

IGI

Securities

IGI Finex Securities Limited

Condensed Interim Financial Statements-Un-Audited

For the Half Year Ended June 30, 2019

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	UN-AUDITED Jun-30 2019	AUDITED Dec 31 2018
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and equipment	5 21,187,041	24,008,214
- Intangible assets	16,681,512	11,364,228
Long term investments	20,806,730	21,752,072
Long term deposits	14,054,664	17,354,664
Deferred tax asset - net	57,428,382	57,428,382
	130,158,329	131,907,560
Current assets		
Trade debts - net	6 51,110,416	58,409,479
Loans and advances	1,371,580	1,206,403
Trade deposits and short term prepayments	158,577,446	159,672,273
Accrued mark-up - net	7,122,734	5,733,169
Other receivables - net	660,369	1,842,350
Taxation recoverable	64,144,306	63,331,032
Cash and bank balances	7 231,874,830	213,136,036
	514,861,681	503,330,742
TOTAL ASSETS	645,020,010	635,238,302
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital		
60,000,000 ordinary shares of Rs. 10/- each (December 31, 2018: 60,000,000 ordinary shares of Rs. 10/- each)	600,000,000	600,000,000
Issued, subscribed and paid up share capital	8 520,000,000	520,000,000
Accumulated losses	(838,860,701)	(826,321,616)
Unrealised gain on revaluation of available-for-sale investments	20,806,330	21,751,672
Advance against issue of preference shares	9 550,000,000	550,000,000
	251,945,629	265,430,056
Current liabilities		
Trade and other payables	393,074,381	369,808,246
TOTAL EQUITY AND LIABILITIES	645,020,010	635,238,302

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 STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Half Year Ended JUNE 30		Quarter Ended APRIL-JUNE	
		2019	2018	2019	2018
		Rupees		Rupees	
Operating revenue	11	33,492,990	45,733,037	16,790,061	18,597,677
Other income	12	13,179,797	11,523,293	6,571,583	5,158,209
		<u>46,672,787</u>	<u>57,256,330</u>	<u>23,361,644</u>	<u>23,755,886</u>
Administrative and operating expenses		(58,357,174)	(65,593,085)	(27,620,884)	(31,325,742)
Financial Charges		(280,295)	(288,165)	(111,813)	(150,148)
		<u>(11,964,682)</u>	<u>(8,624,920)</u>	<u>(4,371,053)</u>	<u>(7,720,004)</u>
Reversal of provision for doubtful debts		8,376	-	-	-
Loss before taxation		<u>(11,956,306)</u>	<u>(8,624,920)</u>	<u>(4,371,053)</u>	<u>(7,720,004)</u>
Taxation - current		(582,779)	(6,913,461)	(291,389)	(3,062,852)
Loss after taxation		<u>(12,539,085)</u>	<u>(15,538,381)</u>	<u>(4,662,442)</u>	<u>(10,782,856)</u>
Loss per share - basic and diluted		<u>(0.24)</u>	<u>(0.30)</u>	<u>(0.09)</u>	<u>(0.21)</u>

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

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CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITE
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Half Year Ended	
	JUNE 30	
	<u>2019</u>	<u>2018</u>
	<u>----- Rupees -----</u>	
Loss after taxation	(12,539,085)	(15,538,381)
Items that may be reclassified to profit and loss account subsequently		
Deficit on revaluation available for sale investments	(945,342)	(4,248,225)
Less: related tax impact	-	-
	(945,342)	(4,248,225)
Total comprehensive loss for the year	(13,484,427)	(19,786,606)

CHAIRMAN

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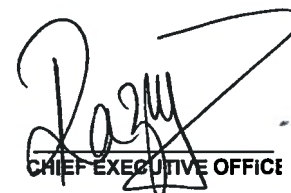
IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	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, 2018	520,000,000	650,000,000	35,906,147	(796,866,730)	409,039,417
Changes in equity for half year June 30, 2018					
Loss for the period	-	-	-	(15,538,381)	(15,538,381)
Payment during the year	-	(100,000,000)	-	-	(100,000,000)
Other Comprehensive loss for the period	-	-	(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>
Balance as at January 01, 2019	520,000,000	550,000,000	21,751,672	(826,321,616)	265,430,056
Changes in equity for half year June 30, 2019					
Loss for the period	-	-	-	(12,539,085)	(12,539,085)
Other Comprehensive loss for the period	-	-	(945,342)	-	(945,342)
	-	-	(945,342)	(12,539,085)	(13,484,427)
Balance as at June 30, 2019	<u>520,000,000</u>	<u>550,000,000</u>	<u>20,806,330</u>	<u>(838,860,701)</u>	<u>251,945,629</u>

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



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CHIEF EXECUTIVE OFFICER


IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	Half Year Ended	
	JUNE 30	
	2019	2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(12,539,085)	(8,624,920)
Adjustments for non-cash items:		
Depreciation - property and equipment	3,095,677	3,191,613
Amortisation	331,436	64,975
Financial charges	280,295	288,165
Gain on disposal of property and equipment	(177,888)	(17,927)
Reversal of provision / (Provision) for doubtful debts - trade debts	8,376	-
Profit on saving accounts and deposit with PSX and PMEX	(11,996,570)	(8,892,018)
Income on term loan	-	(1,632,057)
Dividend income	(1,758)	(78,344)
	<u>(8,460,432)</u>	<u>(7,075,593)</u>
	(20,999,517)	(15,700,513)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	7,290,687	17,567,587
Loans and advances	(165,177)	975,661
Trade deposits and short-term prepayments	1,094,827	37,108,059
Other receivables	1,181,981	2,248,191
	9,402,318	57,899,498
Increase/ (decrease) in current liabilities		
Trade and other payables	29,355,809	(78,264,284)
	17,758,610	(36,065,299)
Finance cost paid	(280,295)	(288,165)
Income tax paid	(6,902,948)	(7,285,263)
Net cash generated from / (used in) operating activities	<u>10,575,367</u>	<u>(43,638,727)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(321,017)	(1,880,480)
Purchase of intangible assets	(5,648,723)	-
Proceeds from disposal of property and equipment	224,400	149,173
Proceeds from long term loan	-	69,859,738
Advance paid against preference shares	-	(100,000,000)
Long-term deposits	3,300,000	(5,400,000)
Dividend received	1,758	78,344
Interest received	10,607,009	23,590,813
Net cash generated from / (used in) investing activities	<u>8,163,427</u>	<u>(13,602,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	<u>18,738,794</u>	<u>(57,241,139)</u>
Cash and cash equivalent at beginning of the period	<u>213,136,036</u>	<u>272,533,136</u>
Cash and cash equivalents at end of the period	<u><u>231,874,830</u></u>	<u><u>215,291,997</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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

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 (now Companies Act, 2017). 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 principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a wholly owned subsidiary of IGI Holdings Limited (the Parent Company).

The Company operates with a total number of 8 (2018: 8) branches in Karachi, Lahore, Islamabad, Faisalabad, Rahim Yar Khan, Peshawar, Abbottabad, and Multan.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim reporting. The approved accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as 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 investment has 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. During the half year ended June 30, 2019, IFRS 16: "leases" became applicable on the Company. There is no material impact on these condensed interim financial statements of Company.

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

5 PROPERTY AND EQUIPMENT

	June 30, 2019						Total
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	
	Rupees						
As at January 01, 2019							
Cost	20,493,824	1,084,728	2,341,227	2,721,262	5,450,862	27,583,587	59,675,090
Accumulated depreciation	(17,143,254)	(721,967)	(1,747,085)	(2,493,953)	(3,474,493)	(10,086,124)	(35,666,876)
Net book value	<u>3,350,370</u>	<u>362,761</u>	<u>594,142</u>	<u>227,309</u>	<u>1,976,169</u>	<u>17,497,463</u>	<u>24,008,214</u>
Six Months Ended June 30, 2019							
Opening net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	24,008,214
Additions	-	-	13,000	-	308,017	-	321,017
Disposals							
Cost	-	-	(104,000)	(437,450)	(16,500)	(652,000)	(1,209,950)
Accumulated depreciation	-	-	104,000	437,450	13,644	608,343	1,183,437
	-	-	-	-	(2,856)	(43,657)	(46,513)
Depreciation charge for the year	(250,769)	(45,222)	(42,255)	(37,692)	(716,019)	(2,003,720)	(3,095,677)
Closing net book value	<u>3,099,601</u>	<u>317,539</u>	<u>564,887</u>	<u>189,617</u>	<u>1,565,311</u>	<u>15,450,086</u>	<u>21,187,041</u>
As at June 30, 2019							
Cost	20,493,824	1,084,728	2,250,227	2,263,812	5,742,179	28,931,587	56,786,157
Accumulated depreciation	(17,394,023)	(767,189)	(1,685,340)	(2,094,195)	(4,176,888)	(11,481,501)	(37,599,115)
Net book value	<u>3,099,601</u>	<u>317,539</u>	<u>564,887</u>	<u>189,617</u>	<u>1,565,311</u>	<u>15,450,086</u>	<u>21,187,041</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, 2018						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at January 1, 2018							
Cost	18,652,508	3,388,228	3,556,239	4,279,107	23,017,792	24,834,002	77,709,874
Accumulated depreciation	(18,370,144)	(2,491,244)	(3,015,839)	(3,993,151)	(20,916,048)	(8,342,207)	(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>16,491,795</u>	<u>24,581,241</u>
Year ended December 31, 2018							
Opening net book value	2,282,364	876,982	542,400	285,956	2,101,744	16,491,795	24,581,241
Additions	1,841,116	12,500	155,400	135,000	1,193,382	2,793,085	8,130,463
Disposals							
Cost	-	2,295,998	1,372,412	1,692,845	18,780,492	43,500	24,165,247
Accumulated depreciation	-	(1,952,734)	(1,370,719)	(1,587,049)	(18,759,923)	(18,050)	(23,888,475)
	-	343,264	1,693	105,798	569	25,450	476,772
Depreciation charge for the year	(773,110)	(183,457)	(101,965)	(67,851)	(1,318,368)	(3,761,967)	(6,226,718)
Closing net book value	<u>3,350,370</u>	<u>362,761</u>	<u>594,142</u>	<u>227,309</u>	<u>1,976,169</u>	<u>17,497,463</u>	<u>24,008,214</u>
As at December 31, 2018							
Cost	20,493,824	1,084,728	2,341,227	2,721,262	5,450,862	27,583,587	59,675,090
Accumulated depreciation	(17,143,254)	(721,967)	(1,747,085)	(2,493,953)	(3,474,493)	(10,086,124)	(35,666,876)
Net book value	<u>3,350,370</u>	<u>362,761</u>	<u>594,142</u>	<u>227,309</u>	<u>1,976,169</u>	<u>17,497,463</u>	<u>24,008,214</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, 2019

		UN-AUDITED June 30 2019	AUDITED Dec 31 2018
		Rupees	
6	TRADE DEBTS		
	Considered good		
	Receivable from clients against purchase of marketable securities and commodity contracts	36,108,685	44,150,367
	Considered doubtful		
	Receivable from clients against purchase of marketable securities and commodity contracts	601,072,358	600,338,115
	Commission receivable	414,265	414,265
	Provision for doubtful debts	(586,484,892)	(586,493,268)
		15,001,731	14,259,112
		51,110,416	58,409,479
6.1	The customer assets in central depository system amount to Rs. 4,664 million (December 31, 2018: Rs. 5,360 million)		
		UN-AUDITED June 30 2019	AUDITED Dec 31 2018
		Rupees	
7	CASH AND BANK BALANCES		
	Cash in hand	-	-
	Cash at bank	231,874,830	213,136,036
		231,874,830	213,136,036
7.1	This includes amount of Rs. 217.886 million representing clients' funds. (December 31, 2018: Rs. 182.816 million)		
8	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	UN-AUDITED June 30 2019	AUDITED Dec 31 2018
		Rupees	
	2019 2018 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.		
10	CONTINGENCIES		
	There are no changes in contingencies as disclosed in the financial statements for the year ended December 31, 2018.		

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	HAIF YEAR ENDED JUNE 30		QUARTER APRIL - JUNE	
	2019	2018	2019	2018
	Rupees		Rupees	
11 OPERATING REVENUE				
Retail	25,405,881	31,569,228	12,863,261	8,420,079
Institution	6,298,599	11,243,024	3,382,140	8,848,888
Brokerage from equity operations	31,704,480	42,812,252	16,245,401	17,268,967
Brokerage from commodity operations	1,788,510	2,920,785	544,660	1,328,710
	<u>33,492,990</u>	<u>45,733,037</u>	<u>16,790,061</u>	<u>18,597,677</u>
12 OTHER INCOME				
From financial assets				
Profit on saving accounts	6,189,204	5,083,240	3,151,086	2,580,404
Income on deposit with Pakistan Stock Exchange Limited	5,807,366	3,789,223	2,917,147	1,827,008
Income on deposit with Pakistan Mercantile Exchange Limited	-	19,555	-	-
Gain / (Loss) on sale of operating fixed assets	177,888	17,927	171,178	12,427
Dividend Income	1,758	78,344	1,297	-
Income on long term loan	-	1,632,057	-	180,812
	<u>12,176,216</u>	<u>10,620,346</u>	<u>6,240,708</u>	<u>4,600,651</u>
From other than financial assets				
CDC conversion charges and commission	953,666	148,699	324,478	-
Others	49,915	754,248	6,397	557,558
	<u>1,003,581</u>	<u>902,947</u>	<u>330,875</u>	<u>557,558</u>
	<u>13,179,797</u>	<u>11,523,293</u>	<u>6,571,583</u>	<u>5,158,209</u>

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

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 half year ended June 30, 2019.

	June 30, 2019		
	Parent	Key management personnel	Other related parties and associated undertakings
	Rupees		
Purchase of marketable securities for and on behalf of	-	46,381,744	326,357,629
Sale of marketable securities for and on behalf of	-	53,312,158	76,377,117
Brokerage income earned	-	61,591	490,262
Remuneration paid to	-	10,107,474	-
Insurance expense paid to	-	-	1,072,643
Mark-up earned on long term loan	-	-	-
Advisory / consultancy income from	-	-	959,475
Group Shared Services reimbursements from	3,279,255	-	1,078,400
Group Shared Services reimbursements to	-	-	3,652,505
Rent expense - reimbursement from	-	-	198,243
Rent expense - reimbursement to	-	-	2,460,240
	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
Remuneration paid to	-	15,173,163	-
Insurance expense paid to	-	-	913,136
Mark-up earned on long term loan	1,632,057	-	-
Advisory / consultancy income from	-	-	792,000
Group Shared Services reimbursements from	3,343,774	-	4,231,636
Group Shared Services reimbursements to	3,268,748	-	949,389
Rent expense - reimbursement from	247,200	-	173,252
Rent expense - reimbursement to	-	-	1,716,330

14 GENERAL

Figures have been rounded off to the nearest rupee.

CHAIRMAN

CHIEF EXECUTIVE OFFICER