

IGI

Securities

IGI Finex Securities Limited

Condensed Interim Financial Statements-Un-Audited

For the Nine Months Ended September 30, 2018

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

	UN-AUDITED SEPT-30 2018	AUDITED Dec 31 2017
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and equipment	5 23,900,691	24,581,241
- Intangible assets	11,393,436	11,487,620
Long term investments	25,935,920	35,906,547
Long term deposits	14,354,664	6,954,664
Deferred tax asset - net	61,796,536	61,796,536
	<u>137,381,247</u>	<u>140,726,608</u>
Current assets		
Trade debts - net	6 74,481,203	91,777,851
Current maturity of long term loan	-	69,859,738
Loans and advances	3,853,216	2,500,788
Trade deposits and short term prepayments	176,988,930	239,864,617
Accrued mark-up - net	4,227,660	22,268,226
Other receivables - net	3,174,977	5,816,319
Taxation recoverable	54,205,695	50,450,567
Cash and bank balances	7 262,394,717	272,533,136
	<u>579,326,398</u>	<u>755,071,242</u>
TOTAL ASSETS	<u><u>716,707,645</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	8 520,000,000	520,000,000
Accumulated losses	(823,540,549)	(796,866,730)
Unrealised gain on revaluation of available-for-sale investments	25,935,520	35,906,147
Advance against issue of preference shares	9 550,000,000	650,000,000
	<u>272,394,971</u>	<u>409,039,417</u>
Current liabilities		
Trade and other payables	444,312,674	486,758,433
TOTAL EQUITY AND LIABILITIES	<u><u>716,707,645</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 NINE MONTH ENDED SEPTEMBER 30, 2018

	Note	Nine Months Ended SEPTEMBER 30		Quarter Ended JULY-SEPTEMBER	
		2018	2017	2018	2017
		----- Rupees -----		----- Rupees -----	
Operating revenue	11	64,341,726	108,724,284	18,608,689	24,215,056
Other income	12	15,675,383	25,878,027	4,152,090	7,281,825
		80,017,109	134,602,311	22,760,779	31,496,881
Administrative and operating expenses		(99,350,834)	(118,219,823)	(33,757,749)	(34,918,208)
Financial Charges		(426,633)	(382,979)	(138,468)	(133,562)
		(19,760,358)	15,999,509	(11,135,438)	(3,554,889)
Reversal of provision / (provision) for doubtful debts		-	2,527,068	-	2,614,583
Gain on sale of investments		-	66,881,184	-	-
Impairment on Intangible assets		-	(4,000,000)	-	-
(Loss) / profit before taxation		(19,760,358)	81,407,761	(11,135,438)	(940,306)
Taxation - current		(6,913,461)	(19,679,321)	-	(4,589,641)
(Loss) / profit after taxation		(26,673,819)	61,728,440	(11,135,438)	(5,529,947)
(Loss) / Earnings per share - basic and diluted		(0.51)	1.19	(0.21)	(0.11)

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 NINE MONTH ENDED SEPTEMBER 30, 2018

Nine Months Ended
SEPTEMBER 30

2018 **2017**

----- Rupees -----

(Loss) / profit after taxation

(26,673,819) 61,728,440

Items that may be reclassified to profit and loss account subsequently

(Deficit) / Surplus on revaluation available for sale investments - net

(9,970,627)

(43,802,457)

(9,970,627)

(43,802,457)

Total comprehensive (loss) / income for the year

(36,644,446)

17,925,983

CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR NINE MONTH ENDED SEPTEMBER 30, 2018

	Nine Months Ended	
	SEPTEMBER 30	
	2018	2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(19,760,358)	81,407,761
Adjustments for non-cash items:		
Depreciation - property and equipment	4,678,661	4,954,748
Amortisation	94,184	4,089,313
Financial charges	426,633	382,979
Gain / (Loss) on disposal of property and equipment	1,492	2,542
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	(12,868,003)	(15,459,880)
Income on term loan	(1,638,092)	(4,318,366)
Dividend Received	(78,423)	(662,431)
	<u>(9,383,548)</u>	<u>(77,804,764)</u>
	(29,143,906)	3,602,997
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	17,296,648	46,762,975
Loans and advances	(1,352,428)	(243,404)
Trade deposits and short-term prepayments	62,875,687	(40,725,972)
Other receivables	2,641,342	5,380,884
	81,461,249	11,174,483
Increase/ (decrease) in current liabilities		
Trade and other payables	(44,177,425)	(169,179,412)
	<u>8,139,918</u>	<u>(154,401,932)</u>
Finance cost paid	(426,633)	(382,979)
Income tax paid	(10,668,589)	(18,065,829)
Net cash generated from operating activities	<u>(2,955,304)</u>	<u>(172,850,740)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(2,455,310)	(8,616,791)
Purchase of intangible assets	-	(280,500)
Proceeds from disposal of property and equipment	187,373	78,450
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	(7,400,000)	(7,988,264)
Dividend received	78,423	662,431
Interest received	32,546,661	19,032,663
Net cash used in investing activities	<u>(7,183,115)</u>	<u>43,282,407</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>(10,138,419)</u>	<u>(129,568,333)</u>
Cash and cash equivalent at beginning of the period	272,533,136	459,091,115
Cash and cash equivalents at end of the period	<u>262,394,717</u>	<u>329,522,782</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 NINE MONTH ENDED SEPTEMBER 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
Changes in equity for Nine Months Ended September 30, 2017					
Profit for the period	-	-	-	61,728,440	61,728,440
Other Comprehensive income / (Loss)	-	-	(43,802,457)	-	(43,802,457)
	-	-	(43,802,457)	61,728,440	17,925,983
Balance as at September 30, 2017	<u>520,000,000</u>	<u>650,000,000</u>	<u>36,531,299</u>	<u>(773,471,943)</u>	<u>433,059,356</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 Nine Months Ended September 30, 2018					
Profit / (Loss) for the period	-	-	-	(26,673,819)	(26,673,819)
Payment during the year	-	(100,000,000)	-	-	(100,000,000)
Other Comprehensive income / (Loss)	-	-	(9,970,627)	-	(9,970,627)
	-	(100,000,000)	(9,970,627)	(26,673,819)	(136,644,446)
Balance as at September 30, 2018	<u>520,000,000</u>	<u>550,000,000</u>	<u>25,935,520</u>	<u>(823,540,549)</u>	<u>272,394,971</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 NINE MONTH ENDED SEPTEMBER 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 NINE MONTH ENDED SEPTEMBER 30, 2018

5 PROPERTY AND EQUIPMENT

September 30, 2018							
	Renovation of office premises	Furniture and fixtures	Office equipment	Communicatio n equipment	Computer equipment	Motor vehicles	Total
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>
Nine Months Ended September 30, 2018							
Opening net book value	2,282,364	876,982	542,400	285,956	2,101,744	18,491,795	24,581,241
Additions	1,765,866	12,500	148,000	135,000	903,652	1,221,958	4,186,976
Disposals							
Cost	-	(1,833,428)	(1,054,888)	(1,692,845)	(18,760,492)	(43,500)	(23,385,153)
Accumulated depreciation	-	1,776,378	1,054,888	1,587,049	18,759,923	18,050	23,196,288
	-	(57,050)	-	(105,796)	(569)	(25,450)	(188,865)
Depreciation charge for the year	(596,135)	(157,713)	(80,903)	(70,388)	(965,920)	(2,807,602)	(4,678,661)
Closing net book value	<u>3,452,095</u>	<u>788,819</u>	<u>609,497</u>	<u>456,364</u>	<u>2,040,045</u>	<u>16,931,601</u>	<u>24,278,421</u>
As at September 30, 2018							
Cost	20,418,374	1,547,298	2,651,352	2,721,262	5,160,952	26,012,460	58,511,698
Accumulated depreciation	(16,966,279)	(872,579)	(2,041,855)	(2,476,490)	(3,122,045)	(9,131,759)	(34,611,007)
Net book value	<u>3,452,095</u>	<u>674,719</u>	<u>609,497</u>	<u>244,772</u>	<u>2,038,907</u>	<u>16,880,701</u>	<u>23,900,691</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	Communicatio n equipment	Computer equipment	Motor vehicles	Total
Rupees							
As at July 01, 2017							
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>
Six Months Ended Dec 31, 2017							
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)	(2,928,166)
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>
As at September 30, 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>
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 NINE MONTH ENDED SEPTEMBER 30, 2018

6	TRADE DEBTS	Note	UN-AUDITED	AUDITED
			SEPT 30 2018	DEC 31 2017
			----- Rupees -----	
	Considered good			
	Receivable from clients against purchase of marketable securities and commodity contracts		59,781,035	77,057,286
	Clearing balance with National Clearing Company of Pakistan Limited		-	-
			<u>59,781,035</u>	<u>77,057,286</u>
	Considered doubtful			
	Receivable from clients against purchase of marketable securities and commodity contracts		600,374,655	600,395,052
	Commission receivable		414,265	414,265
	Provision for doubtful debts		(586,088,752)	(586,088,752)
			14,700,168	14,720,565
			<u>74,481,203</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)

7	CASH AND BANK BALANCES	Note	UN-AUDITED	AUDITED
			SEPT 30 2018	DEC 31 2017
			----- Rupees -----	
	Cash in hand		194,500	17,380
	Cash at bank	7.1	262,200,217	272,515,756
			<u>262,394,717</u>	<u>272,533,136</u>

7.1 This includes amount of Rs. 226.64 million representing clients' funds. (Dec 31, 2017: Rs. 259.292 million)

8	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	2018	2017	Number of shares	Ordinary shares of Rs. 10/- each fully paid in cash	UN-AUDITED	AUDITED
						SEPT 30 2018	DEC 31 2017
						----- Rupees -----	
		<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.

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 NINE MONTH ENDED SEPTEMBER 30, 2018

10 CONTINGENCIES

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

	NINE MONTHS ENDED		QUARTER	
	SEPTEMBER 30		JULY-SEPTEMBER	
	2018	2017	2018	2017
	----- Rupees -----		----- Rupees -----	
11 OPERATING REVENUE				
Retail	44,756,940	70,918,140	13,187,712	17,713,201
Institution	15,606,576	26,532,009	4,363,552	5,044,370
Advisory and consulting fee	-	5,000,000	-	-
Brokerage from equity operations	60,363,516	102,450,149	17,551,264	22,757,571
Brokerage from commodity operations	3,978,210	6,274,135	1,057,425	1,457,485
	<u>64,341,726</u>	<u>108,724,284</u>	<u>18,608,689</u>	<u>24,215,056</u>
12 OTHER INCOME				
From financial assets				
Profit on saving accounts	7,415,366	10,533,764	2,332,126	2,747,761
Income on deposit with Pakistan Stock Exchange Limited	5,433,082	4,832,628	1,643,859	1,792,115
Income on deposit with Pakistan Mercantile Exchange Limited	19,555	93,487	-	12,648
Gain / (Loss) on sale of operating fixed assets	(1,492)	(2,541)	(19,419)	
Dividend Income	78,423	662,431	79	-
Income on long term loan	1,638,092	4,318,367	6,035	1,456,241
	<u>14,583,026</u>	<u>20,438,136</u>	<u>3,962,680</u>	<u>6,008,765</u>
From other than financial assets				
CDC conversion charges and commission	832,453	3,696,138	683,754	1,261,687
Others	259,904	1,743,753	(494,344)	11,373
	<u>1,092,357</u>	<u>5,439,891</u>	<u>189,410</u>	<u>1,273,060</u>
	<u>15,675,383</u>	<u>25,878,027</u>	<u>4,152,090</u>	<u>7,281,825</u>

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTH ENDED SEPTEMBER 30, 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.

	SEPTEMBER 30, 2018		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	32,753	207,141,252	1,873,212,914
Sale of marketable securities for and on behalf of	32,753	202,014,310	131,077,183
Brokerage income earned	5	211,019	2,264,910
Advisory and consulting fee	-	-	1,188,000
Markup on long term loan	1,638,092	-	-
Insurance expense	-	-	1,693,931
Rent expense	-	-	3,064,021
Rent expense - reimbursements	247,200	-	293,552
Group shared services - reimbursements from	5,081,995	-	1,407,546
Group shared services - reimbursements to	3,411,332	-	7,141,422

	SEPTEMBER 30, 2017		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	183,726,663	1,833,680,612
Sale of marketable securities for and on behalf of	-	184,748,219	302,612,990
Brokerage income earned	-	369,677	3,182,125
Advisory and consulting fee	-	-	6,980,000
Markup on long term loan	4,318,367	-	-
Insurance expense	-	-	1,852,044
Rent expense	-	-	3,044,684
Rent expense - reimbursements	-	-	56,789
Group shared services - reimbursements from	1,217,883	-	2,308,552
Group shared services - reimbursements to	13,256,753	-	4,894,062

14 GENERAL

Figures have been rounded off to the nearest rupee.

CHAIRMAN

CHIEF EXECUTIVE OFFICER