,470,068
Profit attributable to:			
Equity holders of the parent		4,041,823	2,452,861
Non-controlling interest		26,540	17,207
		4,068,363	2,470,068
		Rupees	
Earnings per share - basic and diluted	30	33.16	20.13

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 Comprehensive Income For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
Profit after taxation	4,068,363	2,470,068
Other comprehensive income - reclassifiable to profit and loss		
- Surplus on revaluation of available for sale investments - net of tax	45,841,600	-
- Share of other comprehensive income of associate - net of tax	7,807,728	31,630
	53,649,328	31,630
Other comprehensive income - not reclassifiable to profit and loss		
- Share of other comprehensive income / (loss) of associate - net of tax	(56,768)	(4,323)
- Remeasurement of retirement benefits liability - net of tax	(1,257)	(2,960)
	(58,025)	(7,283)
Total comprehensive income	57,659,666	2,494,415
Total comprehensive income attributable to:		
Equity holders of the parent	57,680,871	2,494,415
Non-controlling interest	(21,205)	-
	57,659,666	2,494,415

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, 2017

	Issued, subscribed and paid-up share capital	Proposed shares to be issued on amalgamation	Reserves – Capital reserves – Premium on issue of shares	Reserves – Capital reserves – Reserve for bonus shares	Reserves – Capital reserves – Other capital reserves	Reserves – Revenue reserves – General reserve	Unappropriated profit	Surplus on revaluation of available-for-sale investments	Equity Attributable to equity holders of the parent	Non-controlling Interest	Total
	(Rupees in '000)										
Balance as at January 1, 2016	1,226,895	-	35,762	-	33,267	8,033,682	3,889,986	-	13,219,592	255,766	13,475,358
Transfer from general reserve to unappropriated profit	-	-	-	-	-	(736,137)	736,137	-	-	-	-
Profit after taxation for the year ended December 31, 2016	-	-	-	-	-	-	2,452,861	-	2,452,861	17,207	2,470,068
Other comprehensive income reclassifiable to profit and loss											
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	-	31,630	-	31,630	-	31,630
Other comprehensive income - not reclassifiable to profit and loss											
- Share of other comprehensive income / (loss) of associate - net of tax	-	-	-	-	-	-	(4,323)	-	(4,323)	-	(4,323)
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	-	-	(2,960)	-	(2,960)	-	(2,960)
	-	-	-	-	-	-	(7,283)	-	(7,283)	-	(7,283)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	2,477,208	-	2,477,208	17,207	2,494,415
Proposed issue of share capital in lieu of business combination	-	411,659	-	-	-	-	-	-	411,659	-	411,659
Transactions with owners, recorded directly in equity											
Final dividend for the year ended December 31, 2015 - Rs. 4 per share	-	-	-	-	-	-	(490,758)	-	(490,758)	-	(490,758)
Final dividend for the year ended December 31, 2015, Re. 1 per share - IGI Life	-	-	-	-	-	-	-	-	-	(9,011)	(9,011)
Balance as at December 31, 2016	1,226,895	411,659	35,762	-	33,267	7,297,545	6,612,573	-	15,617,701	263,962	15,881,663
Profit after taxation for the year ended December 31, 2017	-	-	-	-	-	-	4,041,823	-	4,041,823	26,540	4,068,363
Other comprehensive income - reclassifiable to profit and loss											
- Surplus / (deficit) on revaluation of available for sale investments - net of tax	-	-	-	-	-	-	-	45,862,805	45,862,805	(21,205)	45,841,600
- Share of other comprehensive income of associate - net of tax	-	-	-	-	-	-	-	7,807,728	7,807,728	-	7,807,728
Other comprehensive income - not reclassifiable to profit and loss											
- Share of other comprehensive income / (loss) of associate - net of tax	-	-	-	-	-	-	(56,768)	-	(56,768)	-	(56,768)
- Remeasurement of retirement benefits liability - net of tax	-	-	-	-	-	-	(1,257)	-	(1,257)	-	(1,257)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	-	3,983,798	53,670,533	57,654,331	5,335	57,659,666
Transactions with owners, recorded directly in equity											
Final dividend for the year ended December 31, 2016, Rs. 1.5 per share - IGI Life	-	-	-	-	-	-	-	-	-	(17,041)	(17,041)
Balance as at December 31, 2017	1,226,895	411,659	35,762	-	33,267	7,297,545	10,596,371	53,670,533	73,272,032	252,256	73,524,288

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, 2017

	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,903,263	3,342,440
Adjustments for:		
Depreciation and amortisation	142,785	96,376
Impairment	147,225	-
Financial charges	170,453	107,772
Gain on disposal of owned fixed assets and leased assets	(10,890)	(7,633)
Lease finance charges	2,832	650
Donations	-	917
Reversal of provision / provision for bad and doubtful loans and advances / lease losses - specific - net	(10,154)	-
Return on bank balances	(190,085)	(52,730)
Return on government securities	(1,058,558)	(1,170,587)
Surplus of statutory funds	(155,109)	180,167
Surplus of statutory funds transferred to profit and loss account	(35,285)	(92,155)
Share of profit from associate	(2,805,648)	(1,307,316)
Gain on re-measurement of previously held equity interest of associates	-	(290,451)
Gain on sale of available for sale investments	(45,870)	(1,084,691)
Unrealised loss / (gain) on revaluation of available-for-sale investments	-	(144,424)
Provision / (reversal of provision) for impairment in value of investments - net	39,864	(115,734)
Dividend income	(1,916,682)	(1,551,702)
	(5,725,122)	(5,431,541)
	(821,859)	(2,089,101)
Changes in working capital		
(Increase) / decrease in current assets		
Trade deposit, payments and sundry receivables	(689,198)	(678,222)
Increase/ (decrease) in current liabilities		
Accrued expenses and sundry payables	1,671,248	6,419,181
	160,191	3,651,858
Net recovery from long term loans and advances	13,711	-
Net recovery from finance lease	1,396	-
Income tax paid	(590,253)	(872,372)
Net cash (used in) / generated from operating activities	(414,955)	2,779,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(168,835)	(80,216)
Proceeds on disposal of owned and leased fixed assets	15,410	18,613
Cash acquired in business combination	-	463,618
Return on government securities	1,091,189	-
Long-term deposits	13,492	-
Proceeds from redemption of investments	16,158,360	11,553,783
Payments for investments	(17,412,371)	(18,050,582)
Dividends received	2,524,341	1,923,219
Rental income received	24,425	-
Profits / return received	302,084	1,244,260
Net cash generated from / (used in) investing activities	2,548,095	(2,927,305)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(90,083)	(540,818)
Long term loan	1,500,000	1,000,000
Repayment of certificates of deposit	(769)	-
Loan repayments	(5,000)	-
Financial charges paid	(176,277)	(108,689)
Repayment of liability against assets subject to finance lease	(10,481)	(6,564)
Net cash generated from financing activities	1,217,390	343,929
Net increase in cash and cash equivalents	3,350,530	196,110
Cash and cash equivalent at beginning of the year	850,466	654,356
Cash and cash equivalents at end of the year	4,200,996	850,466

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

Chief Executive Officer

Chief Financial Officer

Director

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company
- IGI Holdings Limited (formerly IGI Insurance Limited)

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

1.2 Holding Company

IGI Holdings Limited (formerly IGI Insurance Limited) ("Holding Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 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.

1.2.1 Under the 'Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited under section 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance"), hereinafter referred to as 'The Scheme', IGI Investment Bank Limited was amalgamated with and into the Holding Company with effect from December 31, 2016. The proposal for the amalgamation and the scheme of amalgamation were approved by the shareholders of both the Companies in their meetings held on February 22, 2017 and the Honorable Sindh High Court, through its order, under Companies Ordinance, 1984 sanctioned the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited.

1.2.2 Further, a Scheme of Arrangement of IGI Insurance Limited, after amalgamation of IGI Investment Bank Limited with IGI Insurance Limited, under sections 284 to 288 of the Companies Ordinance, 1984 has been sanctioned by the High Court of Sindh through its order dated December 16, 2017. The Scheme of Arrangement is effective from January 31, 2017 and essentially entails the following:

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

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

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

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

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

1.2.3 Pursuant to the sanction of Scheme of Amalgamation and Scheme of Arrangement by the Honorable Sindh High Court, insurance license of the Company was revoked w.e.f January 16, 2018 and transferred to IGI General Insurance Limited on the same day. Accordingly, objects of the Company now includes 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.

1.3 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 Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. 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 which is also the principal office of the IGI Life.

IGI Life is engaged in life insurance business, carrying on both participating and non-participating businesses. The Company is an approved Window Takaful Operator and is also engaged in providing Shariah compliant takaful products. The Statutory Funds established by IGI Life in accordance with the advice of the Appointed Actuary are as follows :

- Life (participating)
- Life (non-participating) – Individual
- Life (non-participating) – Group
- Accident & Health – Individual
- Accident & Health – Group
- Pension Business Fund
- Investment Linked
- Individual Family Takaful
- Group Family Takaful
- Group Health Takaful

1.3.2 IGI Finex Securities Limited ("IGI Finex") has been acquired as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from December 31, 2016. IGI Finex was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984. 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. The Company 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 Companies Ordinance, 1984. 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 providing general insurance services (in spheres of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services. IGI General has been formed for the transfer of general insurance segment of IGI Insurance Limited to IGI General as envisaged under the Scheme of Arrangement sanctioned by the Honorable High Court of Sindh (SHC). IGI General commenced Window Takaful Operations with effect from July 1, 2017.

1.3.4 IGI Investments (Pvt.) Limited ("IGI Investments") was incorporated as a private limited company on October 31, 2016 under Companies Ordinance, 1984. 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 investing, acquiring, selling and holding of debt / equity securities. IGI Investments has been formed for the transfer of investment segment of IGI Insurance Limited to IGI Investment as envisaged under the Scheme of Arrangement sanctioned by the Honorable High Court of Sindh (SHC).

2 BASIS OF PREPARATION

These consolidated financial statements are being submitted to the shareholders in accordance with the listing regulations of the Pakistan Stock Exchange.

2.1 Statement of compliance

Pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh through its order dated December 16, 2017 with effect from January 31, 2017, as more fully explained in note 1.2.2 of these consolidated financial statements, the Insurance segment of the Company has been transferred to IGI General Insurance Limited along with its associated license to carry out the business of general insurance. Accordingly, the requirements of the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 are not applicable on IGI Holdings Limited with effect from close of business on January 31, 2017.

As a result, the consolidated financial statements of the Group have now been prepared in accordance with approved accounting standards as applicable in Pakistan to companies that are not conducting general insurance business. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the said directives prevail.

The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a circular dated October 04, 2017 has allowed companies whose financial year closes on or before December 31, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the consolidated financial statements of the Group for the year ended December 31, 2017 have been prepared in accordance with the provisions of the Companies Ordinance, 1984. The management is currently in the process of assessing the impact of the provisions of the Act on the consolidated financial statements of the Group.

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

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting period beginning on or after January 1, 2017 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 approved accounting standards that are not yet effective:

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

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

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

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

2.4 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 BASIS OF MEASUREMENT

At the acquisition date all the assets and liabilities of the subsidiary companies have been recognised at fair value, which becomes the cost for the Holding Company and since then, these consolidated financial statements have been prepared on the basis of historical cost convention, except for certain investments which are carried at fair value and defined benefit obligation which is carried at present value.

3.1 Critical accounting judgments and estimates

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

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

- Business combination (note 4.1 and 5)
- Provision for outstanding claims including IBNR (note 4.6)
- Reinsurance recoveries against outstanding claims (note 4.7)
- Premium deficiency reserve (note 4.9)
- Provision for taxation and deferred tax (note 4.13, 21 and 29)
- Classification of investments and its impairment (note 4.15 and 9)
- Useful lives and residual values of fixed assets (note 4.16 and 6)
- Staff retirement benefits (note 4.19 and 12)
- Policyholders' liabilities (note 3.1.1, 4.10 and 19)
- Intangible assets (note 4.16 and 6.4.1)
- Goodwill (note 4.2 and 6.4.1)

3.1.1 Policyholders' liabilities

Mortality, Morbidity and Interest Bases adopted

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

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company 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, 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 have been valued using Unearned Gross Premium.

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

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

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

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

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

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

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

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

The principles adopted in this valuation were same as those followed in previous valuation as at December 31, 2016.

3.1.2 Surrenders

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

3.1.3 Claims provision

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated financial statements are set out below. These policies are consistently applied except for the changes disclosed in notes 4.8.2 and 4.15.2.3 to these consolidated financial statements.

4.1 Business Combination

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

4.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the 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.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value consideration transferred over the proportionate share of the NCI in the fair value net assets acquired is recognised in equity.

4.3 Insurance / Takaful contracts

4.3.1 Conventional Business

Insurance contracts represent contracts with policy holders and reinsurers.

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

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

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

4.3.1.1 Non-Life Business

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.

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

4.3.1.2 Life Business

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

Group Insurance contracts

The Group offers group life, group accident & health and pension business to its clients. The Group also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalization and disability.

The group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts

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

4.3.2 Takaful Business

4.3.2.1 Non-Life Business

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

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

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

4.3.2.2 Life Business

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

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet 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

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 contibution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit,etc) are also sold along with basic policies.

4.4 Premiums / Contributions

4.4.1 Conventional Business

4.4.1.1 Non-Life Business

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. 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 SEC (Insurance) Rules, 2002.

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

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

4.4.1.2 Life Business

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

- Group premiums are recognised when due.

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

4.4.2 Takaful Business

4.4.2.1 Non-Life Business

Contribution written under a policy is recognised as income over the period of takaful from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, contribtuion 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 SEC (Insurance) Rules, 2002.

4.4.2.1 Life Business

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

- Group contributions are recognised when due.

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

4.5 Reinsurance / Retakaful ceded

4.5.1 Conventional Business

4.5.1.1 Non-life Business

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

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

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

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

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

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

4.5.1.2 Life Business

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

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

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

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

4.5.2 Takaful Business

4.5.2.1 Non-Life Business

These are contracts entered into by the Operator 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 Operator recognises the entitled benefits under the contracts as various reinsurance assets.

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

4.5.2.2 Life Business

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

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the revenue account / profit and loss account.

Retakaful Expenses

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

Retakaful Assets and Liabilities

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

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

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

4.6 Claims Expense

4.6.1 Conventional Business

4.6.1.1 Non-Life Business

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

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

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

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

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

4.6.1.2 Life Business

Claim expense

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

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

Experience refund of premium

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

4.6.2 Takaful Business

4.6.2.1 Non-Life Business

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

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

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

4.6.2.2 Life Business

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

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

4.7 Reinsurance / Retakaful recoveries against claims

4.7.1 Non-Life Business

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

4.7.2 Life Business

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

4.8 Commission and other acquisition costs

Non-Life Conventional and Takaful Business

4.8.1 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 profit and loss account 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.

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 profit and loss account 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.

4.8.2 Change in accounting policy

During the year, the Group has changed its accounting policy in respect of recognition commission expense. As per the new policy commission expense is deferred and brought to profit and loss account as expense in accordance with the pattern of recognition of the premium / contribution to which it relates. Previously, commission expense was charged to profit and loss account at the time the policies were accepted. The change has been made as the management believe that the revised policy reflects a more appropriate treatment for recognition of commission expense. The change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8, "Accounting Policies , Changes in Accounting Estimates and Errors". However, comparative information has not been restated as the impacts involved were not material.

4.8.3 Life Conventional and Takaful Business

These are costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance intermediaries.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except those which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer is recognised as revenue.

4.9 Premium deficiency reserve

The Group is required as per SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

Non-Life Business and Takaful Business

At each balance sheet 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 balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognised as an expense or income in the profit and loss account for the year. The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

Fire and property damage	67%
Marine, aviation and transport	56%
Motor	71%
Health	0%
Miscellaneous	54%

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 to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. In case of Health and Accident class, no premium deficiency is required as per the advice of an actuary. Hence, no reserve for the same has been made in these consolidated financial statements.

The Operator is required as per SEC (Insurance) Rules, 2002, 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 profit and loss account.

No provision has been made as the unearned contribution reserve for each class of business as at the reporting date is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of takaful contracts in force at reporting date.

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 balance sheet date in respect of policies in force at balance sheet date as per the advice of appointed actuary.

4.10 Policyholders' liabilities

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

4.11 Loans secured against life insurance policies

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

4.12 Creditors, accruals and provisions

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

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

4.13 Taxation

Current

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

Deferred

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

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

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.15 Investments

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

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

4.15.1 Initial recognition

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

4.15.2 Subsequent measurement

4.15.2.1 Investment in associates

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

4.15.2.2 Held to maturity

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

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

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

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

4.15.2.3 Available-for-sale

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

During the year the Group has changed its accounting policy relating to subsequent measurement and impairment of available for sale investments with effect from close of business on January 31, 2017 to comply with the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." As per the revised policy available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any, on available for sale investments are recognised directly in the income statement. Previously, available for sale investments (other than those relating to investment linked life insurance business) were stated subsequent to initial recognition at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Any decline in market value recognised by the Group was taken to the income statement. Further, any gain or loss arising on subsequent measurement at fair value of available for sale investments relating to the Group's investment linked life insurance business was previously taken to the revenue account.

The change in policy has been made pursuant to the Scheme of Arrangement of IGI Insurance Limited sanctioned by the High Court of Sindh, whereby the Insurance segment of the Holding Company along with its associated license to carry out general insurance business has been transferred to IGI General Insurance Limited with effect from January 31, 2017. Accordingly, the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 are no longer applicable on the Holding Company from close of business on January 31, 2017. This change in accounting policy has been applied from the current year as requirements of Insurance Ordinance, 2000 are no longer applicable to the Holding Company with effect from January 31, 2017. Had there been no change in accounting policy the investments would have been lower by Rs. 45.738 billion, other comprehensive income would have been lower by the Rs. 45.842 billion and profit and loss account would have been higher by Rs. 103.388 million.

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

Gain / (loss) on sale of available for sale investments are recognised in the profit and loss account.

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

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

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

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

4.15.2.5 Fair / market value measurement

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

4.15.2.6 Date of recognition

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

4.15.2.7 Loans and receivables

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

4.15.2.8 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively.
- 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 profit and loss account / revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.

4.16 Fixed assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account 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 6 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 off.

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 profit and loss in the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Leased Assets

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

Finance leases

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

Intangible

Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

4.17 Capital work in progress

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

4.18 Investment property

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

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

4.19 Staff retirement benefits

4.19.1 Non-Life Business

4.19.1.1 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.

4.19.1.2 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 for the year ended December 31, 2017 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 Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.19.1.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

4.19.2 Life Business

4.19.2.1 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.

4.19.2.2 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.

4.19.2.3 Employees' compensated absences

IGI Life accounts for the liability in respect of employees' compensated absences in the period in which they are vested.

4.20 Financial instruments

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

Financial instruments carried on the balance sheet mainly include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, amount due from / to other insurers / reinsurers, sundry creditors, short term finances, long-term finances and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.21 Offsetting of financial assets and financial liabilities

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

4.22 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.

4.23 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results of general and life insurance business using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

4.23.1 Non-Life Business

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

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

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

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

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

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

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

Investment segment includes the investments that are transferred as part of Scheme of Arrangement to IGI Investments (Pvt.) Limited.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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

4.23.2 Takaful Business

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

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.

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.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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

4.23.3 Life Business

The Group presents segment reporting of operating results of life insurance business using the classes of business as specified under the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the Takaful Rules, 2012. The Group has 8 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Accidental & health d) Group Life, e) Group health, f)Individual family takaful, g)Group family takaful and h) 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 balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2017.

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

4.24 Impairment

The carrying values of the Group's 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 profit and loss account.

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

4.25 Foreign currency transactions and translations

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

4.26 Borrowings

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

4.27 Borrowing costs

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

4.28 Share capital

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

4.29 Expenses of management - Non-Life Insurance

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

4.30 Dividends and appropriations to reserves

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

5 BUSINESS COMBINATION

5.1 Amalgamation of IGI Investment Bank Limited

Under the Scheme of Amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited under section 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance"), hereinafter referred to as 'The Scheme', IGI Investment Bank Limited has been amalgamated with and into the Company with effect from the close of business on December 31, 2016.

The proposal for the amalgamation and the scheme of amalgamation were approved by the shareholders of both the Companies in their meetings held on February 22, 2017 and the Honorable Sindh High Court, through its order dated December 16, 2017, under Companies Ordinance, 1984 sanctioned the amalgamation scheme of IGI Investment Bank Limited with and into IGI Insurance Limited.

IGI Investment Bank Limited as per the Scheme means the business and all assets and liabilities, of the then IGI Investment Bank Limited of whatsoever nature and wherever situated.

IGI Investment Bank Limited at the time of acquisition by the Holding Company had a wholly owned subsidiary namely IGI Finex Securities Limited which by virtue of amalgamation has now become a subsidiary of the Holding Company.

5.2 The business combination has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the fair value of the purchase consideration in the form of shares of IGI Insurance Limited. The Group had recorded the assets and liabilities acquired in the business combination at provisional values in the financial statements for the year ended December 31, 2016. During the year the management has completed the exercise in respect of identification and determination of the fair values to be assigned to the acquiree's identifiable assets and liabilities. IFRS 3 'Business Combination' requires adjustments to be made to the provisional values on the initial accounting subsequent to completion of fair valuation exercise, and to be incorporated in the financial statements with effect from the acquisition date. As a result, the provisional values determined by the management have been adjusted with effect from the acquisition date.

In accordance with the Scheme, every 92 ordinary shares of Rs. 10 each in IGI Investment Bank Limited shall be allotted one ordinary share of IGI Insurance Limited. Accordingly, IGI Holdings Limited (formerly IGI Insurance Limited) intends to issue 1,337,033 shares to the shareholders of IGI Investment Bank Limited. Further, 42.01% equity interest of IGI Insurance Limited in IGI Investment Bank Limited has been remeasured at fair value and has been adjusted in the calculation of goodwill.

	Restated
	(Rupees in '000)
Consideration paid	411,659
Fair value of previously held equity interest	290,451
Carrying value of net identifiable assets acquired	(326,948)
Tax synergies	(279,150)
Goodwill	96,012

5.3 The adjustments to the fair values of assets and liabilities acquired as part of the business combination are as follows:

	IGI Investment Bank's carrying amounts as at December 31, 2016 (based on audited financial statements)	Fair value adjustments	Fair values as at December 31, 2016
	(Rupees in '000)		
ASSETS			
Fixed assets	3,671	-	3,671
Long-term investments	19,874	-	19,874
Long-term deposits	4,414	-	4,414
Current maturity of non-current assets	221,313	13,100	234,413
Current maturity of long-term loans and advances - net	-	26,900	26,900
Short-term investments	9,702	-	9,702
Taxation - net	146,915	-	146,915
Prepayments and other receivables	5,899	-	5,899
Cash and bank balances	4,527	-	4,527
Total Assets	416,315	40,000	456,315
LIABILITIES			
Long-term loans	300,860	-	300,860
Current maturity of non-current liabilities	216,110	-	216,110
Deferred tax liabilities	-	12,000	12,000
Interest and mark-up accrued	9,671	-	9,671
Trade and other payables	44,871	-	44,871
Total Liabilities	571,512	12,000	583,512
NET ASSETS	(155,197)	28,000	(127,197)

IGI Finex Securities Limited	IGI Finex Securities' carrying amounts as at December 31, 2016	Fair value adjustments	Fair values as at December 31, 2016
	(Rupees in '000)		
ASSETS			
Fixed assets			
- Property and equipment	16,320	-	16,320
- Intangible assets	15,329	-	15,329
Long-term investments	60,264	55,731	115,995
Long-term loan	69,860	-	69,860
Long-term deposits	4,451	-	4,451
Deferred tax asset-net	62,501	-	62,501
Trade debts	106,142	(16,719)	89,423
Short-term investments	40,722	-	40,722
Loans and advances	3,977	-	3,977
Trade deposits and short-term prepayments	176,599	-	176,599
Accrued mark-up	19,236	-	19,236
Other receivables	661	-	661
Taxation recoverable	45,687	-	45,687
Cash and bank balances	459,091	-	459,091
Total Assets	1,080,840	39,012	1,119,852
Trade and other payables	665,707	-	665,707
Total Liabilities	665,707	-	665,707
	415,133	39,012	454,145

The above adjustments have been incorporated in these financial statements with effect from the date of amalgamation. The requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" have been considered and the impacts of the above adjustments have been incorporated in these financial statements by restating the comparative figures. The effects are summarised below :

Impact on Balance Sheet	December 31, 2016
	(Rupees in '000)
- Increase in deferred liabilities	28,719
- Increase in current maturity of long-term loans and advances - net	26,900
- Increase in current maturity of net investment in finance lease	13,100
- Decrease in goodwill	67,012
- Increase in intangible assets	55,731

There is no impact of these adjustments on profit and loss account, statement of comprehensive income, cash flow statement and earnings per share. The third Balance Sheet at the beginning of the preceding period has not been presented as the above mentioned changes did not have any effect on the results of the year ended December 31, 2015.

The figures pertaining to post combination reserve and profit or loss pertaining to the operations of IGI Investment Bank Limited have not been disclosed as the business combination was effective as at the close of business on December 31, 2016.

6 FIXED ASSETS

	Note	2017	2016 Restated
		(Rupees in '000)	
Operating assets	6.1	545,970	448,006
Capital work in progress	6.3	16,355	10,843
Intangible assets	6.4	136,581	306,218
		698,906	765,067

6.1 Operating assets

	Furniture, fixtures and office equipment				Buildings	Motor vehicles		Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		Own	Leased	
	(Rupees in '000)							
As at December 31, 2015								
Cost	35,060	54,037	56,220	145,317	304,598	149,923	-	599,838
Accumulated depreciation	(12,678)	(23,751)	(34,830)	(71,259)	(99,409)	(60,787)	-	(231,455)
Net book value as at December 31, 2015	22,382	30,286	21,390	74,058	205,189	89,136	-	368,383
For the year ended December 31, 2016								
Opening net book value	22,382	30,286	21,390	74,058	205,189	89,136	-	368,383
Additions / Transfer								
- Cost	19,879	6,915	5,465	32,259	52,102	16,030	58,971	159,362
- Accumulated depreciation	-	-	-	-	(11,946)	-	-	(11,946)
	19,879	6,915	5,465	32,259	40,156	16,030	58,971	147,416
Assets acquired as part of business combination-net	941	857	2,138	3,936	4,352	11,699	-	19,987
Disposals								
- Cost	(5,362)	(712)	(570)	(6,644)	(66)	(28,328)	(2,059)	(37,097)
- Accumulated depreciation	1,797	575	450	2,822	66	22,476	103	25,467
	(3,565)	(137)	(120)	(3,822)	-	(5,852)	(1,956)	(11,630)
Depreciation charge	(5,062)	(6,236)	(8,731)	(20,029)	(18,267)	(33,322)	(4,532)	(76,150)
Net book value as at December 31, 2016	34,575	31,685	20,142	86,402	231,430	77,691	52,483	448,006
As at December 31, 2016								
Cost	50,518	61,097	63,253	174,868	349,040	149,324	56,912	730,144
Accumulated depreciation	(15,943)	(29,412)	(43,111)	(88,466)	(117,610)	(71,633)	(4,429)	(282,138)
Net book value as at December 31, 2016	34,575	31,685	20,142	86,402	231,430	77,691	52,483	448,006
Additions / Transfer								
- Cost	21,831	12,899	20,779	55,509	90,004	12,953	62,001	220,467
- Accumulated depreciation	-	-	-	-	(5,116)	-	-	(5,116)
	21,831	12,899	20,779	55,509	84,888	12,953	62,001	215,351
Disposals								
- Cost	(5,748)	(3,804)	(3,037)	(12,589)	(5,155)	(28,266)	-	(46,010)
- Accumulated depreciation	4,933	3,486	2,993	11,412	5,048	25,030	-	41,490
	(815)	(318)	(44)	(1,177)	(107)	(3,236)	-	(4,520)
Depreciation charge	(6,119)	(8,154)	(14,018)	(28,291)	(39,349)	(29,753)	(15,474)	(112,867)
Net book value as at December 31, 2017	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
As at December 31, 2017								
Cost	66,601	70,192	80,995	217,788	433,889	134,011	118,913	904,601
Accumulated depreciation	(17,129)	(34,080)	(54,136)	(105,345)	(157,027)	(76,356)	(19,903)	(358,631)
Net book value as at December 31, 2017	49,472	36,112	26,859	112,443	276,862	57,655	99,010	545,970
Annual rate of depreciation	10%	10-20%	20-33.33%		5-10%	20-33%	20-33%	

The cost of fully depreciated property and equipment still in use amounts to Rs. 226.827 million (2016: Rs. 144.994 million).

This includes transfer of investment property to bulidings having cost and accumulated depreciation amounting to Rs. 34.963 million and Rs. 5.116 million respectively. (2016: Rs. 34.153 million and Rs. 11.946 million).

6.2 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Assets with book value of more than Rs. 50,000						
Motor Vehicles- Own						**Employees / Agents / Outsiders**
Suzuki Alto	917	795	122	452	Company policy	Muhammad Imran
Suzuki Alto	908	681	227	558	Company policy	Mohsin Bilal Bari
Suzuki Alto	966	708	258	734	Negotiation	Abdul Hafiz
Suzuki Alto	895	358	537	771	Negotiation	Muhammad Aleem
Toyota Corolla	2,309	845	1,464	1,668	Company policy	Abdul Haseeb Kasbati
Honda CG 125	91	6	85	106	Company policy	Amjad Dildar
Furniture and Fixtures						
Various Furniture	1,607	1,250	357	236	Negotiation	Abdul Quddus
Various Furniture	414	312	102	-	Donation*	Ali Institute
Various Furniture	11,984	11,434	550	720	Negotiation	Various
Various Furniture	3,541	2,973	568	586	Negotiation	Various
Office Equipment						
Samsung S7 Edge	80	50	30	53	Insurance claim	Al-Falah Insurance
Assets with book value of less than Rs. 50,000						
Motor Vehicles- Own						
Suzuki Alto	682	682	-	470	Negotiation	Perwaz Majeed
Suzuki Cultus	1,016	1,016	-	451	Company policy	Bilal Liaqat
Suzuki Cultus	1,022	1,022	-	454	Company policy	Hafeez
Suzuki Alto	753	753	-	334	Company policy	Sadia Kamran
Honda City	947	947	-	650	Company policy	Syed Mazhar
Honda Civic	2,216	2,216	-	1,017	Company policy	Faisal Khan
Toyota Corolla	1,445	1,445	-	1,025	Negotiation	Tahir Nadeem
Toyota Corolla	1,626	1,626	-	850	Company policy	Muhammad Arif
Toyota Corolla	1,829	1,829	-	925	Company policy	Rana Jamil
Toyota Corolla	1,731	1,731	-	768	Company policy	Nadeem Akhtar
CD-70	70	70	-	31	Company policy	Qaiser Khan
CD-70	69	69	-	31	Company policy	Faisal Khursheed
CD-70	42	42	-	7	Company policy	Asif Masih
Honda CD 70	40	36	4	-	Company policy	Tariq Mahmood
Unique UD 70	49	18	31	22	Company policy	Abdul Saboor
Star 5	41	41	-	-	Donation*	Zameer
Metro Dabang Bike	44	34	10	12	Company policy	Ali Raza Zaidi
Suzuki Swift	1,120	1,120	-	190	Company policy	Dr. Nadeem (Ex-Employee)
Suzuki Swift	1,323	1,323	-	331	Company policy	Hammad Iqbal
Suzuki Cultus	1,070	1,070	-	163	Company policy	Ashar Hussain (Ex-Employee)
Toyota Vitz	1,087	1,068	19	521	Company policy	Muhammad Rafique
Suzuki Cultus	1,017	1,000	17	451	Company policy	Arsalan Zafar
Suzuki Cultus	1,016	1,000	16	451	Company policy	Madiha Ahmed
Office equipments						
Various Office Equipment	1,850	1,840	10	284	Negotiation	Abdul Quddus
Samsung S7 Edge	75	38	37	60	Insurance claim	Al-Falah Insurance
Apple I Phone	70	23	47	20	Negotiation	Muhammad Nadeem
HTC One Mobile	48	19	29	8	Company policy	Suhail Mustafa
2017	46,010	41,490	4,520	15,410		
2016	37,097	25,467	11,630	18,613		

*These assets were charged off as donation expense during the year.

Notes to and Forming Part of the Consolidated Financial Statements

6.3 Capital work in progress

	2017	2016 Restated
	(Rupees in '000)	
Advance to suppliers	16,355	10,843

6.4 Intangibles

	2017	2016 Restated
Computer software	7,702	3,081
Membership card	250	250
Trading Right Entitlement certificates (TREC)	10,999	14,999
Goodwill	-	96,012
Licenses	70	70
Customer relationships	20,691	69,984
Distribution channel	48,707	65,296
Value of inforce contracts	36,858	45,222
Pooling arrangements	11,304	11,304
	136,581	306,218

6.4.1 Intangible Assets

	2017													
	Computer Sofware	Membership card	Trading Right Entitlement certificates (TREC)	Goodwill	Licences	Customer relationships				Distribution channel	Value of inforce contracts		Pooling Arrangment	Total
						IGI Finex Customer Relationships	Life (Non-participating) - Group	Accident and Health - Group	Accident and Health - Individual	Investment Linked	Life (Non-participating) Individual	Investment Linked	Maxis	
	(Rupees in '000)													
As at January 1, 2016														
Cost	20,071	-	-	-	1,808	-	14,960	10,338	5,275	65,296	31,849	34,776	11,304	195,677
Accumulated amotisation	(17,326)	-	-	-	(1,635)	-	(4,138)	(2,859)	(4,559)	-	(6,118)	(7,441)	-	(44,076)
Net book value as at January 1, 2016	2,745	-	-	-	173	-	10,822	7,479	716	65,296	25,731	27,335	11,304	151,601
Year ended December 31, 2016														
Opening net book value	2,745	-	-	-	173	-	10,822	7,479	716	65,296	25,731	27,335	11,304	151,601
Additions	1,646	-	-	-	-	-	-	-	-	-	-	-	-	1,646
Assets acquired as part of business combination-net	84	250	14,999	96,012	-	55,731	-	-	-	-	-	-	-	167,076
Amortisation charge	(1,394)	-	-	-	(103)	-	(2,394)	(1,654)	(716)	-	(3,539)	(4,305)	-	(14,105)
Net book value as at December 31, 2016	3,081	250	14,999	96,012	70	55,731	8,428	5,825	-	65,296	22,192	23,030	11,304	306,218
As at January 1, 2017														
Cost	21,801	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	364,399
Accumulated amotisation	(18,720)	-	-	-	(1,738)	-	(6,532)	(4,513)	(5,275)	-	(9,657)	(11,746)	-	(58,181)
Net book value as at January 1, 2017	3,081	250	14,999	96,012	70	55,731	8,428	5,825	-	65,296	22,192	23,030	11,304	306,218
Year ended Dec 31, 2017														
Opening net book value	3,081	250	14,999	96,012	70	55,731	8,428	5,825	-	65,296	22,192	23,030	11,304	306,218
Additions	4,857	-	-	-	-	-	-	-	-	-	-	-	-	4,857
Amortisation charge	(236)	-	-	-	-	(11,146)	(2,394)	(1,654)	-	-	(3,539)	(4,304)	-	(23,273)
Impairment loss	-	-	(4,000)	(96,012)	-	(34,099)	-	-	-	(16,589)	-	(521)	-	(151,221)
Net book value as at December 31, 2017	7,702	250	10,999	-	70	10,486	6,034	4,171	-	48,707	18,653	18,205	11,304	136,581
As at December 31, 2017														
Cost	26,658	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	369,256
Accumulated amotisation / impairment	(18,956)	-	(4,000)	(96,012)	(1,738)	(45,245)	(8,926)	(6,167)	(5,275)	(16,589)	(13,196)	(16,571)	-	232,675
Net book value as at December 31, 2017	7,702	250	10,999	-	70	10,486	6,034	4,171	-	48,707	18,653	18,205	11,304	136,581
Annual rate of amortisation per annum	20% - 33%	-	-	-	33%	20%	16%	16%	50%	-	11%	11% - 13%	-	

6.4.2 The cost of fully amortised intangibles still in use amounts to Rs. 24.812 million (2016: 17.228 million).

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

	Basis
IGI Finex Securities Limited	
- Customer relationships	Fair value less cost to sell
IGI Life Insurance Limited	
- Distribution channel	Value in use
- Value of inforce contracts	Value in use
- Pooling arrangements	Value in use

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

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

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

	2017			2016		
	Customer relationships	Value of inforce contracts	Pooling arrangement	Distribution Channel	Pooling arrangement	Distribution Channel
Discount rate	18%	18.2%-19.2%	18%	18.2%-19.2%	18.30%	18.3% - 19.3%
Terminal growth rate	N/A	N/A	10%	8%	10%	10%
Attrition rate	21%	N/A	N/A	N/A	N/A	N/A

Discount rate

Discount rate reflects the management's estimate of cost of equity required in each unit. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM).

Terminal growth rate

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

Attrition rate

The attrition rate is computed on the basis of historical information.

6.9 Sensitivity analysis

Particulars	As at December 31, 2017			As at December 31, 2016		
	Change in assumption	Increase /(decrease) in present value of defined benefit obligation		Change in assumption	Increase /(decrease) in present value of defined benefit obligation	
		%	Rupees in '000		%	Rupees in '000
Discount rate	+1%	5.23%	9,938	+1%	3.25%	53,919
	-1%	-5.51%	(11,064)	-1%	-3.37%	(57,606)
Attrition Rate	+1%	8.98%	9,544	+1%	4.79%	53,061
	-1%	-9.83%	(11,517)	-1%	5.13%	(58,592)

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

7 INVESTMENT PROPERTY

2017

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

2016

	Cost			Accumulated Depreciation			WDV as at Dec 31, 2016	Useful life
	As at Jan 01, 2016	Additions (disposals) (transfer)	As at Dec 31, 2016	As at Jan 01, 2016	For the year / (transfer)	As at Dec 31, 2016		
	(Rupees in '000)							
Building	122,091	- (34,153)	87,938	16,459	6,121 (11,946)	10,634	77,304	20 years

7.1 The market value of the investment properties is Rs. 692.903 million as per valuation carried out by various independent professional valuers as at December 31, 2017.

8 INVESTMENTS

	Note	2017	2016
		(Rupees in '000)	
The investments comprise of the following:			
Investments in associates	8.1	19,960,511	8,342,136
Held for trading		-	6,422
Held to maturity investments	8.2	321,211	125,072
Available for sale investments	8.3	71,408,954	24,878,261
		91,690,676	33,351,891
		(3,354,124)	-
		88,336,552	33,351,891

8.1 Investments in associates

	2017	2016
Quoted		
Packages Limited		
24,653,801 (2016: 24,309,601) fully paid ordinary shares of Rs. 10 each	19,075,484	7,365,790
Equity held 27.58% (2016: 27.51%)		
Market value Rs. 695.58 per share (2016: Rs. 850.05 per share)		
Unquoted		
Dane Foods Limited		
2,643,161 (2016: 2,643,161) fully paid ordinary shares of Rs. 10 each		
Equity held 30.62% (2016: 30.62%)		
Cost	26,432	26,432
Provision for diminution in value of investments	(26,432)	(26,432)
	-	-
Packages Construction (Private) Limited		
100,000,000 (2016: 100,000,000) fully paid ordinary shares of Rs. 10 each	885,027	976,346
Equity held 24.84% (2016: 24.84%)		
	19,960,511	8,342,136

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

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

8.1.3 Packages Construction Limited ('The Company') 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 of Packages Limited and Packages Construction (Private) Limited is as follows:

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

	Country of incorporation	2016			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
Packages Limited	Pakistan	62,147,841	9,363,371	16,839,320	5,595,729
Packages Construction (Private) Limited	Pakistan	11,030,559	5,641,691	-	(95,225)

8.2 Held to maturity

	Note	2017	2016
		(Rupees in '000)	
Government securities	8.2.1	321,211	125,072

8.2.1 Government securities

Particulars	Maturity year	Effective yield % per annum	Profit payment	2017	2016
				(Rupees in '000)	
Pakistan Investment Bonds	2019	13.22%	Half yearly	14,726	14,594
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,551	14,452
Pakistan Investment Bonds	2020	13.98%	Half yearly	23,915	23,604
Pakistan Investment Bonds	2022	12.00%	Half yearly	60,525	60,519
Pakistan Investment Bonds	2022	11.25%	Half yearly	1,028	1,032
Pakistan Investment Bonds	2022	12.76%	Half yearly	10,914	10,871
Pakistan Investment Bonds	2019	6.34%	Half yearly	195,552	-
				321,211	125,072

8.2.1.1 The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

8.2.1.2 Market value of Pakistan Investment Bonds carried at amortised cost amounts to Rs. 339.538 million (2016: Rs. 150.594 million) as at December 31, 2017.

8.3 Available for sale investments

	Note	2017	2016
		(Rupees in '000)	
Related parties			
- Quoted equity instruments	8.3.1	524,946	564,610
Others			
- Unquoted equity instruments	8.3.2	149,918	149,918
- Government securities	8.3.3	14,014,091	14,367,560
- Units of Mutual Funds	8.3.4	3,548,898	2,588,827
- Quoted equity instruments	8.3.5	53,167,821	7,204,066
- Unlisted Term Finance Certificates (TFCs)	8.3.6	3,280	3,280
		70,884,008	24,313,651
		71,408,954	24,878,261

8.3.1 Related parties

Quoted

2017	2016	Percentage equity held	Face value per share	Company name	2017	2016
(Number of shares)			(Rupees)		(Rupees in '000)	
3,750,417	3,750,417	9.67%	10	Tri-Pack Films Limited	564,610	564,610
				Unrealised deficit on revaluation	(39,664)	-
					524,946	564,610

8.3.2 Others

Equity Investments

2017	2016	Percentage equity held	Face value per share	Company name	2017	2016
(Number of shares)			(Rupees)		(Rupees in '000)	
12,433,934	12,433,934	0.46%	10	Coca Cola Beverages Pakistan Limited Chief Executive: Mr. Nusret Orhun Kostem Break-up value is Rs. 9.65 per share based on audited financial statements for the period ended December 31, 2016		
				Cost	134,665	134,665
				Provision for diminution in value	(14,725)	(14,725)
					119,940	119,940
843,975	843,975	0.66%	10	LSE Financial Services Limited Break-up value is Rs. 18.29 per share based on audited financial statements for the year ended June 30, 2017	11,732	11,732
44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended September 30, 2006	4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Break-up value is Rs.107.09 per share based on audited financial statements for the year ended September 30, 2006	3	3
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended June 30, 2006		

2017 (Number of shares)	2016 (Number of shares)	Percentage equity held	Face value per share (Rupees)	Company name	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
				Cost		17	17
				Provision for diminution in value		(1)	(1)
						16	16
350	350	-	100	Petroleum Development Pakistan Limited	8.3.7	1	1
500	500	-	100	National Steel of Pakistan Limited	8.3.7	1	1
649,998	422,499	0.65%	10	Central Depository Company of Pakistan		9,110	9,110
				Chief Executive: Mr. Aftab Ahmed Diwan Break-up value is Rs. 36.72 per share based on audited financial statements for the year ended June 30, 2017			
9,500,000	1,900,000	3.35%	10	DHA Cogen Limited			
				Chief Executive: Mr. Siraj ul Haq Break-up value is Rs. (29.10) per share based on audited financial statements for the year ended December 31, 2014			
				Cost		19,125	19,125
				Provision for diminution in value		(19,125)	(19,125)
						-	-
1,497,758	374,440	1.48%	10	Techlogix International Limited			
				Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 4.11 per share based on audited financial statements for the period ended December 31, 2015			
				Cost		6,979	6,979
				Provision for diminution in value		(3,291)	(3,291)
						3,688	3,688
464,827	73,962	4.55%	10	Visionet Systems Inc.			
				Chief Executive: Arshad Masood Break-up value is Rs.160.56 per share based on unaudited financial statements for the period ended December 31, 2013			
				Cost		5,423	5,423
				Provision for diminution in value		-	-
						5,423	5,423
						149,918	149,918

8.3.3 Particulars of Government Securities

	Tenure	Maturity year	Rate of return % per annum	Profit payment	2017	2016
					(Rupees in '000)	
Pakistan Investment Bonds	15 years	2021	10.00	Half yearly	-	263,887
Pakistan Investment Bonds	10 years	2019	12.00	Half yearly	342,616	333,187
Pakistan Investment Bonds	10 years	2020	12.00	Half yearly	560,976	524,645
Pakistan Investment Bonds	5 years	2020	9.25	Half yearly	912,787	1,250,728
Pakistan Investment Bonds	15 years	2019	9.00	Half yearly	11,326	43,638
Pakistan Investment Bonds	5 years	2019	11.50	Half yearly	387,302	421,992
Pakistan Investment Bonds	10 years	2024	12.00	Half yearly	51,342	43,636
Pakistan Investment Bonds	5 years	2021	7.75	Half yearly	153,087	204,274
Pakistan Investment Bonds	5 years	2018	11.50	Half yearly	205,826	216,150
Pakistan Investment Bonds	3 years	2019	7.00	Half yearly	5,225,733	4,561,721
Pakistan Investment Bonds	3 years	2019	6.25	Half yearly	-	406,301
Pakistan Investment Bonds	10 year	2019	12.00	Half yearly	3,146	141,287
Pakistan Investment Bonds	10 year	2020	12.00	Half yearly	-	1,012,522
Pakistan Investment Bonds	5 year	2018	11.50	Half yearly	1,132,041	1,184,477
Pakistan Investment Bonds	5 year	2020	9.25	Half yearly	9,154	1,723,328
Pakistan Investment Bonds	3 year	2019	7.00	Half yearly	3,001,466	1,339,965
Pakistan Investment Bonds	5 year	2019	11.50	Half yearly	-	222,889
Pakistan Investment Bonds	5 year	2021	7.75	Half yearly	1,032	472,933
					11,997,834	14,367,560
Treasury Bills	3 months	2018	5.99	On maturity	119,102	-
Treasury Bills	3 months	2018	5.99	On maturity	447,658	-
Treasury Bills	3 months	2018	5.99	On maturity	148,542	-
Treasury Bills	6 months	2018	5.99	On maturity	573,066	-
Treasury Bills	3 months	2018	5.99	On maturity	727,889	-
					2,016,257	-
					14,014,091	14,367,560
				Less: current maturity	(3,354,124)	-
					10,659,967	14,367,560

8.3.4 Listed Mutual Funds

2017	2016	Face value per share	Company's Name	2017	2016
(Number of shares)		(Rupees)		(Rupees in '000)	
5,026,518	4,064,515	10	ABL Cash Fund	51,933	41,856
6,093,654	-	10	ABL Islamic Stock Fund	86,601	-
8,457,347	-	10	ABL Islamic Income Fund	87,796	-
-	1,369,191	10	ABL Government Securities Fund	-	14,001
12,395,142	5,994,886	10	ABL Income Fund	127,183	61,453
7,652,157	6,991,532	10	ABL Stock Fund	108,780	198,674
1,388,684	650,782	100	Al Ameen Islamic Aggressive Income Fund	187,435	66,475
1,388,684	311,538	100	Al Ameen Islamic Cash Fund	82,318	42,162
-	176,582	100	Al Ameen Islamic Sovereign Fund	-	33,890
367,211	126,885	100	Al Ameen Islamic Shariah Stock Fund	62,041	45,470
-	170,516	100	Alfalah GHP Cash Fund Class B-Growth Units	-	974
-	409,071	100	Alfalah GHP Income Fund	-	46,392
1,535,252	-	100	Alfalah GHP Islamic Income Fund	157,463	-
-	1,249,035	100	Alfalah GHP Income Multiplier Fund Class B	-	67,999

2017	2016	Face value per share	Company's Name	2017	2016
(Number of shares)		(Rupees)		(Rupees in '000)	
835,393	257,877	100	Alfalah GHP Islamic Stock Fund	50,378	20,275
642,970	751,447	100	Alfalah GHP Stock Fund	82,016	142,475
269,397	453,322	100	Alfalah GHP Alpha Fund	19,000	65,252
-	170,516	100	Alfalah GHP Cash Fund	-	42,606
201,637	-	100	Atlas Islamic Income Fund	59,130	-
86,837	16,708	100	Atlas Islamic Stock Fund	44,624	10,152
56,819	45,416	100	Atlas Stock Market Fund	32,640	55,870
94,384	-	100	Atlas Income Fund	49,503	-
-	838,451	100	Faysal Income & Growth Fund	-	89,538
-	651,545	100	Faysal Islamic Savings Growth Fund	-	42,815
379,263	-	100	HBL Islamic Money Market Fund	40,243	-
756,118	-	100	HBL Cash Fund	77,995	-
78,907	-	100	HBL Islamic Stock Fund	31,507	-
-	916,427	100	HBL Money Market Fund	-	155,773
-	52,864	100	MCB Arif Habib Savings Fund	-	2,901
1,443,163	-	100	MCB Pakistan Income Fund	2,553	-
2,047	-	100	MCB Cash Management Optimizer	73,459	-
438,190	-	100	MCB Islamic Income Fund	75,935	-
778,242	-	100	MCB DCF Income Fund	84,608	-
438,190	-	100	MCB Islamic Stock Fund	44,467	-
-	372,412	100	MCB Pakistan Sovereign Fund	-	20,222
165,639	1,141,427	100	MCB Pakistan Stock Market Fund	146,435	186,837
1,130,967	485,192	50	Meezan Islamic Fund	70,762	147,548
2,872,896	-	50	Meezan Islamic Income Fund	150,080	-
1,564,312	322,094	50	Meezan Cash Fund	80,484	16,526
8,076,138	6,984,205	10	NAFA Islamic Aggressive Income Fund	87,257	70,805
4,194,477	837,607	10	NAFA Islamic Stock Fund	52,355	27,438
-	1,068,509	10	NAFA Riba-Free Savings Fund	-	696
9,749,719	-	10	NAFA Income Fund	99,410	-
-	12,379,221	10	NAFA Income Opportunity Fund	-	136,812
12,843,494	5,099,817	10	NAFA Money Market Fund	130,008	53,742
5,636,967	12,154,421	10	NAFA Stock Fund	79,221	283,810
538,675	-	10	NAFA Islamic Income Fund	5,803	-
405,781	187,930	100	UBL Money Market Fund	41,730	19,311
-	876,118	100	UBL Government Securities Fund	-	94,367
-	831,340	100	UBL Liquidity Plus Fund	-	85,649
628,521	1,153,524	100	United Growth & Income Fund	54,305	101,359
12,510,427	1,159,606	100	United Stock Advantage Fund	831,440	96,702
				3,548,898	2,588,827

8.3.5 Particulars of Listed Equity securities

2017	2016	Face value per share	Company's Name	2017	2016
(Number of shares)		(Rupees)		(Rupees in '000)	
18,000	-	10	Allied Bank Limited	1,530	-
200	-	10	Abbott Laboratories (Pakistan) Limited	140	-
2,000	-	10	Attock Cement Pakistan Limited	362	-
100	-	10	Attock Petroleum Limited	52	-
1,000	-	10	Amreli Steels Limited	93	-
400	-	10	Attock Refinery Limited	94	-
73,000	-	10	Bank Alfalah Limited	3,103	-
22,000	-	10	Bank AlHabib Limited	1,284	-
3,700	-	10	Cherat Cement Company Limited	410	-
3,500	-	10	D.G Khan Cement Limited	468	-
9,500	-	10	Engro Fertilizers Limited	643	-
12,000	-	10	Engro Corporation Limited	3,297	-
54,000	-	10	Faysal bank limited	1,148	-
6,100	-	10	Fauji Fertilizer Bin Qasim Limited	217	-
3,000	-	10	Fatima Fertilizers Limited	237	-
3,000	-	10	Gul Ahmed Textile Limited	111	-
900	-	10	Glaxo SmithKline	151	-
17,800	-	10	Habib Bank Limited	2,974	-
600	-	10	Honda Atlas Cars Limited	307	-
24,600	-	10	Hub Power Company Limited	2,239	-
1,020	-	10	Indus Motors Limited	1,714	-
8,500	-	10	International Steels Limited	904	-
10,468	-	10	Kot Addu Power Limited	564	-
12,000	-	10	K-electric Limited	76	-
600	-	10	Kohat Cement Limited	85	-
2,120	-	10	Kohat Textile Mills Limited	140	-
7,700	-	10	Lucky Cement Limited	3,984	-
1,857	-	10	MARI Petroleum Limited	2,694	-
14,200	-	10	MCB Bank Limited	3,015	-
14,463	-	10	Maple Leaf	990	-
100	-	10	Millat Tractors Limited	117	-
1,500	-	10	Mughal Steels Mills Limited	87	-
4,500	-	10	Nishat Chunian Limited	206	-
10,100	-	10	Nishat Mills Limited	1,510	-
200	-	10	National Refinery Limited	86	-
30,600	-	10	Oil and Gas Development Company Limited	4,981	-
2,500	-	10	Pioneer Cement Limited	158	-
6,600	-	10	Pakistan Oil Fields Limited	3,922	-
15,000	-	10	Pakistan Petroleum Limited	3,089	-
600	-	10	Pak Suzuki Motors Limited	299	-
3,540	-	10	Pakistan State Oil Limited	1,038	-
500	-	10	SHELL Pakistan Limited	154	-
3,000	-	10	Sui Nothern Gas Pipeline Limited	284	-
2,750	-	10	Synthetic Products Enterprise Limited	166	-
17,200	-	10	United Bank Limited	3,233	-
3,700	-	10	HASCOL Petroleum Limited	914	-
27,400	-	10	Pak Elektron Limited	1,301	-

2017	2016	Face value per share	Company's Name	2017	2016
(Number of shares)		(Rupees)		(Rupees in '000)	
70,031	70,031	10	Siemens Pakistan Engineering Company Limited	65,733	114,982
4,364,666	4,364,666	10	Nestle Pakistan Limited	50,193,615	6,472,825
1,841,739	1,841,739	10	Sanofi Aventis Pakistan Limited	2,290,202	391,348
462,111	458,611	10	International Industries Limited	110,957	37,395
292,738	292,738	10	Mitchell's Fruit Farms Limited	80,503	21,437
4,218,333	4,188,033	10	Systems Limited	311,819	45,532
199,169	199,169	10	Zulfiqar Industries Limited	17,925	19,561
1,352,992	1,352,992	10	Agritech Limited	6,589	-
1,602,953	4,007,383	10	Pakistan Stock Exchange Limited	35,907	100,986
				53,167,821	7,204,066

8.3.6 Term finance certificates

2017	2016	Issue date	Company name	Note	2017	2016
(Number of Certificates)					(Rupees in '000)	
4,000	4,000	November 30, 2007	Agritech Limited I	8.3.8	-	-
861	861	July 01, 2011	Agritech Limited IV	8.3.9	-	-
13,000	13,000	December 04, 2007	Azgard Nine Limited IV	8.3.11	-	-
5,348	5,348	March 31, 2012	Azgard Nine Limited V*	8.3.12	-	-
3,000	3,000	December 31, 2007	Eden Housing Limited	8.3.13	3,280	3,280
10,000	10,000	December 03, 2007	New Allied Electronics Industries (Private) Limited - Sukuk*	8.3.14	-	-
					3,280	3,280

*This represents zero coupon Term Finance Certificates (TFCs) having a face value of Rs.26.740 million, issued in lieu of outstanding mark-up on non-performing TFCs of Azgard Nine Limited and have been recorded at Rs. Nil.

8.3.7 These represent investments in Bangladesh.

	Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
	Listed Term Finance Certificates / Sukuk					
8.3.8	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 / Sukuk					
8.3.9	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).
8.3.10	Agritech Limited IV	5,000	Zero Coupon	-	January 01, 2015	Principal to be repaid in 6 semi-annual installments as per schedule, commencing from July 01, 2012.

	Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
8.3.11	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).
8.3.12	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.
8.3.13	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.
8.3.14	New Allied Electronics Industries (Private) Limited - Sukuk	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.

9 PREMIUMS DUE BUT UNPAID

	Note	2017	2016
		(Rupees in '000)	
Unsecured			
- Considered good		609,065	519,916
- Considered doubtful		102,741	83,894
		711,806	603,810
Provision for doubtful receivables	9.3	(102,741)	(83,894)
		609,065	519,916

9.1 This includes an amount of Rs 21.496 million (2016: Nil) receivable from Tri-Pack Films Limited- a related party.

9.2 The aggregate amount due by directors, chief executive and executives of the Holding Company amounts to Rs. 0.355 million.

9.3	**Provision for doubtful receivables**	Note	2017	2016
			(Rupees in '000)	
	Balance as at January 1		83,894	77,666
	Provision made during the year		18,847	12,891
	Write off		-	(6,663)
	Balance as at December 31		102,741	83,894

10 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

	Unsecured			
	- Considered good		396,669	444,731
	- Considered doubtful		41,423	41,423
			438,092	486,154
	Provision for doubtful receivables	10.1	(41,423)	(41,423)
			396,669	444,731
10.1	**Provision for doubtful receivables**			
	Balance as at January 1		41,423	39,236
	Provision made during the year		-	2,187
	Balance as at December 31		41,423	41,423

11 SUNDRY RECEIVABLES

Advances - considered good		8,172	8,618
Security deposits		50,760	44,528
Agent balances		-	3,198
Sales tax recoverable		19,475	15,703
Salvage recoverable		78,889	27,438
Advances to employees against expenses			
- executives		2,461	438
- others		2,007	778
Receivable against claim administration services		105,821	50,944
Net investment in finance lease	11.1	218,395	221,313
Receivable from clients against purchase of marketable securities and commodity contracts		91,364	38,718
Clearing balance with National Clearing Company of Pakistan Limited		-	67,424
Pakistan Mercantile Exchange Limited-margin deposit		4,741	4,613
Exposure deposit with Pakistan Stock Exchange Limited		228,750	165,750
Others		123,684	69,403
		934,519	718,866

11.1 This represents residual values relating to net investment in finance lease of IGI Investment Bank Limited acquired as part of the scheme of amalgamation.

12 DEFINED BENEFIT PLAN - APPROVED GRATUITY FUND

12.1 Salient features

The Group offers separate approved gratuity funds for all employees of IGI General Insurance Limited and IGI Life Insurance Limited. Annual contributions are made to the funds on the basis of actuarial recommendations. The gratuity schemes are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Group faces the following risks on account of these gratuity funds:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

12.2 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, 2017. The information provided in notes 12.3 to 12.14 has been obtained from the actuarial valuations carried out as at December 31, 2017. The following significant assumptions have been used for valuation of these schemes:

		2017		2016	
		IGI General	IGI Life	IGI General	IGI Life
		(Per annum)			
a)	Expected rate of increase in salary level	9.5%	9%	10%	9%
b)	Discount rate	9.5%	9.5%	10%	9%
c)	Expected return on plan assets	9.5%	9%	10%	9%
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.

12.3 Amounts recognised in the balance sheet:

	Note	2017	2016
		(Rupees in '000)	
Present value of defined benefit obligation	12.5	145,854	124,690
Less: Fair value of plan assets	12.5	(111,058)	(91,883)
Payable to defined benefit plans		34,796	32,807

12.4 Movement in liability during the year

	2017	2016
Obligation at the beginning of the year	32,807	(5,921)
Charge to profit and loss account	16,067	51,560
Other comprehensive loss	1,795	4,290
Contribution to the fund during the year	(15,873)	(17,122)
Obligation at the end of the year	34,796	32,807

12.5 Movement in defined benefit obligation

	2017		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	124,690	(91,883)	32,807
Current service cost	20,953	-	20,953
Interest expense / (income)	9,710	(8,904)	806
Gain from change in experience adjustments	(5,692)	-	(5,692)
	149,661	(100,787)	48,874
Remeasurements:			
- Loss from change in demographic assumptions	-	-	-
- Loss from change in financial assumptions	951	844	1,795
- Loss on actual salary increase	-	-	-
	951	844	1,795
Contributions during the year	-	(15,873)	(15,873)
Benefit payments	(4,758)	4,758	-
As at December 31	145,854	(111,058)	34,796

	2016		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	132,566	(138,487)	(5,921)
Current service cost	23,089	-	23,089
Past service cost	29,393	-	29,393
Interest expense / (income)	4,505	(5,427)	(922)
	189,553	(143,914)	45,639
Remeasurements:			
- Loss from change in demographic assumptions	(463)	-	(463)
- Gain from change in financial assumptions	2,168	-	2,168
- Loss on actual salary increase	1,994	591	2,585
	3,699	591	4,290
Contributions during the year	-	(17,122)	(17,122)
Benefit payments	(68,562)	68,562	-
As at December 31	124,690	(91,883)	32,807

12.6 Amounts recognised in the profit and loss account:

	2017	2016
	(Rupees in '000)	
Current service cost	20,953	23,089
Past service cost	-	29,393
Interest cost	806	4,505
Expected return on investments	-	(5,427)
Experience adjustment	(5,692)	-
Expense for the year	16,067	51,560

12.7 Actual return on plan assets

	2017	2016
Expected return on assets	8,904	5,427
Actuarial loss	(844)	(591)
	8,060	4,836

12.8 Analysis of present value of defined benefit obligation

	2017	2016
Split by vested / non-vested		
(i) Vested benefits	144,609	114,479
(ii) Non-vested benefits	1,245	10,211
	145,854	124,690

12.9 Sensitivity analysis

Particulars	As at December 31, 2017 Change in assumption	Increase /(decrease) in present value of defined benefit obligation %	(Rupees in '000)	As at December 31, 2016 Change in assumption	Increase /(decrease) in present value of defined benefit obligation %	(Rupees in '000)
Discount rate	+1%	-6.76%	(9,855)	+1%	-8.04%	(10,025)
	-1%	8.41%	12,262	-1%	9.69%	12,083
Salary increase rate	+1%	8.71%	12,697	+1%	9.75%	12,156
	-1%	3.40%	4,957	-1%	-8.25%	(10,284)
Life expectancy / withdrawal rate	+1%	0.02%	27	+0.5%	-0.96%	(1,202)
	-1%	-0.10%	(144)	-1.5%	0.96%	1,202

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.

12.10 Plan assets comprise of the following:

	2017 (Rupees in '000)	Percentage composition	2016 (Rupees in '000)	Percentage composition
Equity investments	14,869	13.39%	4,939	5.38%
Cash and bank deposits	23,921	21.54%	12,930	14.07%
Government Securities	72,268	65.07%	74,014	80.55%
Fair value of plan assets	111,058	100.00%	91,883	100.00%

12.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9.50% (2016: 9.50%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

12.12 Based on actuarial advice, the Group intends to charge an amount of Rs 22.754 million in the consolidated financial statements for the year ending December 31, 2018.

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

At December 31, 2017	Less than a year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
	(Rupees in '000)				
Gratuity	2,372	5,783	12,196	1,850,704	1,871,055

12.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of defined benefit obligation	145,854	124,690	132,566	132,321	127,956
Fair value of plan assets	(111,058)	(91,883)	(138,487)	(122,751)	(130,310)
Deficit / (surplus)	34,796	32,807	(5,921)	9,570	(2,354)

13 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

IGI General has set up a provident fund for its permanent employees and contributions were made by IGI General to the Trust in accordance with the requirements of Section 227 of the repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2017 was Rs. 10.219 million (2016: Rs. 9.827 million). The net assets based on audited financial statements of Provident Fund as at June 30, 2017 are Rs. 96.069 million out of which 79% was invested in different financial instruments categories as provided in Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for the purpose. The fair value and carrying value of investments of the provident fund as at June 30, 2017 were Rs. 77.771 million and Rs. 86.500 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

IGI Life has set up a provident fund for its permanent employees and contributions were made by IGI Life to the Trust in accordance with the requirements of Section 227 of the repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2017 was Rs.11.311 million (2016: Rs.11.185 million). The net assets based on unaudited financial statements of Provident Fund as at December 31, 2017 are Rs. 35.181 million out of 97.81% was invested in bank accounts as provided in Section 227 of the repealed Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and carrying value of investments of the provident fund as at December 31, 2017 were Rs. 34.412 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the repealed Companies Ordinance, 1984 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	68,836	79.58%	-	0.00%
Listed securities	5,334	6.17%	-	0.00%
Bank deposits	12,330	14.25%	34,412	100.00%
Total	86,500	100.00%	34,412	100.00%

14 STAFF STRENGTH

	Holding Company 2017	Holding Company 2016	Subsidiaries Company 2017	Subsidiaries Company 2016
	(Number of employees)			
Number of employees as at December 31	9	148	320	186
Average number of employees during the year	10	130	316	192

15 CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees in '000)	
Cash and other equivalents	15.1	3,321	2,703
Current and other accounts	15.2	2,671,595	1,095,780
Deposits maturing within 12 months	15.3	3,126,080	1,100,000
		5,800,996	2,198,483

15.1 Cash and other equivalents

	2017	2016
Cash	637	329
Policy stamps in hand	2,684	374
Cheques in hand	-	2,000
	3,321	2,703

15.2 Current and other accounts

	Note	2017	2016
In current accounts with:			
State Bank of Pakistan		-	572
Others		1,650,058	52,512
PLS savings accounts	15.2.1	1,021,537	1,042,696
		2,671,595	1,095,780

15.2.1 The balances in PLS savings accounts carry mark-up ranging between 3.5% to 5.25% (2016: 3.5% to 6.5%) per annum.

15.3 These represent term deposits with various banks that carry mark-up at rates ranging from 8.75% to 9.4% (2016: 6.25% to 6.75%) per annum.

16 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
(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
120,747,345	120,747,345	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,207,473	1,207,473
122,689,532	122,689,532		1,226,895	1,226,895

Ordinary shares of the Company held by related parties are as follows:

	Note	2017	2016
		(Rupees in '000)	
Packages Limited		13,022,093	13,022,093
Babar Ali Foundation		8,302,939	4,630,539
Industrial Technical and Educational Institute		20,853,966	20,853,966
		42,178,998	38,506,598

17 NON CONTROLLING INTEREST (NCI)

Opening balance		263,962	255,766
Profit for the year		26,540	17,207
Other comprehensive loss		(21,205)	-
Dividend paid to NCI		(17,041)	(9,011)
		252,256	263,962

18 LONG TERM FINANCES

Secured			
Long term loan	18.1	2,500,000	1,000,000
Unsecured			
Local currency - from sponsor	18.2	226,000	231,000
		2,726,000	1,231,000
Less: current maturity of long term finances		(466,667)	-
		2,259,333	1,231,000

18.1 The Group obtained a long term finance facility amounting to Rs. 1,000 million from Allied Bank Limited during 2015 for the purpose of participation in equity investment in Packages Construction (Private) Limited i.e. Packages Mall project, which was fully availed during the year ended December 31, 2016. The loan carries markup rate at 6 month KIBOR + 0.3%. Principal repayment is to be made in 6 equal semi-annual installments starting from the 30th month after the first disbursement and subsequently, six months thereafter. The first disbursement was made on May 6, 2016. The facility is secured against pledge of shares held by the Group.

The Holding Company obtained a long term finance facility amounting to Rs. 1,500 million from Habib Bank Limited during the current year for the purpose of injecting equity in its subsidiary IGI General Insurance Limited. The loan carries markup rate at 6 month KIBOR + 0.3% 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. The facility is secured against pledge of shares held by IGI Investment (Pvt) Limited one of the subsidiary of the Holding Company.

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

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

Notes to and Forming Part of the Consolidated Financial Statements

19 MOVEMENT IN EQUITY OF STATUTORY FUNDS

	STATUTORY FUNDS										AGGREGATE	
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Takaful window			2017	2016
		Individual	Group	Linked	Individual	Group		Individual Family	Group Family	Group Health		
	(Rupees in '000)											
Policyholders' liabilities												
Balance at the beginning of the year	1,367,408	5,701,085	77,320	8,695,395	9,337	212,747	55,878	239,008	573	3,114	16,361,865	11,030,095
Increase/(decrease) during the year	205,671	418,532	(1,978)	(585,526)	2,287	49,777	19,049	872,266	4,824	7,388	992,290	5,331,770
Balance at end of the year	1,573,079	6,119,617	75,342	8,109,869	11,624	262,524	74,927	1,111,274	5,397	10,502	17,354,155	16,361,865
Retained earnings on participating business attributable to participating policyholders - Ledger Account A												
Balance at the beginning of the year	524,178	-	-	-	-	-	-	-	-	-	524,178	431,102
Surplus allocated during the year	162,455	-	-	-	-	-	-	-	-	-	162,455	427,740
Surplus Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer to Ledger Account B	(16,229)	-	-	-	-	-	-	-	-	-	(16,229)	(42,774)
Bonus allocated during the year	(317,564)	-	-	-	-	-	-	-	-	-	(317,564)	(291,890)
Closing balance at end of the year	352,840	-	-	-	-	-	-	-	-	-	352,840	524,178
Retained earnings on participating business attributable to shareholders but not distributable - Ledger Account B												
Balance at the beginning of the year	53,398	-	-	-	-	-	-	-	-	-	53,398	43,056
Surplus adjustment	-	-	-	-	-	-	-	-	-	-	-	-
10% surplus transfer from Ledger Account A	16,229	-	-	-	-	-	-	-	-	-	16,229	42,774
Transfer to Ledger Account C	(35,285)	-	-	-	-	-	-	-	-	-	(35,285)	(32,432)
Closing balance at end of the year	34,342	-	-	-	-	-	-	-	-	-	34,342	53,398
Retained earnings on par business - Ledger Account C												
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from ledger Account B	35,285	-	-	-	-	-	-	-	-	-	35,285	32,432
Surplus appropriated to shareholders' Fund	(35,285)	-	-	-	-	-	-	-	-	-	(35,285)	(32,432)
Closing balance at end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings on other than participating business - Ledger Account D												
Balance at the beginning of the year	-	64,835	86,703	(105,552)	7,528	100,307	(1,934)	(38,770)	(4)	(158)	112,955	25,139
(Deficit) / surplus allocated during the year	-	91,932	12,214	41,703	(7,791)	7,374	492	(17,710)	689	2,049	130,952	97,816
Surplus appropriated to shareholders' Fund	-	-	-	-	-	-	-	-	-	-	-	(10,000)
Closing balance at end of the year	-	156,767	98,917	(63,849)	(263)	107,681	(1,442)	(56,480)	685	1,891	243,907	112,955
Capital contributed by shareholders' fund												
Balance at the beginning of the year	-	197,552	-	242,100	-	64,300	6,000	46,500	1,200	2,000	559,652	483,652
Capital contributed during the year	-	-	-	-	2,000	-	-	45,000	-	500	47,500	151,000
Cede money - Waqf	-	-	-	-	-	-	-	-	-	-	-	-
Qard-e-Hasna from Operators' Sub Fund to PTF	-	-	-	-	-	-	-	-	-	(600)	(600)	(700)
Qard-e-Hasna received from Operators' Sub Fund to PTF	-	-	-	-	-	-	-	-	-	600	600	700
Capital withdrawn during the year	-	-	-	-	-	(60,000)	-	-	-	-	(60,000)	(75,000)
	-	-	-	-	2,000	(60,000)	-	45,000	-	500	(12,500)	76,000
Balance at end of the year	-	197,552	-	242,100	2,000	4,300	6,000	91,500	1,200	2,500	547,152	559,652
Balance of statutory fund at year	1,960,261	6,473,936	174,259	8,288,120	13,361	374,505	79,485	1,146,294	7,282	14,893	18,532,396	17,612,048

19.1 This represents surplus earned in life (participating) statutory fund before allocation of bonus. Amount of surplus appearing in the revenue account is net off bonus allocated during the year.

19.2 Balance of statutory fund other than that attributable to Shareholders

	2017	2016
	(Rupees in '000)	
Total balance of Statutory funds	18,532,396	17,612,048
Balance of Statutory funds attributable to shareholders		
Opening balance at beginning of year	672,607	508,791
Unappropriated surplus for the year	130,952	87,816
Capital Contribution during the year	(12,500)	76,000
	791,059	672,607
	17,741,337	16,939,441

20 POLICYHOLDERS' LIABILITIES

As per actuary's advice, the policyholders' liabilities as at December 31, 2017 are as follows:

	STATUTORY FUNDS										AGGREGATE	
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	Takaful window			2017	2016
		Individual	Group	Linked	Individual	Group		Individual Family	Group Family	Group Health		
	(Rupees in '000)											
Gross of reinsurance												
Actuarial liability relating to future events	1,570,229	6,118,254	65,129	8,102,420	9,420	167,300	74,927	1,109,105	4,895	4,102	17,225,781	16,268,693
Provision for outstanding reported claims payable over a period exceeding twelve months	3,204	10,487	7,837	-	3,415	402	-	-	-	-	25,345	24,479
Provision for incurred but not reported claims	2,715	3,492	26,914	8,357	828	95,515	-	2,304	502	6,400	147,027	114,263
Total	1,576,148	6,132,233	99,880	8,110,777	13,663	263,217	74,927	1,111,409	5,397	10,502	17,398,153	16,407,435
Net of reinsurance												
Actuarial liability relating to future events	1,567,576	6,106,383	40,591	8,101,512	7,406	166,607	74,927	1,108,970	4,895	4,102	17,182,969	16,224,393
Provision for outstanding reported claims payable over a period exceeding twelve months	3,204	10,487	7,837	-	3,415	402	-	-	-	-	25,345	24,479
Provision for incurred but not reported claims	2,299	2,747	26,914	8,357	803	95,515	-	2,304	502	6,400	145,841	112,993
Total	1,573,079	6,119,617	75,342	8,109,869	11,624	262,524	74,927	1,111,274	5,397	10,502	17,354,155	16,361,865

21 DEFERRED TAXATION

	2017	2016
	(Rupees in '000)	
Deferred tax debits / (credits) have arisen in respect of:		
Accelerated tax depreciation	(34,822)	(36,461)
Investment in associate	(1,944,078)	(247,975)
Investment classified as available for sale	(13,568)	(20,651)
Provision for doubtful receivables	97,773	93,439
Unused tax losses	8,934	30,083
Provision for leave encashment	333	849
Defined benefit plan	3,725	2,972
Liabilities against assets subject to finance lease	127,516	13,324
Assets subject to finance lease	(97,068)	(13,663)
Tax effects of intangibles	(40,164)	(46,265)
Impairment / fair value adjustments on investment	(22,740)	(28,719)
Surplus of statutory funds	(205,460)	(153,831)
	(2,119,619)	(406,898)

22 SHORT TERM FINANCES

	Note	2017	2016
		(Rupees in '000)	
Running finances		-	48,017
Term finances	22.1	1,600,000	1,300,000
		1,600,000	1,348,017

22.1 Short term credit facilities available from various commercial banks under mark-up arrangements amount to Rs. 3,250 million. The rates of mark-up on these facilities range from 6.13% to 6.47% per annum. These facilities are secured against pledge of shares held by the Group. The facilities were granted to the Group under various sanctioned advisory letters applicable up to June 30, 2018.

23 SUNDRY CREDITORS

	Note	2017	2016
		(Rupees in '000)	
Federal excise duty		21,737	6,264
Federal insurance fee		1,397	893
Agent commission payable		184,001	182,175
Cash margin		219,424	184,035
Certificates of deposit	23.1	5,313	6,082
Deposit under lease contracts	23.2	207,107	210,028
Payable against sale of marketable securities		376,373	614,438
Payable against profit on unutilised funds	23.3	5,616	7,338
Payable to National Clearing Company of Pakistan Limited (NCCPL)		68,201	-
Others		295,628	156,458
		1,384,797	1,367,711

23.1 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 as at December 31, 2016 that has been retained by the Holding Company as part of the Scheme of Arrangement.

The Investment Bank has made repayment of all deposits along with mark-up, except for four depositors with aggregate deposits amounting to Rs.5.313 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.158 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank had placed an amount of Rs.6.422 million in Market Treasury Bills which has matured during the year. The Securities and Exchange Commission of Pakistan (SECP), while granting No Objection Certificate (NOC) to the amalgamation of IGI Insurance Limited and IGI Investment Bank Limited has, advised to form a trust, appoint Central Depository Company (CDC) as the trustee to invest the outstanding deposits amounting to Rs. 5.313 million in PIBs and transfer the same in the name of trustee for onward payment to depositors of IGIBL as and when the depositors are traced after due verification. Subsequent to the year end the Holding Company has paid 4.699 million out of these deposits.

23.2 This represents security deposits held by IGI Investment Bank Limited under lease contracts acquired as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited with effect from close of business on December 31, 2016 against which an equivalent amount of residual value is receivable.

23.3 With effect from March 2015, IGI Finex (subsidiary acquired as a result of amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited) had been mandated by the Stock Exchange to pass on profit earned on unutilised funds of clients to the respective clients out of total profit accrued on such funds as may be mutually agreed in writing between the Company and its clients. IGI Finex has revised its account opening forms which includes an agreement on the profit earned on unutilised funds on clients' assets from new clients. Further, the management is in process of agreeing the same with its existing clients. The Group has recorded a liability based on management's best estimate of amount that may be eventually passed on to its clients.

24 CONTINGENCIES AND COMMITMENTS

24.1 Holding Company

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

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

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

24.2 IGI General Insurance Limited

- 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 advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the IGI General.

- IGI General is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of IGI General.

- An appeal was filed before the Commissioner - Appeals, 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. Against the order of the Commissioner - Appeals, further appeal has been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against IGI General. IGI General has filed an appeal in the Honourable High Court which is pending adjudication. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of IGI General.

- IGI General has filed Suit 1249 of 2016 before the Honourable High Court of Sindh at Karachi. Through this Suit, IGI General has impugned show cause notice dated 26.04.2016 issued by the Assistant Commissioner-2 SRB alleging that that IGI General has received reinsurance services amounting to Rs. 2,717 million from foreign reinsurance companies for the period July 2011 to December 2014 and demanding Sindh Sales Tax on Services thereon under Tariff Heading 98.13.1000 and its sub-heading 98.13. 6000 in the Second Schedule read with Section 3(2) and Section 9(2) of the Sindh Sales Tax on Services Act, 2011. IGI General has prayed, inter alia, that it is not liable to pay Sindh Sales Tax on Services on the reinsurance services it receives from foreign reinsurance companies and that the show cause notice dated April 26, 2016 is ultra vires the Constitution and the Sindh Sales Tax on Services Act, 2011. In addition, IGI General has also challenged the constitution of the Sindh Revenue Board and the appointment of its Chairman. On May 23, 2016, the Honorable Sindh High Court passed an interim Order suspending the operation of the show cause notice and restraining coercive action against IGI General in pursuance thereof. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of IGI General.

24.3 IGI Investments (Pvt) Limited

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

24.4 IGI Life Insurance Limited

	2017	2016
	(Rupees in '000)	
Not later than one year	-	2,105

24.5 IGI Finex Securities Limited

- During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against IGI Finex in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, 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's books of account before provision. The court has issued notices to the defendants. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the financial year ended June 30, 2010, one of the customers of IGI Finex filed a lawsuit against the Company 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's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on IGI Finex's civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

25 OPERATING REVENUE

	Note	2017	2016
		(Rupees in '000)	
Net premium revenue		7,250,872	8,811,361
Dividend income		1,916,682	1,551,660
Return on government securities		1,058,558	1,170,587
Fee, commission and brokerage		131,117	-
Wakalah fee income		3,694	-
Gain on sale of securities		45,870	1,341,067
		10,406,793	12,874,675

26 OPERATING EXPENSES

	Note	2017	2016
Net claims		5,304,404	3,884,138
Commission expense - net		582,809	619,123
Management expenses	26.1	981,362	853,221
		6,868,575	5,356,482

26.1 Management expenses

	2017	2016
Salaries, wages and benefits	603,269	559,096
Rent, rates and taxes	46,294	33,332
Utilities	22,534	20,102
Repairs and maintenance	12,639	14,255
Education and training	7,980	6,002
Computer expenses	11,930	13,055
Communication	24,689	24,163
Provision for doubtful debts	18,847	15,078
Inspection fee	2,666	2,790
Security expenses	45,601	29,872
Consultancy fee	12,244	-
Directors' fee	4,538	5,718
Actuary's fees	26,729	22,140
Medical fees	1,255	-
Shariah advisor fees	1,264	-
Legal and professional charges	2,132	6,262
Advertisement expenses	5,996	4,822
Stationery and printing	12,011	11,281
Depreciation and amortisation	45,594	27,420
Travelling	12,913	16,223
Miscellaneous	60,237	41,610
	981,362	853,221

27 OTHER INCOME

	Note	2017	2016
		(Rupees in '000)	
From financial assets			
Profit on saving accounts and term deposits		190,085	8,297
From non-financial assets			
Rental income		746	4,303
Gain on disposal of fixed assets		10,890	5,523
Other income		46,529	93,399
		58,165	103,225
		248,250	111,522

28 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, wages and benefits		116,708	12,696
Rent, rates and taxes		9,609	-
Repairs and maintenance		5,531	3,211
General office premium		10,596	4,144
Motor car expenses		23,357	20,053
Tour and travelling		34,314	23,630
Representation expenses		7,153	5,196
Stationery and printing		13,276	7,583
Depreciation and amortisation		97,191	68,956
Impairment		147,225	-
Donations		662	20,666
Auditors remuneration	28.1	31,366	70,450
Advertisement expenses		13,655	14,821
Legal and professional		129,880	61,222
Workers' Welfare Fund		-	14,230
Regulators fee		16,086	11,640
Fee & subscription		894	260
Provision for impairment in value of investments - net		39,864	-
Reversal of provision / provision for bad and doubtful loans and advances / lease losses - specific - net		(7,891)	-
Sundry expenses		24,196	2,407
		713,672	341,165

28.1 Auditors' remuneration

	2017	2016
Fee for statutory audit	4,925	2,500
Fee for interim review	1,300	900
Fee for audit of consolidated financial statements	800	750
Fee for audit of regulatory return, Special certifications and sundry services	22,697	11,855
Other advisory services	-	53,486
Out of pocket expenses	1,644	959
	31,366	70,450

28.2 Administration expenses and management expenses include an amount of Rs. 48.335 million (2016: 25.801 million) on account of group shared services cost charged to the Group under group shared services agreement.

29 TAXATION

	2017	2016
	(Rupees in '000)	
For the year		
- Current	495,957	626,950
- Deferred	337,241	190,682
Prior year	1,702	54,740
	834,900	872,372

29.1 Tax charge reconciliation

	2017	2016
Profit before tax	4,903,263	3,342,440
Tax calculation at the rate of 30% (31% for 2016)	1,470,979	1,036,156
Prior year	1,702	54,740
Effect of items taxable under lower rates	(697,470)	(249,707)
Effect of permanent differences	67,354	30,947
Others	(7,665)	236
	834,900	872,372

29.2 IGI Holdings

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

For the assessment / tax years of 1998-99 to 2016, the Investment Bank has an aggregate tax liability of Rs. 111.896 million and aggregate tax deductions and credits claimed of Rs. 352.935 million as declared in the original or revised returns of income filed by the Investment Bank with the tax authorities resulting in an aggregate refund of Rs. 241.040 million as per original returns or revised returns.

For the same period as aforesaid, as per latest Assessment Orders issued by the tax authorities with respect to the respective assessment / tax years, aggregate tax liability of Rs.164.409 million has been assessed and aggregate tax deductions and credits of Rs.338.734 million have been allowed and Rs. 100.081 million has been refunded by the tax authorities leading to an aggregate assessed refund (after prior year adjustments etc.) of Rs.70.406 million, subject to verification which is currently underway.

Matters that are being contested mainly include the following:

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

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

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

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

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

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

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

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

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

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

29.3 IGI General Insurance

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:

29.3.1 While finalising the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

IGI General has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, IGI General has filed a constitutional petition before the Honorable High Court. The regular hearing of petition is currently pending with the High Court.

29.3.2 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favor of IGI General by 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 DCIR by the CIR(A) were not decided upon by the High Court. IGI General has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honorable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honorable High Court and the judgment has been passed in favour of IGI General.

29.3.3 In case of tax year 2008, the Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. IGI General filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to IGI General. Against the above disallowance, the company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, IGI General challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favor of IGI General. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

29.3.4 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs.51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. IGI General filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against IGI General, a reference application was filed before honorable Sindh High Court where the IBNR issue has been decided in favor of IGI General whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. IGI General paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till 31 August 2015 in respect of payment of the remaining tax demand of Rs.21.420 million. Further, against the above treatment meted out by the ACIR, IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. IGI General also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

29.3.5 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. IGI General has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favor of IGI General. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

29.3.6 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. IGI General has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favor of IGI General-

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR;
(c) Levy of Workers' welfare fund for the year.

As regards, credit/adjustment of refunds available to IGI Life, 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.

29.3.7 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. IGI General has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

29.3.8 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value(FMV) in the amended assessment order . As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, IGI General has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favor of IGI General:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR amounting to Rs. 33 million;
(c) Addition on account of disposal of fixed assets.

Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of workers' welfare fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

29.3.9 In case of tax year 2014, case of IGI General was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value(FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. IGI General has obtained stay from the honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) which is pending adjudication.

29.3.10 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. IGI General has obtained stay from the honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, IGI General made payment of Rs 20.000 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.913 million was adjusted against the refund of tax year 2008. IGI General filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, IGI General also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. IGI General has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

29.3.11 The case for tax year 2015 was further 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.

29.3.12 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the 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) in the amended assessment order. As a result of the amended assessment, demand of Rs. 206.542 was created. IGI General has filed stay application in respect of the above tax demand in the Honorable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A) which are pending adjudication.

The management and tax advisor of IGI General are confident that the above matters will be decided in IGI General's favor. Accordingly, no provision has been recognised in these consolidated financial statements.

29.4 IGI Life Insurance

29.4.1 Assessments upto assessment year 2002-2003 and tax year 2007 have been finalised. The income tax returns of IGI Life filed for tax years 2003 to 2006 and 2007 to 2017 are deemed to be assessed in accordance with section 120 of the Income Tax Ordinance, 2001.

29.4.2 The tax authorities raised tax demand of Rs. 1.029 million and Rs. 6.910 million on IGI Life for the accounting years ended December 31, 2011 (Tax Year 2012) and December 31, 2012 (Tax Year 2013) respectively on alleged non-deduction of withholding tax under section 151 (1) (d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years. IGI Life filed appeals before Commissioner Inland Revenue Appeals (CIRA) in respect of said tax years which were decided in favour of the Company. The Commissioner Inland Revenue has now filed appeals before Appellate Tribunal Inland Revenue (ATIR) challenging the orders passed by CIRA. The management of IGI Life is of the view that the matter would be settled in its favour and hence no provision is required.

29.5 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 appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. 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.

30 EARNINGS PER SHARE

30.1 Basic earnings per share

	2017	2016
	(Rupees in '000)	
Profit for the year	4,068,363	2,470,068
	(Number of shares)	
Weighted average number of ordinary shares	122,689,532	122,689,532
	(Rupees)	
Earnings per share	33.16	20.13

30.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at December 31, 2017 and December 31, 2016 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*	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Fee for attending board meeting	-	-	-	3,425	-	-
Managerial remuneration	889	9,278	180	1,800	17,852	66,400
Bonus	268	6,420	-	-	365	16,197
Retirement benefits (including provident fund)	154	1,610	-	-	1,552	11,520
Housing and utilities	492	5,228	-	-	7,530	37,970
Medical expenses	89	928	-	-	818	4,448
Conveyance allowance	-	431	-	-	951	7,665
Others	129	2,151	-	-	638	4,332
	2,021	26,046	180	5,225	29,706	148,532
Number of persons	1	1	1	1	5	55

*In addition to the above an amount of Rs.14.971 million (2016: Rs. 66.50 million) was charged by the Holding Limited to its subsidiary company under group shared services arrangement between the Holding Limited and its subsidiary.

31.2 Subsidiary companies

	Chief Executive		Directors		Executives*	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Fee for attending board meeting	-	-	1,425	-	3,360	3,275
Managerial remuneration	25,834	14,672	174,747	146,115	81,438	12,030
Bonus	16,972	1,539	8,783	3,517	29,995	-
Retirement benefits (including provident fund)	3,087	743	15,459	67,864	12,610	-
Housing and utilities	5,459	-	901	1,523	46,337	6,616
Medical expenses	978	-	-	-	5,371	-
Conveyance allowance	588	-	-	-	9,880	-
Others	6,324	-	215	913	9,716	9,367
	59,242	16,954	201,530	219,932	198,707	31,288
Number of persons	3	2	13	8	204	102

* The above includes an aggregate amount of Rs 17.85 million (2016: 66.244 million) in respect of remuneration of key management personnel.

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other related group companies, directors of the Holding Company, companies where directors also hold directorship, 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 financial statements, are as follows:

	Associates		Post employment benefit plans		Directors		Key Management personnel		Other related parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Transactions										
Premium Underwritten	254,601	87,785	-	-	73	644	11,611	335	107,289	208,168
Premium Collected	412,492	118,288	-	-	479	156	38	316	5,041	318,637
Claims Expense	44,734	16,888	-	-	174	134	-	-	718	83,362
Claims Paid	-	-	-	-	-	-	-	-	27,042	-
Commission Expense	19,277	4,966	-	-	-	-	-	-	4,912	11,298
Commission Paid	16,422	5,232	-	-	-	-	-	-	-	12,893
Net Payments for group shared services	-	-	-	-	-	-	-	-	-	13,295
Mark-up on loan	-	-	-	-	-	-	-	2	-	-
Rental Income	-	-	-	-	-	-	-	-	-	3,433
Fixed Assets Disposed	-	615	-	-	-	-	-	7,908	-	-
Dividend Received	607,741	330,572	-	-	-	-	-	-	37,504	6,767
Dividend Paid	-	52,088	-	-	-	155,513	-	31	-	-
Rent Expense	-	-	-	-	-	-	-	-	22,006	-
Investment/ (Disinvestment) in Shares - Net of Provision for Impairment	301,691	2,697,185	-	-	-	-	-	-	-	299,625
Long term loan paid	-	-	-	-	-	-	5,000	-	-	-
Charge in respect of Gratuity Fund	-	-	9,129	22,798	-	-	-	-	-	-
Charge in respect of Provident Fund	-	-	10,219	21,012	-	-	-	-	-	-
Contribution to Gratuity Fund	-	-	16,001	17,122	-	-	-	-	-	-
Contribution to Provident Fund	-	-	17,711	20,230	-	-	-	-	-	-
Charge for Administrative Services	-	-	-	-	-	-	-	-	6,192	5,243
Insurance Premium Paid	3,927	-	-	-	-	-	-	-	-	-
Key Management Personnel Compensation	-	-	-	-	38,266	-	209,480	143,128	-	-
Receipts against group shared services provided	210	2,722	-	-	-	-	-	-	38,491	-
Balances										
Premium Receivable	-	5,704	-	-	144	678	-	-	21,496	12,231
Commission Payable	-	226	-	-	-	-	-	-	5,234	4,071
Investment in Shares	19,960,511	8,342,136	-	-	-	-	-	-	524,946	564,610
Long term loan	-	-	-	-	-	-	226,000	-	-	-
Other Receivable	-	1,903	-	-	-	-	-	-	43,671	-
Other Payable	-	-	-	-	-	-	-	-	9,333	-
(Payable to)/ receivable from Gratuity Fund	-	-	(34,796)	(32,807)	-	-	-	-	-	-
(Payable to)/ receivable from Provident Fund	-	-	(12,021)	(1,942)	-	-	-	-	-	-
Receivable against administrative services provided	-	-	-	-	-	-	-	-	(24,312)	1,756

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

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalisation and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

Life Insurance

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Brokerage business

- The brokerage business segment deals in shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

Investments business

- The investment segment pertains to the operating results of IGI Investments (Pvt) Limited in which strategic investments of the Group are held.

33.2 Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium written by the segments.

	2017																					
	General Insurance									Life Insurance										Investment business	Brokerage business	Total
						Window Takaful Operations				Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous		Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																					
Segment assets	959,302	228,086	323,504	82,021	630,515	23,051	1,257	13,830	1,015	1,982,003	6,557,919	345,437	8,423,040	27,013	428,064	79,508	1,220,172	8,414	19,677	55,837,717	895,825	78,087,370
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,727,612
Consolidated total assets																						102,814,982
Segment liabilities	1,042,393	280,315	847,045	246,310	801,956	28,604	1,823	30,609	1,670	1,595,001	6,217,372	246,931	8,260,203	26,552	302,973	74,960	1,187,620	6,529	15,286	2,707,317	487,108	24,408,577
Unallocated liabilities	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-	4,882,117
Consolidated total liabilities																						29,290,694

	2016																
	General Insurance					Life Insurance										Brokerage business	Aggregate Total
						Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window				
	Fire and property damag	Marine, aviation and transport	Motor	Health	Miscellaneous		Individual	Group		Individual	Group		Individual family	Group family	Group health		
	(Rupees in '000)																
Segment assets	832,867	198,477	259,859	58,102	553,944	1,963,977	6,089,274	338,899	9,069,044	32,003	435,265	59,936	279,638	1,819	6,627	280,956	20,460,687
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,929,594
Consolidated total assets																	40,390,281
Segment liabilities	835,342	220,149	611,425	173,688	781,704	1,386,419	5,835,186	250,744	8,940,414	25,114	257,348	55,880	273,042	623	4,785	621,776	19,651,863
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,856,755
Consolidated total liabilities																	24,508,618

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

	2017																					
	General Insurance									Life Insurance										Investment business	Brokerage business	Total
						Window Takaful Operations				Life (Participating)	Life (Non-Participating)		Investment Linked Business	Accident and Health		Pension Business Fund	Takaful Window					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous		Individual	Group		Individual	Group		Individual family	Group family	Group health			
	(Rupees in '000)																					
Premium	172,541	214,331	913,601	230,836	254,534	-	-	-	-	35,173	735,079	218,696	2,305,090	11,993	925,352	6,844	1,193,771	9,161	23,870	-	-	7,250,872
Net claims	(80,780)	(80,953)	(464,478)	(207,259)	(152,198)	-	-	-	-	(143,912)	(650,385)	(150,385)	(2,593,796)	(3,193)	(714,734)	(635)	(46,678)	(1,200)	(13,818)	-	-	(5,304,404)
Fee, commission and brokerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,117	131,117
Net commission	99,530	50,719	(56,513)	(6,303)	2,331	(1,041)	(88)	(999)	(35)	(2,102)	(68,301)	(23,124)	(301,641)	(13,177)	(73,167)	-	(186,124)	(2,339)	(435)	-	-	(582,809)
Wakalah fee income	-	-	-	-	-	1,476	534	1,589	95	-	-	-	-	-	-	-	-	-	-	-	-	3,694
Net Investment Income	-	-	-	-	-	-	-	-	-	156,623	535,357	13,593	224,229	6,336	3,755	12,806	(38,928)	(109)	(183)	1,902,621	-	2,816,100
Expenses	(119,665)	(54,591)	(177,899)	(34,563)	(88,220)	(1,544)	(166)	(1,726)	(81)	(2,884)	(55,560)	(49,654)	(214,403)	(7,528)	(109,664)	-	(74,707)	-	-	(38,722)	(152,992)	(1,184,569)
Other income-net	-	-	-	-	-	-	-	-	-	7,664	14,274	1,110	36,698	65	25,609	526	7,222	-	3	-	-	93,171
Share of profit from associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,805,648	-	2,805,648
Add: Policyholders' liabilities at the beginning of period	-	-	-	-	-	-	-	-	-	1,367,408	5,701,085	77,320	8,695,395	9,337	212,747	55,878	239,008	573	3,114	-	-	16,361,865
Less: Policyholders' liabilities at the end of the period	-	-	-	-	-	-	-	-	-	(1,573,079)	(6,119,617)	(75,342)	(8,109,869)	(11,624)	(262,524)	(74,927)	(1,111,274)	(5,397)	(10,502)	-	-	(17,354,155)
(Surplus) / deficit taken to statutory fund	-	-	-	-	-	-	-	-	-	155,109	-	-	-	-	-	-	-	-	-	-	-	155,109
	71,626	129,506	214,711	(17,289)	16,447	(1,109)	280	(1,136)	(21)	-	91,932	12,214	41,703	(7,791)	7,374	492	(17,710)	689	2,049	4,669,547	(21,875)	5,191,639
Other operating income																						406,867
Unallocated general and administrative expenses																						(521,958)
Financial charges																						(173,285)
Profit before taxation																						4,903,263

	2016															
	Non-Life Insurance					Life Insurance										Year ended
	Fire and property damag	Marine, aviation and transport	Motor	Health	Miscella-neous	Life (Partic-ipating)	Life (Non-Participating)		Investment Linked Business	Accident and Health Business		Pension Business Fund	Takaful Window			December 31, 2016
							Individual	Group		Individual	Group		Individual family	Group family	Group health	Total
	(Rupees in '000)															
Revenue account																
Net premium revenue	93,683	199,938	767,622	159,646	157,160	48,477	840,485	164,020	5,291,197	7,758	685,482	6,330	381,805	1,114	6,644	8,811,361
Net claims	(43,062)	(62,209)	(388,361)	(141,368)	(62,158)	(104,028)	(608,218)	(119,184)	(1,763,426)	(3,686)	(503,725)	(67,074)	(12,964)	(650)	(4,025)	(3,884,138)
Expenses	(126,801)	(54,903)	(139,610)	(26,026)	(56,103)	(2,748)	(95,655)	(43,644)	(160,756)	(8,760)	(97,109)	-	(46,671)	(35)	(209)	(859,030)
Net commission	85,939	54,424	(75,448)	(5,589)	(10,431)	(2,077)	(124,889)	958	(351,709)	(12,753)	(30,061)	-	(146,935)	(52)	(500)	(619,123)
Net Investment Income																
- Statutory Funds	-	-	-	-	-	414,488	1,181,475	49,467	634,552	7,584	26,917	17,074	18,270	-	-	2,349,827
Other income-net	-	-	-	-	-	8,323	16,404	1,255	40,635	375	20,102	510	5,278	-	-	92,882
Add: Policyholders' liabilities at the beginning of the year	-	-	-	-	-	1,140,823	4,623,900	69,789	4,878,865	16,027	176,391	99,599	22,772	278	1,651	11,030,095
Less: Policyholders' liabilities at the end of the year	-	-	-	-	-	(1,367,408)	(5,701,085)	(77,320)	(8,695,395)	(9,337)	(212,747)	(55,878)	(239,008)	(573)	(3,114)	(16,361,865)
Surplus taken to statutory fund	-	-	-	-	-	(135,850)	-	-	-	-	-	-	-	-	-	(135,850)
Surplus transferred to shareholders account	-	-	-	-	-	32,432	-	-	-	-	-	-	-	-	-	32,432
Underwriting Result	9,759	137,250	164,203	(13,337)	28,468	32,432	132,417	45,341	(126,037)	(2,792)	65,250	561	(17,453)	82	447	456,591
Other operating income																2,022,578
Financial charges																(108,689)
Unallocated general and administrative expenses																(335,356)
Share of profit of associates																1,307,316
Profit before taxation																3,342,440

34 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank deposits		
Cash and other equivalents	3,321	2,703
Current and other accounts	2,671,595	1,095,780
Deposits maturing within 12 months	3,126,080	1,100,000
	5,800,996	2,198,483
Current assets - others		
Premiums due but unpaid - unsecured	609,065	519,916
Amounts due from other insurers / reinsurers - unsecured	396,669	444,731
Accrued income on investments and deposits	288,982	380,669
Reinsurance recoveries against outstanding claims	723,743	649,453
Wakala fees receivable	11,526	-
Experience refund receivable	16,299	12,306
Loans secured against life insurance policies	168,046	154,086
Sundry receivables	915,044	650,473
	3,129,374	2,811,634
Investments - held to maturity	321,211	125,072
Investments - held for trading	-	6,422
Investments - available for sale	7,408,954	24,878,261
Long-term deposits	4,414	4,414
Financial Liabilities		
Amortised cost		
Provision for outstanding claims (including IBNR)	1,456,661	1,210,466
Amounts due to other insurers / reinsurers	373,256	365,526
Experience refund payable	26,701	36,831
Accrued expenses	342,243	316,649
Current portion of long term liabilities	480,006	7,786
Sundry creditors	1,361,663	1,367,711
Short term finances - secured	1,600,000	1,348,017
Long term finances - secured	2,259,333	1,231,000
Unclaimed dividend	14,918	14,251
Liabilities against assets subject to finance lease	80,011	41,537
	7,994,792	5,939,774

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

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

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 a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Group determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

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

The Group manages these risks through its:

- **Pricing:**

  All products of this nature are designed by the Actuarial Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Additionally, The Group reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

- **Underwriting:**

  Adequate underwriting policies and controls have been put in place to cover various aspects such as health, location, nature of work etc. before issuance of policy. Appropriate underwriting authority limits have been assigned by the underwriting committee to each individual in the underwriting department. Furthermore, Underwriting Committee reviews the underwriting performance of the Group on a quarterly basis.

- **Reinsurance:**

  Reinsurance contracts have been purchased by the Group to limit the maximum exposure on any one policyholder. Reinsurance Committee reviews every quarter the performance of the treaties from the Group's perspective and also from the Reinsurer's perspective to find the right balance of retained sum insured.

- **Claims handling policy:**

  The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- **Persistency:**

  The Group applies controls to curb mis-selling to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted.

- **Concentration Risk:**

  The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. The Group charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Life Participating

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	92,826	1.14%	92,739	1.59%
200,001 - 400,000	264,566	3.24%	263,550	4.52%
400,001 - 800,000	786,517	9.62%	756,196	12.97%
800,001 - 1,000,000	658,265	8.05%	619,379	10.62%
More than 1,000,000	6,371,949	77.95%	4,099,478	70.30%
Total	8,174,123	100.00%	5,831,342	100.00%

Individual Life Non - Participating

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	257,833	0.91%	257,592	1.45%
200,001 - 400,000	1,220,319	4.29%	1,216,274	6.82%
400,001 - 800,000	3,720,670	13.09%	3,656,911	20.52%
800,001 - 1,000,000	1,733,507	6.10%	1,662,196	9.33%
More than 1,000,000	21,481,036	75.61%	11,028,345	61.88%
Total	28,413,365	100.00%	17,821,318	100.00%

Investment Linked

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	203,874	1.15%	203,674	2.94%
200,001 - 400,000	419,631	2.37%	418,403	6.04%
400,001 - 800,000	1,407,045	7.94%	1,276,985	18.44%
800,001 - 1,000,000	843,365	4.76%	620,242	8.96%
More than 1,000,000	14,852,584	83.78%	4,406,720	63.62%
Total	17,726,499	100.00%	6,926,024	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 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 may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Group also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature (this will be addressed in the later section).

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 Company 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 of the Group on a quarterly basis and tracks the adequacy of premium charged.

- **Reinsurance:**

Reinsurance agreements are in place to limit the mortality risk exposure. The Group also has a catastrophe cover reinsurance agreement covering group life business. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties.

- **Claims handling policy:**

The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- **Concentration Risk:**

The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) **Frequency and severity of claims**

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe excess of loss reinsurance cover which ensures that the Group's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Group Life

Benefits assured per life	**Assured at the end of 2017**			
	Total benefits assured			
	Before reinsurance		**After reinsurance**	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	5,533,875	6.61%	5,533,875	10.62%
500,001-1,000,000	5,986,546	7.15%	5,986,546	11.48%
1,000,001-1,500,000	9,734,988	11.63%	9,734,988	18.67%
1,500,001-2,000,000	5,564,829	6.65%	5,564,829	10.67%
2,000,001-2,500,000	3,923,229	4.69%	1,568,885	3.01%
More than 2,500,000	52,991,629	63.27%	23,743,088	45.55%
Total	83,735,096	100.00%	52,132,211	100.00%

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

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) **Process used to decide on assumptions**

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the Group's experience.

d) **Changes in assumptions**

There has been no material change in assumptions.

e) **Sensitivity analysis**

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	**Increase in Liability 2017**
		(Rupees in '000)
Worsening of mortality rates for risk policies	10%	2,691,367
Increase in reporting lag	10%	2,691,367

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. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of fraudulent claims and catastrophic event.

The Group manages these risks through its:

- **Pricing and Underwriting:**

  Products of this nature are prepared by the Actuarial department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

  Pricing is done after analysing the actual experience of the group as well as future expectations. The rates are certified by the Appointed Actuary.

  Also, Underwriting Committee reviews the underwriting performance of the Group on a quarterly basis.

- **Claims handling policy:**

  The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted.

- **Concentration Risk:**

  The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) **Frequency and severity of claims**

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

The following table presents the concentration of insured benefits across five bands of insured benefits. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Accident and Health

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	1,718	0.02%	1,718	0.03%
200,001 - 400,000	6,845	0.08%	6,707	0.10%
400,001 - 800,000	735,085	8.55%	734,960	10.93%
800,001 - 1,000,000	1,203,400	14.00%	1,202,900	17.90%
More than 1,000,000	6,649,920	77.35%	4,775,205	71.04%
Total	8,596,968	100.00%	6,721,490	100.00%

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

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) **Process used to decide on assumptions**

The assumptions are set using the data available.

d) Changes in assumptions

There has been no material change in the assumptions.

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 2017
		(Rupees in '000)
Worsening of morbidity rates for risk policies	10%	6,307
Increase in reporting lag	10%	6,307
Increase in average claim amount	10%	6,307

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 Company caters to this risk by entering into suitable Retakaful arrangements. The Company charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Group manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits assured per life	Assured at the end of 2017			
	Total benefits assured			
Rupees	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	59,679	0.90%	59,679	1.76%
200,001 - 400,000	338,049	5.08%	338,049	9.99%
400,001 - 800,000	905,544	13.60%	879,119	25.98%
800,001 - 1,000,000	994,610	14.94%	627,629	18.55%
More than 1,000,000	4,360,989	65.48%	1,479,383	43.72%
Total	6,658,871	100.00%	3,383,859	100.00%

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behavior (this primarily impacts persistency).

c) Process used to decide on assumptions

- Mortality: The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- Persistency: A periodic analysis of the Group's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Group's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

e) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis due to this immateriality, sensitivity analysis is not conducted.

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.

	Covered at the end of 2017			
	Total takaful benefits			
Rupees	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000				
500,001-1.000,000	549,055	35.37%	549,055	35.37%
1,000,001-1,500,000	50,096	3.23%	50,096	3.23%
1,500,001-2,000,000	130,369	8.40%	130,369	8.40%
2,000,001-2,500,000	75,276	4.85%	75,276	4.85%
More than 2,500,000	47,517	3.06%	47,517	3.06%
Total	700,058	45.09%	700,058	45.09%
	1,552,371	100.00%	1,552,371	100.00%

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

h) Changes in assumptions

There has been no material change in assumptions.

i) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2017
		(Rupees in '000)
Worsening of mortality rates	10%	50,156
Increase in reporting lag	10%	50,156

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	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Fire and property damage	37,272	31,968	37,231	31,924	41	44
Marine, aviation and transport	12,078	10,600	5,193	8,480	6,885	2,120
Motor	75	27	-	-	75	27
Health	1	1	-	-	1	1
Miscellaneous	13,500	26,646	8,100	26,544	5,400	102
Window Takaful Operations - Fire and property damage	4,700	-	4,548	-	152	-
Window Takaful Operations - Marine, aviation and transport	1,400	-	1,260	-	140	-
Window Takaful Operations - Motor	80	-	-	-	80	-
Window Takaful Operations - Miscellaneous	74	-	56	-	18	-
Life (participating)	8,174	8,546	2,343	2,604	5,831	5,942
Life (non-participating) – Individual	28,413	32,362	10,592	11,917	17,821	20,445
Life (non-participating) – Group	83,735	67,742	31,603	18,783	52,132	48,959
Investment Linked	17,726	18,821	10,800	12,720	6,926	6,101
Accident & Health – Individual	8,597	10,177	1,875	2,501	6,722	7,676
Family Takaful - Individual	6,659	3,409	3,275	1,766	3,384	1,643
Family Takaful - Group	1,552	1,855	-	-	1,552	1,855
	224,036	212,154	116,876	117,239	107,160	94,915

35.2.1.4.5 The table below sets out the concentration of insurance contract liabilities by type of contract for the Group:

	Gross sum insured		Reinsurance / Retakaful		Net	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Fire and property damage	1,042,393	835,342	959,302	832,867	83,091	2,475
Marine, aviation and transport	280,315	220,149	228,086	198,477	52,229	21,672
Motor	847,045	611,425	323,504	259,859	523,541	351,566
Health	246,310	173,688	82,021	58,102	164,289	115,586
Miscellaneous	801,956	781,704	630,515	553,944	171,441	227,760
Window Takaful Operations - Fire and property damage	23,051	-	28,604	-	(5,553)	-
Window Takaful Operations - Marine, aviation and transport	1,257	-	1,823	-	(566)	-
Window Takaful Operations - Motor	13,830	-	30,609	-	(16,779)	-
Window Takaful Operations - Miscellaneous	1,015	-	1,670	-	(655)	-
Life Participating	1,595,001	1,386,419	1,982,003	1,963,977	(387,002)	(577,558)
Life Non-Participating (Individual)	6,217,372	5,835,186	6,557,919	6,089,274	(340,547)	(254,088)
Life Non-Participating (Group)	246,931	250,744	345,437	338,899	(98,506)	(88,155)
Investment Linked Business	8,260,203	8,940,414	8,423,040	9,069,044	(162,837)	(128,630)
Accident and Health Business (Individual)	26,552	25,114	27,013	32,003	(461)	(6,889)
Accident and Health Business (Group)	302,973	257,348	428,064	435,265	(125,091)	(177,917)
Pension Business Fund	74,960	55,880	79,508	59,936	(4,548)	(4,056)
Family Takaful - Individual	1,187,620	273,042	1,220,172	279,638	(32,552)	(6,596)
Family Takaful - Group	6,529	623	8,414	1,819	(1,885)	(1,196)
Family Takaful - Health	15,286	4,785	19,677	6,627	(4,391)	(1,842)
	21,190,599	19,651,863	21,377,381	20,179,731	(186,782)	(527,868)

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 36months
	(Rupees in '000)					
Unclaimed maturity benefits	-	-	-	-	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	11,691	-	4,045	2,480	952	4,214
Others unclaimed benefits	-	-	-	-	-	-
Total	11,691	-	4,045	2,480	952	4,214

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 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	
	Profit and Loss account	Equity	Profit and Loss account	Equity
	(Rupees in '000)			
Fire and property damage	(5,533)	(5,533)	5,533	5,533
Marine, aviation and transport	(5,327)	(5,327)	5,327	5,327
Motor	(29,983)	(29,983)	29,983	29,983
Health	(13,863)	(13,863)	13,863	13,863
Miscellaneous	(10,286)	(10,286)	10,286	10,286
	(64,992)	(64,992)	64,992	64,992

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	2013	2014	2015	2016	2017	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	322,760	232,592	324,613	332,103	363,401	1,575,469
One year later	321,070	216,453	371,882	358,703	-	1,268,108
Two years later	315,575	220,697	370,112	-	-	906,384
Three years later	316,198	217,108	-	-	-	533,306
Four years later	311,939	-	-	-	-	311,939
Estimate of cumulative claims	311,939	217,108	370,112	358,703	363,401	1,621,263
Cumulative payments to date	(305,825)	(207,512)	(263,625)	(357,908)	(170,366)	(1,305,236)
Liability recognised in the balance sheet	6,114	9,596	106,487	795	193,035	316,027

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 relating to life insurance over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2017 therefore claim development table is not required to be presented. However, aging of outstanding claims relating to life insurance and movement of outstanding claims is presented below:

	2017	2016
	(Rupees in '000)	
Aging of outstanding claims		
Upto 1 year	79,465	109,349
1-2 years	11,655	23,927
2-3 years	18,790	15,533
Over 3 years	120,567	116,703
Total	230,477	265,512
Movement of outstanding claim		
Opening balance	265,512	215,031
Total gross claims	4,376,044	3,199,462
Claims paid /settled	(4,411,079)	(3,148,981)
Closing balance	230,477	265,512

35.3 Financial risk

(i) Market risk

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

(a) Interest rate risk

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

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

	2017							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Cash and bank deposits	3.5% - 5.25%	5,797,675	-	5,797,675	3,321	-	3,321	5,800,996
Investments	6.34%-13.22%	3,354,124	10,981,178	14,335,302	57,394,863	-	57,394,863	71,730,164
Loans secured against life insurance policies	9.00% - 11.00%	168,046	-	168,046	-	-	-	168,046
Long-term deposits		-	-	-	4,414	-	4,414	4,414
Premium due but unpaid		-	-	-	609,065	-	609,065	609,065
Amounts due from other insurers / reinsurers - unsecured		-	-	-	396,669	-	396,669	396,669
Accrued income on investments and deposits		-	-	-	288,982	-	288,982	288,982
Reinsurance recoveries against outstanding claims		-	-	-	723,743	-	723,743	723,743
Wakala fees receivable		-	-	-	11,526	-	11,526	11,526
Experience refund receivable		-	-	-	16,299	-	16,299	16,299
Sundry receivables		-	-	-	915,044	-	915,044	915,044
		9,319,845	10,981,178	20,301,023	60,363,926	-	60,363,926	80,664,949
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	1,456,661	-	1,456,661	1,456,661
Amounts due to other insurers / reinsurers		-	-	-	373,256	-	373,256	373,256
Experience refund payable		-	-	-	26,701	-	26,701	26,701
Accrued expenses		-	-	-	342,243	-	342,243	342,243
Sundry creditors		-	-	-	1,361,663	-	1,361,663	1,361,663
Short term finances - secured	6.13% to 6.47%	1,600,000	-	1,600,000	-	-	-	1,600,000
Long term finance-secured	6.36% to 6.47%	-	2,259,333	2,259,333	-	-	-	2,259,333
Current portion of long term liabilities	6.13% to 6.47%	480,006	-	480,006	-	-	-	480,006
Unclaimed dividend		-	-	-	14,918	-	14,918	14,918
Liabilities against assets subject to finance lease	3.89% - 6.35%	-	80,011	80,011	-	-	-	80,011
		2,080,006	2,339,344	4,419,350	3,575,442	-	3,575,442	7,994,792
		7,239,839	8,641,834	15,881,673	56,788,484	-	56,788,484	72,670,157

	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
2016		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank deposits	3.50% - 6.75%	2,142,696	-	2,142,696	55,787	-	55,787	2,198,483
Investments	5.8% - 13.98%	-	14,499,054	14,499,054	10,510,701	-	10,510,701	25,009,755
Loans secured against life insurance policies	9.00% - 11.00%	153,456	-	153,456	-	-	-	153,456
Loans secured against other assets	9.00%	630	-	630	-	-	-	630
Premium due but unpaid		-	-	-	519,916	-	519,916	519,916
Amounts due from other insurers / reinsurers - unsecured		-	-	-	444,731	-	444,731	444,731
Accrued income on investments and deposits		-	-	-	380,669	-	380,669	380,669
Reinsurance recoveries against outstanding claims		-	-	-	649,453	-	649,453	649,453
Experience refund receivable		-	-	-	12,306	-	12,306	12,306
Sundry receivables	3.50% - 3.70%	170,363	-	170,363	480,110	-	480,110	650,473
		2,467,145	14,499,054	16,966,199	13,053,673	-	13,053,673	30,019,872
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	1,210,466	-	1,210,466	1,210,466
Amounts due to other insurers / reinsurers		-	-	-	365,526	-	365,526	365,526
Experience refund payable		-	-	-	36,831	-	36,831	36,831
Accrued expenses		-	-	-	316,649	-	316,649	316,649
Sundry creditors		-	-	-	1,367,711	-	1,367,711	1,367,711
Current portion of long term liabilities	3.89% - 6.35%	-	-	-	7,786	-	7,786	7,786
Short term finances - secured	5.99% - 6.55%	1,348,017	-	1,348,017	-	-	-	1,348,017
Long term finance-secured	6.36% - 6.81%	-	1,000,000	1,000,000	-	231,000	231,000	1,231,000
Unclaimed dividend		-	-	-	14,251	-	14,251	14,251
Liabilities against assets subject to finance lease	3.89% - 6.35%	-	-	-	41,537	-	41,537	41,537
		1,348,017	1,000,000	2,348,017	3,360,757	231,000	3,591,757	5,939,774
		1,119,128	13,499,054	14,618,182	9,692,916	(231,000)	9,461,916	24,080,098

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2017 and 2016 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss Increase	Profit and Loss Decrease
	(Rupees in '000)	
As at December 31, 2017		
Cash flow sensitivity-Variable rate financial liabilities	(2,801)	2,801
Cash flow sensitivity-Variable rate financial assets	(2,536)	2,536
As at December 31, 2016		
Cash flow sensitivity-Variable rate financial liabilities	(2,843)	2,843
Cash flow sensitivity-Variable rate financial assets	-	-

(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 equity price risk since it has investments in quoted equity securities amounting to Rs. 53,692 million (2016: Rs. 13,957 million) at the balance sheet date.

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

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried at cost less accumulated impairment losses.

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

Sensitivity analysis

The table below summarises Group's equity price risk as of December 31, 2017 and 2016 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 equity investment portfolio because of the nature of equity markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase /(decrease) in shareholders' equity	Hypothetical increase(decrease) in profit / (loss) before tax
31 Dec 2017	57,391,583	10% increase	63,130,741	5,739,158	-
		10% decrease	51,652,425	(5,739,158)	-
31 Dec 2016	49,006,079	10% increase	53,906,687	4,900,608	-
		10% decrease	44,105,471	(4,900,608)	-

(ii) Liquidity risk

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

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

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

	2017			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	1,456,661	1,456,661	1,456,661	-
Amount due to other insurers / reinsurers	373,256	373,256	373,256	-
Experience refund payable	26,701	26,701	26,701	-
Accrued expenses	342,243	342,243	342,243	-
Unclaimed dividend	14,918	14,918	14,918	-
Liabilities against assets subject to finance lease	80,011	80,011	-	80,011
Current portion of long term liabilities	480,006	480,006	480,006	-
Short term finance	1,600,000	1,600,000	1,600,000	-
Long term finance	2,259,333	2,259,333	-	2,259,333
Sundry creditors	1,361,663	1,361,663	1,361,663	-
	7,994,792	7,994,792	5,655,448	2,339,344

	2016			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	1,210,466	1,210,466	1,210,466	-
Amount due to other insurers / reinsurers	365,526	365,526	365,526	-
Experience refund payable	36,831	36,831	36,831	-
Accrued expenses	316,649	316,649	316,649	-
Current portion of long term liabilities	7,786	7,786	7,786	-
Unclaimed dividend	14,251	14,251	14,251	-
Liabilities against assets subject to finance lease	41,537	41,537	-	41,537
Short term finance	1,348,017	1,348,017	1,348,017	-
Long term finance	1,231,000	1,231,000	-	1,231,000
Sundry creditors	1,367,711	1,367,711	1,367,711	-
	5,939,774	5,939,774	4,667,237	1,272,537

(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.

	2017	2016
	(Rupees in '000)	
- Bank deposits	2,671,595	1,095,780
- Deposits maturing within 12 months	3,126,080	1,100,000
- Long-term deposits	4,414	4,414
- Loans secured against life insurance policies	168,046	153,456
- Investment in Unlisted Term Finance Certificates (TFCs)	3,280	3,280
- Premiums due but unpaid	609,065	519,916
- Amount due from other insurers / reinsurers	396,669	444,731
- Accrued income on investments and deposits	288,982	380,669
- Reinsurance recoveries against outstanding claims	723,743	649,453
- Experience refund receivable	16,299	12,306
- Sundry receivables	915,044	650,473
	8,923,217	5,014,478

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in note 9.3 and 10.1. 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	JCR-VIS	A-1	A+
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Alfalah Limited	JCR-VIS	A-1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-
Faysal Bank Limited	JCR-VIS	A-1+	AA
FINCA Microfinance Bank Limited	JCR-VIS	A-1	A
Habib Bank Limited	JCR-VIS	A-1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Mobilink Microfinance Bank Limited	PACRA	A1	A
NIB Bank Limited	PACRA	A1+	AA-
NRSP Microfinance Bank Limited	PACRA	A1	A
Samba Bank Limited	JCR-VIS	A-1	AA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-1	A-
U Microfinance Bank Limited	JCR-VIS	A-2	A-
United Bank Limited	JCR-VIS	A-1+	AAA
Tameer MicroFinance Bank	PACRA	A+	A1
Allied Bank Limited	PACRA	A1+	AA+
Certificate of Deposits			
Standard Chartered Bank	PACRA	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Summit Bank Limited	JCR VIS	A1	A-

** The age analysis of premiums due but unpaid, amounts due from other insurers / reinsurers and receivable from clients securities and commodity contracts against purchase of marketable is as follows:

	2017	2016
	(Rupees in '000)	
Upto 1 year	855,824	874,214
1-2 years	131,404	73,977
2-3 years	41,909	26,220
Over 3 years	120,761	115,553
	1,149,898	1,089,964

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

Sector wise analysis of premiums due but unpaid

	Note	2017	2016
		(Rupees in '000)	
Foods and beverages		45,865	27,767
Financial services		69,268	62,202
Pharmaceuticals		42,417	63,032
Textile and composites		90,527	97,593
Plastic industries		24,631	388
Engineering		75,140	36,051
Other manufacturing		45,873	12,779
Miscellaneous		318,085	310,661
		711,806	610,473

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	2017	2016
	(Rupees in '000)				
A- or above (including PRCL)	411,679	603,820	386,130	1,401,629	1,758,899
BBB and B+	1,968	84,045	66,619	152,632	87,783
Others	24,445	35,878	29,207	89,530	42,494
Total	438,092	723,743	481,956	1,643,791	1,889,176

	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid reinsurance premium ceded	2017	2016
Window Takaful Operations	(Rupees in '000)				
A or above	8,799	-	8,796	17,595	-
BBB	143	-	1,951	2,094	-
Others	682	-	-	682	-
	9,624	-	10,747	20,371	-

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, 2017, the Group held the following financial instruments measured at fair value:

	As at December 31, 2017		
	Level 1	Level 2	Level 3
Assets carried at fair value	(Rupees in '000)		
Available-for-sale investments	57,241,665	14,167,289	-

	As at December 31, 2016		
	Level 1	Level 2	Level 3
Assets carried at fair value	(Rupees in '000)		
Available-for-sale investments	2,062,623	6,097,401	-

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

Corresponding figures have been rearranged and re classified wherever necessary. There has been no significant rearrangements during the year other than those disclosed in note 5.3 to these financial statements.

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 21, 2018 by the Board of Directors of the Holding Company.

40 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2017 of Rs. 4.00 per share (2016: Rs. 8.00 per share), amounting to Rs 496.107 million (2016: Rs 992.213 million) in its meeting held on March 21, 2018 for the approval of the members at the annual general meeting to be held on April 27, 2018. The consolidated financial statements for the year ended December 31, 2016 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2018.

Chief Executive Officer	Chief Financial Officer	Director

Notice of Annual General Meeting of of IGI Holdings Limited (Formerly IGI Insurance Limited)

NOTICE IS HEREBY GIVEN that the 64thAnnual General Meeting of IGI Holdings Limited (Formerly IGI Insurance Limited) (the "Company") will be held on Friday, the 27th day of April, 2018 at 3:00p.m., at the Auditorium of The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting (AGM) of the Company held on 2nd March 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' Report and Auditors' Report thereon for the year ended 31stDecember 2017.
3. To consider and approve the payment of cash dividend of Rs. 4.00 (40%) per share for the financial year ended December 31, 2017 as recommended by the Board of Directors.
4. To appoint auditors for the year 2018and to fix their remuneration.
5. To consider any other business with the permission of the Chairman.

   (Attached to this Notice is a statement showing the Status of Approvals for Investment in Associated Companies as required under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012)

By Order of the Board

Yasir Ali Quraishi
Company Secretary

Karachi: April 6, 2018

Notes:

1. The Share Transfer Books of the Company will remain closed from April 20, 2018 to April 27, 2018 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The proxy forms duly completed and signed by the member appointing the proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S., Sharah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting.
3. Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses.
4. Any individual beneficial owner having an account or sub-account with the Central Depository Company, entitled to vote at this Meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
5. Pursuant to Section 223(7) of the Companies Act, 2017, the financial statements and reports have been placed on website of the Company.
6. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and the above Companies Act, 2017 has allowed the companies to circulate the Annual Report to members thorough email, we have attached the request form in the Annual Report and also uploaded on our company's website-www.igi.com.pk/investor.html. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
7. 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/investor.html

8. 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.

9. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

   (a) For filers of income tax returns 15%
   (b) For non-filers of income tax returns 20%

   To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into the ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

10. 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 principle 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 principle 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)

11. 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.

12. 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.

13. 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 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 (Formerly IGI Insurance Limited), holder of ________ Ordinary shares as per Register Folio / CDC Account No. _______ hereby opt for video conference facility at _______________.

   ____
   Signature of member

14. 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.

Status of approval for Investments in Associated Companies.

As part of reorganization of IGI group, IGI Insurance Limited (which has now become IGI Holdings Limited) was restructured in terms of a Scheme of Arrangement duly sanctioned by the High Court of Sindh vide its order dated December 16, 2017. In terms of such restructuring, investment division (including investments in associated companies) and insurance division of IGI Holdings Limited (formerly IGI Insurance Limited) have been transferred in IGI Investments (Private) Limited and IGI General Insurance Limited respectively (wholly owned subsidiaries of IGI Holdings Limited).

The Company Secretary
IGI Holdings Limited
(Formerly IGI Insurance Limited
7th Floor, The Forum, Suite No. 701-713,
G-20, Block-9, Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

Form of Poxy

64th Annual General Meeting

I/We ____

of ____being member (s) of

IGI Holdings Limited (Formerly IGI Insurance 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 fourth Annual General Meeting of the Company to be held on Friday, the 27th day of April 2018, at 3:00 p.m. at the Auditorium of The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi and at any adjournment thereof.

Signed this _____________ day of _____________ 2018.

1. Witness

Signature:
Name: ______________________________
Address: ______________________________
____
CNIC or ______________________________
Passport No. ___________________________

Signature

Please affix
Rupees five
revenue stamp

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

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.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
(formerly IGI Insurance Limited)
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Request for Annual Report and Notices Through E-Mail

The Registrar
FAMCO Associates (Pvt.) Limited,
8-F, Next to Hotel Faran
Block-6, Nursery, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-74000

Email: yasir.quraishi@igi.com.pk

Dear Sir,

I hereby request you to send me from now onwards the Annual Reports of IGI Holdings Limited (Formerly IGI Insurance Limited) and all notices under the Companies Act, 2017 at my e-mail address given below:

____

(E-mail address of the shareholder)

The above email address will be recorded in the members register maintained under section 119 of the Companies Act, 2017, I will inform the Company and the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Accounts and Notices only on the above email address, unless a hard copy has been specifically requested by me.

Regards.

____

(Signature)
Name of the Shareholders

Folio No:
(In case of physical shareholding)

CDC Account No.:________________

Note: Individual CDC Account holders should submit copy of their Computerized National Identity Card (CNIC) alongwith this request form.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
(formerly IGI Insurance Limited)
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Video Conference Facility

In this regard, please fill the following form and submit to registered office of the Company seven (7) days before holding of the Annual General Meeting.

If the Company receives consent form 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 (Formerly IGI Insurance Limited) holder of ____________ ordinary shares as per Register Folio/CDC participant account No.______________

________________hereby opt for video conference facility at __________________.

____

Signature of member

Phone / Cell # _______________

AFFIX CORRECT POSTAGE

The Company Secretary
IGI Holdings Limited
(formerly IGI Insurance Limited)
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Electronic Credit Mandate Form

Dear Shareholder,

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly into your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your Computerized National Identity Card (CNIC) to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

CDC shareholders are requested to submit their Dividend Mandate Form and CNIC directly to their broker (participant)/CDC.

Yours faithfully
For IGI Holdings Limited
(Formerly IGI Insurance Limited)

(Yasir Ali Quraishi)
Company Secretary

SHAREHOLDERS'S SECTION:

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder: --

Folio Number / CDC Account No.: --

Contact number of shareholder: ---

Title of Bank Account of Shareholder: --

IBAN Number (see below Note No.1): ---

Name of Bank: ---

Bank branch & full mailing address: ---

CNIC No. (Copy attached): --

NTN (in case of corporate entity): --

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep "the Company/ broker (participant)/CDC" informed in case of any changes in the said particulars in future.

______________________ ______________________

Shareholder's Signature CNIC No. (Copy attached)

Date:______________________________

Note:

1. Please provide complete International Bank Account Number (IBAN), after checking with your concerned branch to enable electronic credit directly into your bank account.
2. Please provide declaration for non-deduction of Zakat, if applicable.
3. The payment of cash dividend will be processed based on the bank account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
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(formerly IGI Insurance Limited)
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Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

معزز شیئر ہولڈر

الیکٹرونک کریڈٹ مینڈیٹ فارم

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس خط کو باقاعدہ دستخط کر کے اپنے کمپیوٹرائزڈ شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرادیں۔

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

آپ کا مخلص

برائے آئی جی آئی ہولڈنگز لمیٹڈ

(سابقہ آئی جی آئی انشورنس لمیٹڈ)

(یاسر علی قریشی)

کمپنی سیکریٹری

شیئر ہولڈرز پُر کریں:

میں بذریعہ ہٰذا اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

شیئر ہولڈر کا نام	:	------------------------------
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	:	------------------------------
شیئر ہولڈر کا رابطہ نمبر	:	------------------------------
شیئر ہولڈر کا بینک اکاؤنٹ کا ٹائٹل	:	------------------------------
آئی بی اے این نمبر (نیچے درج نوٹ نمبر 1 ملاحظہ فرمائیں)	:	------------------------------
بینک کا نام	:	------------------------------
بینک برانچ اور ڈاک کا مکمل پتہ	:	------------------------------
کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک کریں)	:	------------------------------
این ٹی این (کارپوریٹ ادارے کی صورت میں)	:	------------------------------

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور میری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی/ پارٹیسپینٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

-----------------------   -----------------------

شیئر ہولڈر کے دستخط   کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک)

مورخہ:-----------------

نوٹ:

1- برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔

2- نقد منافع منقسمہ کی ادائیگی صرف بینک اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاع، مالی ذمے داری یا دعویٰ کے لئے بلواسطہ یا بلا واسطہ قطعی ذمے دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہوا اور/ یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

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ویڈیو کانفرنس کی سہولت

اس سلسلے میں برائے مہربانی مندرجہ ذیل فارم بھر کر اسے کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل جمع کرادیں۔ 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 کردیا 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 کردے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذکورہ سہولت تک رسائی کے قابل کرسکیں۔

ویڈیو کانفرنس رضامندی کا فارم

میں / ہم ------------------ رہائشی ---------------------------------- آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) کا / کی ایک ممبر ------------------------- عام شیئرز کا / کی حامل، بحوالہ رجسٹرڈ فولیو نمبر ---------------- بذریعہ ویڈیو کانفرنس کی سہولت بمقام ---------------------- لینے کا انتخاب کرتا/کرتی ہوں۔

ممبر کے دستخط: ----------------------

فون نمبر: --------------------------

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درخواست برائے سالانہ رپورٹ اور نوٹسیز بذریعہ ای میل

دی رجسٹرار
فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
ایف-8، نزد ہوٹل فاران
نرسری بلاک-6، پی ای سی ایچ ایس
شاہراہ فیصل، کراچی
ای میل: yasir.quraishi@igi.com.pk

عزیز محترم

میں بذریعہ ہذا آپ سے درخواست کرتا ہوں کہ اب سے تمام آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) کی سالانہ رپورٹ اور تمام نوٹسیز بمطابق کمپنیز آرڈیننس 1984 (منسوخ شدہ) نئے کمپنیز ایکٹ 2017 کے تحت میرے ذیل میں درا ای میل ایڈریس ارسال کئے جائیں۔

(شیئر ہولڈر کا ای میل ایڈریس) ____________________

مذکورہ بالا ای میل ایڈریس کمپنیز آرڈیننس 1984 کے سیکشن 147 (منسوخ شدہ)، نئے کمپنیز ایکٹ 2017 کے سیکشن 119 کے تحت تیار کردہ ممبران کے رجسٹر میں ریکارڈ کرلیا جائے۔ میں کمپنی اور رجسٹرار کو اپنے ای میل ایڈریس میں کسی بھی تبدیلی کے بارے میں فوری طور پر اطلاع کردوں گا/گی۔ اس کے مطابق میں حسابات اور نوٹسیز صرف مذکورہ بالا ای میل ایڈریس پر وصول کروں گا تاوقتیکہ میری جانب سے خصوصی طور پر ہارڈ کاپی کے لئے درخواست نہ کی جائے۔

منجانب

(دستخط)

شیئر ہولڈر کا نام

فولیو نمبر:
(فزیکل شیئر ہولڈنگ کی صورت میں)

سی ڈی سی اکاؤنٹ نمبر:

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

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تشکیل نیابت داری

64واں سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ)
7ویں منزل، دی فورم
سوئٹ نمبر 713-701، جی-20، بلاک 9
خیابان جامی، کلفٹن، کراچی- 75600، پاکستان

میں / ہم ------------ بابت ------------ بحیثیت ممبر (ممبران) برائے آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) اور ہولڈر بابت ------------ عمومی شیئرز بمطابق شیئر رجسٹر فولیو نمبر ------------ اور / یا سی ڈی سی پارٹیسپنٹ ------------ اور سبسکرپشن نمبر ------------ بذریعہ ہذا ------------ بابت ------------ یا ان کی عدم حاضر یپر ------------ کو اپنا / ہمارا پراکسی مقرر کر رہا ہوں / کر رہے ہیں جو کمپنی کے 64 ویں سالانہ اجلاس عام منعقدہ بروز جمعہ 27 اپریل 2018 بوقت 3:00 بجے سہ پہر بمقام دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان، چارٹرڈ اکاؤنٹینٹس ایونیو، کلفٹن کراچی 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 ------------ 2018

-1 گواہ:

دستخط: ------------

نام: ------------

پتہ: ------------

سی این آئی سی یا ------------

پاسپورٹ نمبر ------------

ریونیو ٹکٹ چسپاں کریں۔

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

-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 کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی اس نیابت داری فارم کے ساتھ لازماً منسلک کر دیں۔

سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے پاس شیئرز جمع کرانے والے شیئر ہولڈرز سے درخواست ہے کہ وہ تصدیق کیلئے اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈز اور سی ڈی سی اکاؤنٹ نمبر ہمراہ لائیں۔

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12- وہ شیئر ہولڈرز جو ابھی تک اپنے منافع منقسمہ/ فزیکل شیئرز وصول نہیں کر سکے انہیں ہدایت کی جاتی ہے کہ اپنے غیر کلیم شدہ منافع منقسمہ یا شیئرز، اگر کوئی ہوں، کی وصولی/معلومات کے لئے ہمارے شیئر رجسٹرار سے رابطہ کریں۔ کمپنیز ایکٹ 2017 کے سیکشن 244 پر عملدرآمد کرتے ہوئے مقرر کردہ طریقہ کار مکمل ہونے کے بعد ایسے تمام منافع منقسمہ اور شیئرز جو ان کے واجب الادا اور قابل ادائی ہونے کی تاریخ سے تین (3) سال یا زائد مدت کے لئے غیر کلیم شدہ ہوئے، انہیں غیر کلیم شدہ منافع منقسمہ ہونے کی صورت میں وفاقی حکومت کو جمع کرا دیا جائے گا جبکہ شیئرز کی صورت میں انہیں ایس ای سی پی کو فراہم کر دیا جائے گا۔

13- اگر مکمل ادا شدہ سرمائے کے دس (10) فیصد کے حامل ممبران، جو کسی ایک شہر میں مقیم ہوئے، تو ایسے ممبران کمپنی سے اجلاس میں شرکت کے لئے انہیں وڈیو لنک سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں اگر آپ بھی اس سہولت سے فائدہ اٹھانا چاہتے ہیں تو برائے مہربانی درج ذیل کے مطابق ایک درخواست فارم پُر کر کے کمپنی کو اس کے رجسٹرڈ پتے پر اجلاس کی تاریخ سے کم از کم سات (7) دن قبل ارسال کر دیں۔

میں/ ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ بابت ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ بحیثیت آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) کا ممبر، حامل ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ عمومی شیئرز بمطابق رجسٹر فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ بذریعہ ہذا بمقام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ میں کمپنی کے سالانہ اجلاس منعقدہ ۔۔۔۔۔۔۔۔۔۔ میں ڈیو کانفرنس کی سہولت حاصل کرنے کا خواہشمند ہوں۔
۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ ممبر کے دستخط

14- وہ ممبرن جنہوں نے ابھی تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈز کی فوٹو کاپی کمپنی کو جمع نہیں کرائی ان سے درخواست ہے کہ اسے فوری طور پر ارسال کر دیں۔

ایسوسی ایٹ کمپنیوں میں سرمایہ کاری کے لئے منظوری کی حیثیت

آئی جی آئی گروپ کو دوبارہ منظم کرنے کے ایک حصے کے طور پر، آئی جی آئی انشورنس لمیٹڈ (جو اب آئی جی آئی ہولڈنگز لمیٹڈ بن گیا ہے) جو کے 16 دسمبر، 2017 کے مطابق سندھ کے ہائی کورٹ کے مطابق منظور شدہ انتظام کے منصوبے کے سلسلے میں بحال کیا گیا تھا. اس طرح کی تعمیر نو کے لحاظ سے، سرمایہ کاری کے ڈویژن (جس میں منسلک کمپنیوں میں سرمایہ کاری شامل ہیں) اور آئی جی ہولڈنگز لمیٹڈ (سابق آئی جی آئی انشورنس لمیٹڈ) کے انشورنس ڈویژن کو بالترتیب آئی جی آئی انوسٹمنٹ (پرائیویٹ) لمیٹڈ اور آئی جی آئی جنرل انشورنس لمیٹڈ میں (مکمل طور پر آئی جی آئی ہولڈنگز لمیٹڈ کی ملکیت کے ماتحت اداروں) منتقل کر دیا گیا ہے.

6- ممبران کو بذریعہ ہٰذا آگاہ کیا جاتا ہے کہ ایس ای سی پی کے ایس آر او 2014/(1)787 مورخہ 8 ستمبر 2014 اور مذکورہ بالا کمپنیز ایکٹ 2017 کے مطابق کمپنیوں کو سالانہ رپورٹس ممبران کو بذریعہ ای میل ارسال کرنے کی اجازت دی گئی ہے اور ہم نے درخواست فارم سالانہ رپورٹ کے ساتھ منسلک کردیا ہے اور کمپنی کی ویب سائٹ www.igi.com.pk/holdings پر بھی اپ لوڈ کردیا گیا ہے۔ وہ ممبران جو یہ سہولت حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ باقاعدہ پُرشدہ درخواست فارم شیئر رجسٹرار کو جمع کرادیں۔

7- کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق کسی بھی لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ 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 جمع کرائیں۔ اپنے منافع منقسمہ کی براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ای-کریڈٹ منافع منقسمہ مینڈیٹ فارم میں دیئے گئے کوائف کو مکمل کریں۔ منافع منقسمہ کے مینڈیٹ کا فارم سالانہ رپورٹ کے ساتھ منسلک ہے اور ہماری کمپنی کی ویب سائٹ www.igi.com.pk/holdings پر بھی اپ روڈ کردیا گیا ہے۔

8- وہ ممبران جو شیئر غیر طبعی شکل میں رکھتے ہیں ان سے درخواست ہے کہ وہ منافع منقسمہ کے لئے بینک مینڈیٹ فارم باقاعدہ پُرشدہ صورت میں اپنے پارٹیسپنٹ / انویسٹر اکاؤنٹ سروسز کو سی ڈی سی میں جمع کرادیں۔

9- حکومت پاکستان نے فنانس ایکٹ 2015 کے ذریعے انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 میں چند ترامیم کی ہیں جن کے ذریعے کمپنیز کی جانب سے ادا کئے جانے والے منافع منقسمہ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کے لئے مختلف ریٹس مقرر کئے گئے ہیں۔ یہ ریٹس درج ذیل کے مطابق ہیں:

☆ انکم ٹیکس گوشواروں کے فائلرز کے لئے — 15.00 فیصد

☆ انکم ٹیکس گوشواروں کے نان فائلرز کے لئے — 20.00 فیصد

کمپنی کو نقد منافع منقسمہ کی رقم پر 20 فیصد کے بجائے 15 فیصد کی شرح سے ٹیکس کی کٹوتی کا اہل بنانے کے لئے وہ تمام شیئر ہولڈرز جن کے نام ایف بی آر کی ویب سائٹ پر موجود ایکٹو ٹیکس پیئر زلسٹ (اے ٹی ایل) پر موجود نہیں ہیں، باجود اس امر کے کہ وہ فائلرز ہیں، انہیں ہدایت کی جاتی ہے کہ وہ کمپنی کی کتاب کی بندش سے قبل اے ٹی ایل پر اپنے ناموں کی موجودگی کو یقینی بنائیں، بصورت دیگران کے منافع منقسمہ پر ٹیکس کی کٹوتی 15 فیصد کے بجائے 20 فیصد کی شرح سے کی جائے گی۔

10- ان شیئر ہولڈرز کے لئے جن کے شیئرز مشترکہ طور پر ہیں، ان کے لئے فیڈرل بورڈ آف ریونیو کی جانب سے جاری کردہ وضاحت کے مطابق ودہولڈنگ ٹیکس کا تعین الگ الگ ''فائلر اور نان فائلر'' اسٹیٹس پر مرکزی شیئر ہولڈر نیز جوائنٹ ہولڈر (ہولڈرز) کے طور پر ان کے شیئر ہولڈنگ تناسب کی بنیاد پر کیا جائے گا۔ لہٰذا وہ تمام شیئر ہولڈرز جو مشترکہ طور پر شیئرز رکھتے ہیں، وہ اپنے پاس موجود شیئرز کے سلسلے میں مرکزی شیئر ہولڈر اور جوائنٹ ہولڈر (ہولڈرز) کے شیئر ہولڈنگ تناسب کو درج ذیل کے مطابق تحریری طور پر ہمارے مذکورہ بالا شیئر رجسٹرار کو فراہم کردیں۔

کمپنی کا نام	فولیو/سی ڈی سی اکاؤنٹ نمبر	مجموعی شیئرز	مرکزی شیئر ہولڈر		جوائنٹ شیئر ہولڈر	
			نام اور سی این آئی سی نمبر	شیئر ہولڈنگ تناسب (شیئرز کی تعداد)	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)

11- انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت ودہولڈنگ ٹیکس کی کٹوتی سے استثنیٰ کے لئے ایک کارآمد ٹیکس استثنائی سرٹیفکیٹ ضروری ہے۔ وہ ممبران جو انکم ٹیکس آرڈیننس 2001 کے تحت کوالیفائی کرتے ہوں اور استثنیٰ کے خواہشمند ہوں لازماً اپنے کارآمد ٹیکس استثنائی سرٹیفکیٹ کی ایک کاپی ہمارے شیئرز رجسٹرار کو کتاب کی بندش کی تاریخ سے قبل فراہم کردیں بصورت دیگر ٹیکس کی کٹوتی نافذ العمل قانون کے مطابق کی جائے گی۔

آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) کے سالانہ اجلاس عام کی اطلاع

بذریعہ ہٰذا اطلاع دی جاتی ہے کہ آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) (دی ''کمپنی'') کا 64 واں سالانہ اجلاس عام بروز جمعہ 27 اپریل 2018 کو سہ پہر 3:00 بجے دی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان چارٹرڈ اکاؤنٹینٹس ایونیو، کلفٹن، کراچی میں درج ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

عمومی کارروائی:

1- کمپنی کے گزشتہ سالانہ اجلاس عام (AGM) منعقدہ 2 مارچ 2018 کی کارروائیوں کی توثیق۔

2- کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال مختتمہ 31 دسمبر 2017 مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔

3- سال مختتمہ 31 دسمبر 2017 کیلئے نقد منافع منقسمہ بشرح -/4 روپے فی شیئر (40 فیصد) پر غور وخوض اور ادائیگی کی منظوری جیسا کہ بورڈ آف ڈائریکٹرز کی جانب سے سفارش کی گئی ہے۔

4- سال 2018 کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔

دیگر کارروائی:

5- صدر اجلاس کی اجازت سے کسی دیگر کارروائی پر غور وخوض۔

(ایک بیان جس میں منسلکہ کمپنیوں میں سرمایہ کاروں کے لئے اجازت ناموں کا اسٹیٹس واضح کیا گیا ہے جیسا کہ کمپنیز (منسلکہ کمپنیوں یا منسلکہ اداروں میں سرمایہ کاری) ریگولیشنز 2012 کے ضابطہ (2)4 کے تحت ضروری ہے نوٹس ہٰذا کے ساتھ ممبران کو الگ سے ارسال کیا جارہا ہے)۔

حسب الحکم بورڈ

یاسر علی قریشی
کمپنی سیکریٹری

کراچی: 6 اپریل 2018

نوٹ:

1- کمپنی کے حصص منتقلی کی کتاب 20 اپریل 2018 تا 27 اپریل 2018 (بشمول دونوں دن) بند رہیں گی۔

2- سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے استحقاق کا حامل کوئی بھی ممبر اپنی جگہ شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے فرد کو بطور پراکسی مقرر کرنے کا حق رکھتا ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری نہیں۔ ہر طرح سے مکمل پراکسی فارم اور پراکسی کا تقرر کرنے والے ممبر کے دستخط کے ساتھ لازماً کمپنی کے شیئر رجسٹرار کے دفتر، ''میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ''، بمقام 8F، متصل ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو اجلاس کے مقررہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل جمع کرادیئے جائیں۔

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

4- سینٹرل ڈیپازٹری کمپنی کے پاس اکاؤنٹ یا ضمنی اکاؤنٹ کا حامل کوئی بھی انفرادی بینی فیشل اونر، جو اجلاس ہٰذا میں ووٹ دینے کا استحقاق رکھتا/رکھتی ہے۔ لازماً اپنی شناخت ثابت کرنے کے لئے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) ہمراہ لائے اور پراکسی کی صورت میں لازماً اپنے سی این آئی سی کی مصدقہ کاپی منسلک کرے۔ کارپوریٹ اداروں کے نمائندے بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کی مصدقہ کاپیاں اور/ یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے اس مقصد کے لئے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 کے تحت درکار ایسی تمام دستاویزات ہمراہ لائیں۔

5- کمپنیز ایکٹ 2017 کے سیکشن (7)223 کے تحت مالیاتی حسابات اور رپورٹس کمپنی کی ویب سائٹ پر فراہم کردی گئی ہیں۔

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