

IGI

Securities

IGI Finex Securities Limited

Condensed Interim Financial Statements-Un-Audited

For the Quarter Ended March 31, 2018

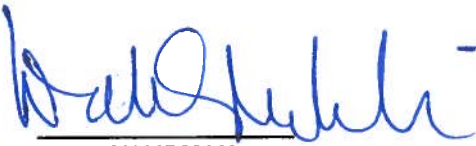
IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT March 31, 2018

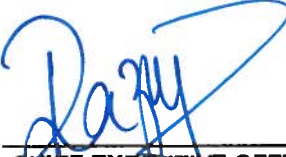
	UN-AUDITED MARCH 31 2018	Audited Dec 31 2017
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and equipment	24,447,777	24,581,241
- Intangible assets	11,455,078	11,487,620
Long term investments	41,532,512	35,906,547
Long term deposits	4,988,068	6,954,664
Deferred tax asset - net	61,796,536	61,796,536
	<u>144,219,971</u>	<u>140,726,608</u>
Current assets		
Trade debts - net	80,835,374	91,777,851
Current maturity of long term loan	69,859,738	69,859,738
Loans and advances	1,331,214	2,500,788
Trade deposits and short term prepayments	234,280,720	239,864,617
Accrued mark-up - net	23,045,096	22,268,226
Other receivables - net	5,896,467	5,816,319
Taxation recoverable	50,973,488	50,450,567
Cash and bank balances	321,343,689	272,533,136
	<u>787,565,786</u>	<u>755,071,242</u>
TOTAL ASSETS	<u><u>931,785,757</u></u>	<u><u>895,797,850</u></u>
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)	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up share capital	520,000,000	520,000,000
Accumulated losses	(801,622,255)	(796,866,730)
Unrealised gain on revaluation of available-for-sale investments	41,532,112	35,906,147
Advance against issue of preference shares	650,000,000	650,000,000
	<u>409,909,857</u>	<u>409,039,417</u>
Current liabilities		
Trade and other payables	521,875,900	486,758,433
TOTAL EQUITY AND LIABILITIES	<u><u>931,785,757</u></u>	<u><u>895,797,850</u></u>

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 QUARTER ENDED MARCH 31, 2018

	Note	Quarter Ended March 31	
		2018	2017
		----- Rupees -----	
Operating revenue	11	27,135,360	42,397,140
Other income	12	6,365,084	8,021,322
		<u>33,500,444</u>	<u>50,418,462</u>
Administrative and operating expenses		(34,267,343)	(43,668,641)
Financial Charges		(138,017)	(100,206)
		<u>(904,916)</u>	<u>6,649,615</u>
Reversal of provision / (provision) for doubtful debts		-	(223,624)
Gain on sale of investments		-	45,246,284
		<u>(904,916)</u>	<u>51,672,275</u>
(Loss) / profit before taxation		(904,916)	51,672,275
Taxation - current		(3,850,609)	(8,200,638)
- prior		-	106,304
- deferred		-	-
		<u>(4,755,525)</u>	<u>43,577,941</u>
(Loss) / profit after taxation		(4,755,525)	43,577,941
		<u>(0.09)</u>	<u>0.84</u>
(Loss) / Earnings per share - basic and diluted		(0.09)	0.84

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 QUARTER ENDED MARCH 31, 2018**

	Quarter Ended March 31	
	2018	2017
(Loss) / profit after taxation	(4,755,525)	43,577,941
Items that may be reclassified to profit and loss account subsequently		
Surplus on revaluation available for sale investments - net	5,625,965	(40,394,016)
Less: related tax impact	-	11,685,419
	5,625,965	(28,708,597)
Total comprehensive (loss) / Income for the year	<u>870,440</u>	<u>14,869,344</u>

CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

	Quarter Ended	
	MARCH 31	
	2018	2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(904,916)	51,672,275
Adjustments for non-cash items:		
Depreciation - property and equipment	1,642,576	1,482,581
Amortisation	32,542	24,232
Financial charges	138,017	100,206
Gain on disposal of property and equipment	(5,500)	-
Gain on sale of long term investments	-	(45,342,818)
Reversal of provision / (Provision) for doubtful debts - trade debts	-	223,624
Profit on saving accounts and deposit with PSX and PMX	(5,934,027)	(6,321,177)
Dividend Received	(80,168)	(421,988)
	<u>(4,206,560)</u>	<u>(50,255,340)</u>
	(5,111,476)	1,416,935
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	10,942,477	65,993,262
Loans and advances	1,169,574	1,229,446
Trade deposits and short-term prepayments	5,583,897	5,337,432
Other receivables	(80,148)	187
	<u>17,615,800</u>	<u>72,560,327</u>
Increase/ (decrease) in current liabilities		
Trade and other payables	35,117,467	34,309,697
	<u>47,621,791</u>	<u>108,286,959</u>
Finance cost paid	(138,017)	(100,206)
Income tax paid	(4,373,530)	(7,457,277)
Net cash generated from operating activities	<u>43,110,244</u>	<u>100,729,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(1,509,112)	(5,204,120)
Purchase of intangible assets	-	(280,500)
Proceeds from disposal of property and equipment	5,500	-
Proceeds from disposal long term investments	-	40,490,950
Long-term deposits	1,966,596	-
Dividend received	80,168	421,988
Interest received	5,157,157	8,374,722
Net cash used in investing activities	<u>5,700,309</u>	<u>43,803,040</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	<u>48,810,553</u>	<u>144,532,516</u>
Cash and cash equivalent at beginning of the period	<u>272,533,136</u>	<u>459,091,115</u>
Cash and cash equivalents at end of the period	<u><u>321,343,689</u></u>	<u><u>603,623,631</u></u>

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

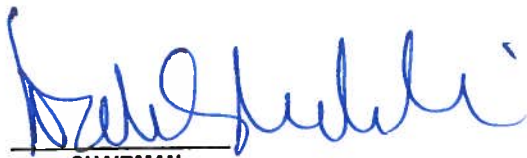
CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 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
Changes in equity for the quarter March 31, 2017					
Profit for the period	-	-	-	43,577,941	43,577,941
Other Comprehensive income / (Loss)	-	-	(28,708,597)	(28,708,597)	(28,708,597)
	-	-	(28,708,597)	43,577,941	14,869,344
Balance as at March 31, 2017	<u>520,000,000</u>	<u>650,000,000</u>	<u>51,625,159</u>	<u>(791,622,442)</u>	<u>430,002,717</u>
Balance as at January 01, 2018	520,000,000	650,000,000	35,906,147	(796,866,730)	409,039,417
Changes in equity for the quarter March 31, 2018					
Profit / (Loss) for the period	-	-	-	(4,755,525)	(4,755,525)
Other Comprehensive income / (Loss)	-	-	5,625,965	5,625,965	5,625,965
	-	-	5,625,965	(4,755,525)	870,440
Balance as at March 31, 2018	<u>520,000,000</u>	<u>650,000,000</u>	<u>41,532,112</u>	<u>(801,622,255)</u>	<u>409,909,857</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 QUARTER ENDED MARCH 31, 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).

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 QUARTER ENDED MARCH 31, 2018

5 PROPERTY AND EQUIPMENT

	March 31, 2018						Total
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	
	Rupees						
As at January 01, 2018							
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>
Quarter ended March 31, 2018							
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	170,222	1,203,890	1,509,112
Disposals							
Cost	-	-	-	-	5,082,224	-	5,082,224
Accumulated depreciation	-	-	-	-	5,082,224	-	5,082,224
Depreciation charge for the year	251,907	57,915	34,010	23,938	343,788	931,018	1,642,576
Closing net book value	<u>2,030,457</u>	<u>819,067</u>	<u>508,390</u>	<u>397,018</u>	<u>1,928,178</u>	<u>18,764,667</u>	<u>24,447,777</u>
As at March 31, 2018							
Cost	18,652,508	3,368,226	3,558,239	4,414,107	28,270,238	26,037,892	84,301,210
Accumulated depreciation	16,622,051	2,549,159	3,049,849	4,017,089	26,342,060	7,273,225	59,853,433
Net book value	<u>2,030,457</u>	<u>819,067</u>	<u>508,390</u>	<u>397,018</u>	<u>1,928,178</u>	<u>18,764,667</u>	<u>24,447,777</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	
	March 31, 2017						Total
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	
	Rupees						
As at January 01, 2017							
Cost	18,362,598	2,888,276	3,308,139	4,175,507	23,164,668	14,405,236	66,304,424
Accumulated depreciation	14,767,374	2,237,510	2,753,048	3,911,906	21,078,416	5,235,968	49,984,222
Net book value	<u>3,595,224</u>	<u>650,766</u>	<u>555,091</u>	<u>263,601</u>	<u>2,086,252</u>	<u>9,169,268</u>	<u>16,320,202</u>
Quarter ended March 31, 2017							
Opening net book value	3,595,224	650,766	555,091	263,601	2,086,252	9,169,268	16,320,202
Additions	289,910	38,500	162,300	3,600	428,520	4,281,290	5,204,120
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	406,216	58,810	68,372	17,093	313,074	619,054	1,482,621
Closing net book value	<u>3,478,918</u>	<u>630,456</u>	<u>649,019</u>	<u>250,108</u>	<u>2,201,698</u>	<u>12,831,504</u>	<u>20,041,701</u>
As at March 31, 2017							
Cost	18,652,508	2,926,776	3,470,439	4,179,107	23,593,188	18,686,526	71,508,544
Accumulated depreciation	15,173,590	2,296,320	2,821,420	3,928,999	21,391,490	5,855,022	51,466,843
Net book value	<u>3,478,918</u>	<u>630,456</u>	<u>649,019</u>	<u>250,108</u>	<u>2,201,698</u>	<u>12,831,504</u>	<u>20,041,701</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 INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

	Note	UN-AUDITED	AUDITED
		March 31 2018	Dec 31 2017
		Rupees	
6 TRADE DEBTS			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		66,139,405	77,057,286
Clearing balance with National Clearing Company of Pakistan Limited		-	-
		<u>66,139,405</u>	<u>77,057,286</u>
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts	0	600,370,456	600,395,052
Commission receivable		414,265	414,265
Provision for doubtful debts		(586,088,752)	(586,088,752)
		14,695,969	14,720,565
		<u>80,835,374</u>	<u>91,777,851</u>

6.1 The customer assets in central depository system amount to Rs. 6,514 million (December 31, 2017: Rs. 5,637 million)

	Note	UN-AUDITED	AUDITED
		March 31 2018	Dec 31 2017
		Rupees	
7 CASH AND BANK BALANCES			
Cash in hand		92,172	17,380
Cash at bank		321,251,517	272,515,756
	7.1	<u>321,343,689</u>	<u>272,533,136</u>

7.1 This includes amount of Rs. 309.772 million representing clients' funds. (December 31, 2017: Rs. 259.292 million)

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

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 INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

10 CONTINGENCIES

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

		Quarter Ended	
		March 31	
		2018	2017
		----- Rupees -----	
11 OPERATING REVENUE			
	Proprietary	-	-
	Retail	23,149,149	30,189,635
	Institution	2,394,136	9,661,710
	Brokerage from equity operations	25,543,285	39,851,345
	Brokerage from commodity operations	1,592,075	2,545,795
		<u>27,135,360</u>	<u>42,397,140</u>
12 OTHER INCOME			
	From financial assets		
	Profit on saving accounts	2,502,836	3,093,949
	Income on deposit with Pakistan Stock Exchange Limited	1,960,391	1,586,945
	Income on deposit with Pakistan Mercantile Exchange Limited	19,555	-
	Gain on sale of operating fixed assets	5,500	199,654
	Dividend Income	80,168	421,988
	Income on long term loan	1,451,245	1,421,713
		<u>6,019,695</u>	<u>6,724,249</u>
	From other than financial assets		
	CDC conversion charges and commission	336,858	1,266,783
	Others	8,531	30,290
		<u>345,389</u>	<u>1,297,073</u>
		<u>6,365,084</u>	<u>8,021,322</u>

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

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.

	March 31 2018		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	29,727	120,811,053	125,399,003
Sale of marketable securities for and on behalf of	-	114,844,083	44,089,439
Brokerage income earned	-	116,047	255,782
Advisory and consulting fee	-	-	396,000
Markup on long term loan	1,451,245	-	-
Insurance expense	-	-	478,429
Rent expense	-	-	858,164
Rent expense - reimbursements	-	-	43,313
Group shared services - reimbursements from	1,674,047	-	720,108
Group shared services - reimbursements to	3,263,173	-	2,016,359

	March 31 2017		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	62,476,259	628,877,199
Sale of marketable securities for and on behalf of	-	64,737,955	-
Brokerage income earned	-	154,226	679,840
Advisory and consulting fee	-	-	-
Markup on long term loan	1,421,713	-	-
Insurance expense	-	-	609,273
Rent expense	-	-	928,645
Rent expense - reimbursements	344,960	-	-
Group shared services	3,425,580	-	1,423,017
Group shared services - reimbursements	399,461	-	1,445,909
Commision expense	62,712	-	-

14 GENERAL

Figures have been rounded off to the nearest rupee.

CHAIRMAN

CHIEF EXECUTIVE OFFICER