



*IGI Finex Securities Limited*

*Condensed Interim Financial Statements-Un-Audited*

*For the Half Year Ended June 30, 2018*

IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT June 30, 2018

Note	UN-AUDITED	AUDITED
	Jun-30 2018	Dec 31 2017
----- Rupees -----		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
	- Property and equipment	5
	- Intangible assets	
	Long term investments	
	Long term deposits	
	Deferred tax asset - net	
	<b>140,371,029</b>	<b>140,726,608</b>
<b>Current assets</b>		
	Trade debts - net	6
	Current maturity of long term loan	
	Loans and advances	
	Trade deposits and short term prepayments	
	Accrued mark-up - net	
	Other receivables - net	
	Taxation recoverable	
	Cash and bank balances	7
	<b>557,375,931</b>	<b>755,071,242</b>
	<b>697,746,960</b>	<b>895,797,850</b>
<b>TOTAL ASSETS</b>		

**EQUITY AND LIABILITIES**

**Share capital and reserves**

**Authorised share capital**

60,000,000 ordinary shares of Rs. 10/- each  
(December 31, 2017: 60,000,000 ordinary shares of Rs. 10/- each)

Issued, subscribed and paid up share capital

Accumulated losses

Unrealised gain on revaluation of available-for-sale investments

Advance against issue of preference shares

	<b>600,000,000</b>	<b>600,000,000</b>
8	520,000,000	520,000,000
	(812,405,111)	(796,866,730)
	31,657,922	35,906,147
9	550,000,000	650,000,000
	289,252,811	409,039,417

**Current liabilities**

Trade and other payables

408,494,149      486,758,433

**TOTAL EQUITY AND LIABILITIES**

**697,746,960      895,797,850**

**CONTINGENCIES**

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The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	Half Year Ended JUNE 30		Quarter Ended APRIL-JUNE	
		2018	2017	2018	2017
		----- Rupees -----		----- Rupees -----	
Operating revenue	11	45,733,037	84,509,233	18,597,677	42,112,093
Other income	12	11,523,293	18,592,745	5,158,209	10,571,423
		57,256,330	103,101,978	23,755,886	52,683,516
Administrative and operating expenses		(65,593,085)	(83,301,615)	(31,325,742)	(39,632,974)
Financial Charges		(288,165)	(249,416)	(150,148)	(149,210)
		(8,624,920)	19,550,947	(7,720,004)	12,901,332
Reversal of provision / (provision) for doubtful debts		-	(87,515)	-	136,109
Gain on sale of investments		-	66,881,184	-	21,634,900
Impairment on intangible assets		-	(4,000,000)	-	(4,000,000)
(Loss) / profit before taxation		(8,624,920)	82,344,616	(7,720,004)	34,672,341
Taxation - current		(6,913,461)	(7,743,761)	(3,062,852)	456,877
- prior		-	-	-	(106,304)
- deferred		-	(7,345,919)	-	(7,345,919)
(Loss) / profit after taxation		(15,538,381)	67,254,936	(10,782,856)	27,676,995
(Loss) / Earnings per share - basic and diluted		(0.30)	1.29	(0.21)	0.53

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2018

	Half Year Ended JUNE 30	
	2018	2017
	----- Rupees -----	
(Loss) / profit after taxation	(15,538,381)	67,254,936
Items that may be reclassified to profit and loss account subsequently		
(Deficit) / Surplus on revaluation available for sale investments - net	(4,248,225)	(39,169,918)
Less: related tax impact	-	-
	(4,248,225)	(39,169,918)
<b>Total comprehensive (loss) / income for the year</b>	<b>(19,786,606)</b>	<b>28,085,018</b>

CHAIRMAN

CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Half Year Ended	
	JUNE 30	
	2018	2017
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(8,624,920)	82,344,616
<b>Adjustments for non-cash items:</b>		
Depreciation - property and equipment	3,191,613	3,189,108
Amortisation	64,975	4,056,773
Financial charges	288,165	249,416
Gain on disposal of property and equipment	(17,927)	5,992
Gain on sale of long term investments	-	(66,881,184)
Reversal of provision / (Provision) for doubtful debts - trade debts	-	87,515
Profit on saving accounts and deposit with PSX and PMEX	(8,892,018)	(10,907,355)
Income on term loan	(1,632,057)	(2,862,126)
Dividend Received	(78,344)	(662,431)
	<u>(7,075,593)</u>	<u>(73,724,292)</u>
	(15,700,513)	8,620,324
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts	17,567,587	7,252,861
Loans and advances	975,661	2,536,146
Trade deposits and short-term prepayments	37,108,059	(37,522,039)
Other receivables	2,248,191	(806,006)
	57,899,498	(28,539,038)
<b>Increase/ (decrease) in current liabilities</b>		
Trade and other payables	(78,264,284)	1,899,384
	<u>(36,065,299)</u>	<u>(18,019,330)</u>
Finance cost paid	(288,165)	(249,416)
Income tax paid	(7,285,263)	(12,880,896)
<b>Net cash generated from operating activities</b>	<u>(43,638,727)</u>	<u>(31,149,642)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property and equipment	(1,880,480)	(8,010,191)
Purchase of intangible assets	-	(280,500)
Proceeds from disposal of property and equipment	149,173	75,000
Proceeds from disposal long term investments	-	40,394,418
Proceeds from long term loan	69,859,738	-
Advance paid against preference shares	(100,000,000)	-
Long-term deposits	(5,400,000)	(7,488,264)
Dividend received	78,344	662,431
Interest received	23,590,813	11,548,403
<b>Net cash used in investing activities</b>	<u>(13,602,412)</u>	<u>36,901,297</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash flow from financing activities</b>	-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(57,241,139)</u>	<u>5,751,655</u>
Cash and cash equivalent at beginning of the period	272,533,136	459,091,115
<b>Cash and cash equivalents at end of the period</b>	<u>215,291,997</u>	<u>464,842,770</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



**CHAIRMAN**



**CHIEF EXECUTIVE OFFICER**

IGI FINEX SECURITIES LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share capital	Advance against issue of preference shares	Unrealised gain on revaluation of available-for-sale	Accumulated loss	Total
	----- Rupees -----				
Balance as at January 01, 2017	520,000,000	650,000,000	80,333,756	(835,200,383)	415,133,373
<b>Changes in equity for half year June 30, 2017</b>					
Profit for the period	-	-	-	67,254,936	67,254,936
Other Comprehensive income / (Loss)	-	-	(39,169,918)	-	(39,169,918)
	-	-	(39,169,918)	67,254,936	28,085,018
Balance as at June 30, 2017	<u>520,000,000</u>	<u>650,000,000</u>	<u>41,163,838</u>	<u>(767,945,447)</u>	<u>443,218,391</u>
Balance as at January 01, 2018	520,000,000	650,000,000	35,906,147	(796,866,730)	409,039,417
<b>Changes in equity for half year June 30, 2018</b>					
Profit / (Loss) for the period	-	-	-	(15,538,381)	(15,538,381)
Payment during the year	-	(100,000,000)	-	-	(100,000,000)
Other Comprehensive income / (Loss)	-	-	(4,248,225)	-	(4,248,225)
	-	(100,000,000)	(4,248,225)	(15,538,381)	(119,786,606)
Balance as at June 30, 2018	<u>520,000,000</u>	<u>550,000,000</u>	<u>31,657,922</u>	<u>(812,405,111)</u>	<u>289,252,811</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED JUNE 30, 2018**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 IGI Finex Securities Limited (the Company) was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company 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 company is wholly owned subsidiary of IGI Holdings Limited (formerly IGI Insurance Limited). During the period the financial year of the company has been changed from June to December, in accordance with approval from Securities and Exchange Commission of Pakistan (SECP).

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Act 2017, and the requirements of the Companies Act, 2017 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Act, 2017 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Act, 2017 or the directives issued by the SECP prevail.

**3 BASIS OF PREPARATION AND MEASUREMENT**

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement".

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding audited financial statements.

IGI FINEX SECURITIES LIMITED  
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2018

## 5 PROPERTY AND EQUIPMENT

June 30, 2018							
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
Rupees							
<b>As at January 01, 2018</b>							
Cost	18,652,508	3,368,226	3,558,239	4,279,107	23,017,792	24,834,002	77,709,874
Accumulated depreciation	(16,370,144)	(2,491,244)	(3,015,839)	(3,993,151)	(20,916,048)	(6,342,207)	(53,128,633)
Net book value	<u>2,282,364</u>	<u>876,982</u>	<u>542,400</u>	<u>285,956</u>	<u>2,101,744</u>	<u>18,491,795</u>	<u>24,581,241</u>
<b>Six Months Ended June 30, 2018</b>							
Opening net book value	2,282,364	876,982	542,400	285,956	2,101,744	18,491,795	24,581,241
Additions	-	-	-	135,000	523,522	1,221,958	1,880,480
Disposals							
Cost	1,054,888	897,019	-	1,692,845	11,787,885	43,500	15,476,137
Accumulated depreciation	(1,054,888)	(897,019)	-	(1,587,049)	(11,787,885)	(18,050)	(15,344,891)
	-	-	-	105,796	-	25,450	131,246
Depreciation charge for the year	(453,907)	(113,433)	(61,118)	(49,624)	(644,222)	(1,869,309)	(3,191,613)
Closing net book value	<u>1,828,457</u>	<u>763,549</u>	<u>481,282</u>	<u>265,536</u>	<u>1,981,044</u>	<u>17,818,994</u>	<u>23,138,862</u>
<b>As at June 30, 2018</b>							
Cost	17,597,620	2,471,207	3,558,239	2,721,262	11,753,429	26,012,460	64,114,217
Accumulated depreciation	(15,769,163)	(1,707,658)	(3,076,957)	(2,455,726)	(9,772,385)	(8,193,466)	(40,975,355)
Net book value	<u>1,828,457</u>	<u>763,549</u>	<u>481,282</u>	<u>265,536</u>	<u>1,981,044</u>	<u>17,818,994</u>	<u>23,138,862</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	
Dec 31, 2017							
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
Rupees							
<b>As at July 01, 2017</b>							
Cost	18,652,508	3,050,226	3,558,239	4,244,107	24,154,709	20,527,799	74,187,588
Accumulated depreciation	(15,578,606)	(2,357,109)	(2,889,906)	(3,949,426)	(21,713,909)	(6,638,379)	(53,127,335)
Net book value	<u>3,073,902</u>	<u>693,117</u>	<u>668,333</u>	<u>294,681</u>	<u>2,440,800</u>	<u>13,889,420</u>	<u>21,060,253</u>
<b>Six Months Ended Dec 31, 2017</b>							
Opening net book value	3,073,902	693,117	668,333	294,681	2,440,800	13,889,420	21,060,253
Additions	-	318,000	-	35,000	321,800	6,181,203	6,856,003
Disposals							
Cost	-	-	-	-	1,458,717	1,875,000	3,333,717
Accumulated depreciation	-	-	-	-	(1,458,717)	(1,468,151)	(2,926,868)
	-	-	-	-	-	406,849	406,849
Depreciation charge for the year	(791,538)	(134,135)	(125,933)	(43,725)	(660,856)	(1,171,979)	(2,928,168)
Closing net book value	<u>2,282,364</u>	<u>876,982</u>	<u>542,400</u>	<u>285,956</u>	<u>2,101,744</u>	<u>18,491,795</u>	<u>24,581,241</u>
<b>As at June 30, 2018</b>							
Cost	18,652,508	3,368,226	3,558,239	4,279,107	23,017,792	24,834,002	77,709,874
Accumulated depreciation	(16,370,144)	(2,491,244)	(3,015,839)	(3,993,151)	(20,916,048)	(6,342,207)	(53,128,633)
Net book value	<u>2,282,364</u>	<u>876,982</u>	<u>542,400</u>	<u>285,956</u>	<u>2,101,744</u>	<u>18,491,795</u>	<u>24,581,241</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	



IGI FINEX SECURITIES LIMITED  
 CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	UN-AUDITED June 30 2018	AUDITED Dec 31 2017
		----- Rupees -----	
<b>6</b>	<b>TRADE DEBTS</b>		
	<b>Considered good</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	59,502,638	77,057,286
	Clearing balance with National Clearing Company of Pakistan Limited	-	-
		<u>59,502,638</u>	<u>77,057,286</u>
	<b>Considered doubtful</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	600,382,113	600,395,052
	Commission receivable	414,265	414,265
	Provision for doubtful debts	(586,088,752)	(586,088,752)
		14,707,626	14,720,565
		<u>74,210,264</u>	<u>91,777,851</u>

6.1 The customer assets in central depository system amount to Rs. 5,655 million (December 31, 2017: Rs. 5,637 million)

	Note	UN-AUDITED June 30 2018	AUDITED Dec 31 2017
		----- Rupees -----	
<b>7</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	54,748	17,380
	Cash at bank	215,237,249	272,515,756
		<u>215,291,997</u>	<u>272,533,136</u>

7.1 This includes amount of Rs. 201 301 million representing clients' funds (June 30, 2017: Rs. 418 428 million)

		UN-AUDITED June 30 2018	AUDITED Dec 31 2017
		----- Rupees -----	
<b>8</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
	2018		
	2017		
	Number of shares		
	<u>52,000,000</u>	<u>52,000,000</u>	Ordinary shares of Rs. 10/- each fully paid in cash
		<u>520,000,000</u>	<u>520,000,000</u>

8.1 The parent company, IGI Holdings Limited (formerly IGI Insurance Limited), holds 52,000,000 shares.

**9 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES**

During the financial year ended June 30, 2012, the Company received Rs. 650 million in the form of interest free Subordinated Loan from Mr. Syed Babar Ali, Chairman - IGI Investment Bank Limited, the Parent Company, and a key sponsor of the Company. On June 29, 2012, the Company and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the Subordinated Loan into Preference Shares to be issued by the Company to Mr. Syed Babar Ali.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, the Company is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014 and June 30, 2016 the Company had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by the Company out of its distributable profits and the entitlement of preference shareholder in case of liquidation of the Company

Consequent to the above, in case of change in management control of the Company, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares

Further during the period, the company has made a payment amounting to Rs. 100 million as partial repayment of the advance against the subscription amount. Thereafter the company signed an Addendum to the subscription agreement in accordance with which the company shall issue and allot 55 million shares to the key sponsor against the subscription amount of Rs. 550 million.

Since the Company is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares

IGI FINEX SECURITIES LIMITED  
 CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2018

10 CONTINGENCIES

There are no changes in contingencies as disclosed in the financial statements for the period ended December 31, 2017.

11 OPERATING REVENUE

	HAIF YEAR ENDED		QUARTER	
	JUNE 30		APRIL - JUNE	
	2018	2017	2018	2017
	Rupees		Rupees	
Retail	31,569,228	53,725,995	8,420,079	23,536,360
Institution	11,243,024	20,966,588	8,848,888	11,304,878
Advisory and consulting fee	-	5,000,000	-	5,000,000
Brokerage from equity operations	42,812,252	79,692,583	17,268,967	39,841,238
Brokerage from commodity operations	2,920,785	4,816,650	1,328,710	2,270,855
	<u>45,733,037</u>	<u>84,509,233</u>	<u>18,597,677</u>	<u>42,112,093</u>

12 OTHER INCOME

From financial assets

Profit on saving accounts	5,083,240	7,786,003	2,580,404	4,692,054
Income on deposit with Pakistan Stock Exchange Limited	3,789,223	3,040,513	1,828,832	1,453,568
Income on deposit with Pakistan Mercantile Exchange Limited	19,555	80,839	-	80,839
Gain / (Loss) on sale of operating fixed assets	17,927	(5,992)	12,427	(205,646)
Dividend Income	78,344	662,431	(1,824)	240,443
Income on long term loan	1,632,057	2,862,126	180,812	1,440,413
	<u>10,620,346</u>	<u>14,425,920</u>	<u>4,600,651</u>	<u>7,701,671</u>

From other than financial assets

CDC conversion charges and commission	148,699	2,434,451	(188,159)	1,167,668
Others	754,248	1,732,374	745,717	1,702,084
	<u>902,947</u>	<u>4,166,825</u>	<u>557,558</u>	<u>2,869,752</u>
	<u>11,523,293</u>	<u>18,592,745</u>	<u>5,158,209</u>	<u>10,571,423</u>

13 RELATED PARTY TRANSACTIONS

The company has related party relationships with its parent company, associated undertakings and its directors and key management personnel.

The following transactions were carried out with related parties during the period.

	June 30, 2018		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	32,753	165,332,116	728,185,965
Sale of marketable securities for and on behalf of	32,753	167,146,401	87,906,345
Brokerage income earned	5	164,847	1,060,250
Advisory and consulting fee	-	-	792,000
Markup on long term loan	1,632,057	-	-
Insurance expense	-	-	913,136
Rent expense	-	-	1,716,330
Rent expense - reimbursements	247,200	-	173,252
Group shared services - reimbursements from	3,343,774	-	4,231,636
Group shared services - reimbursements to	3,268,748	-	949,389

	June 30, 2017		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	99,621,024	1,201,034,297
Sale of marketable securities for and on behalf of	-	104,560,684	300,160,324
Brokerage income earned	-	234,331	2,376,240
Advisory and consulting fee	-	-	6,584,000
Markup on long term loan	2,862,126	-	-
Insurance expense	-	-	1,298,544
Rent expense	-	-	2,029,799
Group shared services - reimbursements from	827,665	-	1,438,769
Group shared services - reimbursements to	6,998,672	-	2,950,364

14 GENERAL

Figures have been rounded off to the nearest rupee.

CHAIRMAN

CHIEF EXECUTIVE OFFICER