

# **IGI**

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## **Securities**

*IGI Finex Securities Limited*

*Condensed Interim Financial Statements-Un-Audited*

*For the Quarter Ended March 31, 2019*

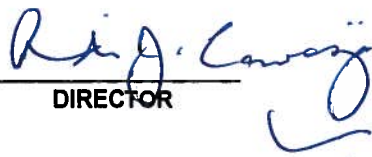
**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

	UN-AUDITED MAR 31 2019	Audited Dec 31 2018
Note	----- Rupees -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
- Property and equipment	5 22,516,862	24,008,214
- Intangible assets	6 16,851,939	11,364,228
Long term investments	26,304,459	21,752,072
Long term deposits	17,354,664	17,354,664
Deferred tax asset - net	57,428,382	57,428,382
	140,456,306	131,907,560
<b>Current assets</b>		
Trade receivables - net	7 62,947,258	58,409,479
Loans and advances	1,582,272	1,206,403
Deposits and prepayments	161,546,710	159,672,273
Accrued mark-up - net	3,723,574	5,733,169
Other receivables	3,479,828	1,842,350
Taxation recoverable	65,575,268	63,331,032
Cash and bank balances	8 173,061,351	213,136,036
	471,916,261	503,330,742
<b>TOTAL ASSETS</b>	<b>612,372,567</b>	<b>635,238,302</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Authorised share capital</b>		
60,000,000 ordinary shares of Rs. 10/- each	600,000,000	600,000,000
(December 31, 2018: 60,000,000 ordinary shares of Rs. 10/- each)		
Issued, subscribed and paid up share capital	9 520,000,000	520,000,000
Accumulated losses	(832,568,257)	(826,321,616)
Surplus on revaluation of available-for-sale investment	26,304,059	21,751,672
Advance against issue of preference shares	10 550,000,000	550,000,000
	263,735,802	265,430,056
<b>Current liabilities</b>		
Trade and other payables	348,636,765	369,808,246
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>612,372,567</b>	<b>635,238,302</b>

**CONTINGENCIES**

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The annexed notes from 1 to 16 form an integral part of these condensed interim unaudited financial statements.

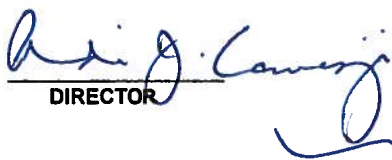
  
 \_\_\_\_\_  
 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

	Note	Quarter Ended	
		March 31	
		2019	2018
		----- Rupees -----	
Operating revenue	12	16,702,931	27,135,360
Other operating income	13	6,608,213	6,365,084
<b>Total operating income</b>		23,311,144	33,500,444
Administrative and operating expenses		(29,106,290)	(34,267,343)
Financial Charges		(168,482)	(138,017)
<b>Total operating expenses</b>		(29,274,772)	(34,405,360)
Other expenses	14	-	-
Reversal of provision / (provision) for doubtful debts		8,376	-
Loss before taxation		(5,955,252)	(904,916)
Taxation - current		(291,389)	(3,850,609)
<b>Loss after taxation</b>		(6,246,641)	(4,755,525)
<b>Loss per share - basic and diluted</b>		(0.12)	(0.09)

The annexed notes from 1 to 16 form an integral part of these condensed interim unaudited financial statements.

  
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 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

	Quarter Ended March 31	
	2019	2018
	----- Rupees -----	
Loss after taxation	(6,246,641)	(4,755,525)
<b>Items that may be reclassified to profit and loss account subsequently:</b>		
Surplus on revaluation of available for sale investment	4,552,387	5,625,965
	4,552,387	5,625,965
<b>Total comprehensive (loss) / income for the year</b>	<b>(1,694,254)</b>	<b>870,440</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim unaudited financial statements.

  
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 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

	Share capital	Advance against issue of preference shares	Surplus on revaluation of available-for-sale Investment	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
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(4,755,525)	(4,755,525)
Other Comprehensive income	-	-	5,625,965	-	5,625,965
	-	-	5,625,965	(4,755,525)	870,440
<b>Balance as at March 31, 2018</b>	<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>
Balance as at January 01, 2019	520,000,000	550,000,000	21,751,672	(826,321,616)	265,430,056
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(6,246,641)	(6,246,641)
Other Comprehensive income	-	-	4,552,387	-	4,552,387
	-	-	4,552,387	(6,246,641)	(1,694,254)
<b>Balance as at March 31, 2019</b>	<u>520,000,000</u>	<u>550,000,000</u>	<u>26,304,059</u>	<u>(832,568,257)</u>	<u>263,735,802</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim unaudited financial statements.

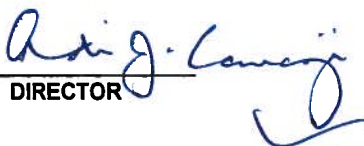
  
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 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

	Quarter Ended	
	March 31	
	2019	2018
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,955,252)	(904,916)
<b>Adjustments for non-cash items:</b>		
Depreciation	1,550,883	1,642,576
Amortisation	161,012	32,542
Financial charges	168,482	138,017
Gain on disposal of property and equipment	(6,710)	(5,500)
Profit on saving accounts and deposit with PSX and PMEX	(5,928,336)	(5,934,027)
Dividend income	(461)	(80,168)
	<u>(4,055,130)</u>	<u>(4,206,560)</u>
	(10,010,382)	(5,111,476)
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Trade receivables	(4,537,779)	10,942,477
Loans and advances	(375,869)	1,169,574
Deposits and prepayments	(1,874,437)	5,583,897
Other receivables	(1,637,478)	(80,148)
	(8,425,563)	17,615,800
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(21,171,481)	35,117,467
	(39,607,426)	47,621,791
Finance cost paid	(168,482)	(138,017)
Income tax paid	(2,535,625)	(4,373,530)
<b>Net cash (used in) / generated from operating activities</b>	<u>(42,311,533)</u>	<u>43,110,244</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property and equipment	(61,320)	(1,509,112)
Payment for purchase of intangible assets	(5,648,723)	-
Proceeds from disposal of property and equipment	8,500	5,500
Long-term deposits	-	1,966,596
Dividend received	461	80,168
Received profit on saving accounts and deposit with PSX and PMEX	7,937,930	5,157,157
<b>Net cash generated from investing activities</b>	<u>2,236,848</u>	<u>5,700,309</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>(40,074,685)</u>	<u>48,810,553</u>
Cash and cash equivalents at beginning of the period	<u>213,136,036</u>	<u>272,533,136</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>173,061,351</u></u>	<u><u>321,343,689</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim unaudited financial statements.

  
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 DIRECTOR

  
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 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 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 quarter ended March 31, 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 QUARTER ENDED MARCH 31, 2019**

**5 PROPERTY AND EQUIPMENT**

	March 31, 2019						Total
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	
	Rupees						
<b>As at January 01, 2019</b>							
Cost	20,493,621	1,084,728	2,341,227	2,721,262	5,450,662	27,583,587	59,675,087
Accumulated depreciation	(17,143,255)	(721,968)	(1,747,081)	(2,493,953)	(3,474,493)	(10,086,124)	(35,666,873)
Net book value	<u>3,350,366</u>	<u>362,760</u>	<u>594,146</u>	<u>227,309</u>	<u>1,976,169</u>	<u>17,497,463</u>	<u>24,008,214</u>
<b>Quarter ended March 31, 2019</b>							
Opening net book value	3,350,366	362,760	594,146	227,309	1,976,169	17,497,463	24,008,214
Additions	-	-	-	-	61,320	-	61,320
Disposals							
Cost	-	-	(104,000)	-	(5,000)	-	(109,000)
Accumulated depreciation	-	-	104,000	-	3,210	-	107,210
	-	-	-	-	(1,790)	-	(1,790)
Depreciation charge for the year	(126,724)	(23,860)	(20,987)	(20,013)	(357,440)	(1,001,860)	(1,550,883)
Closing net book value	<u>3,223,642</u>	<u>338,900</u>	<u>573,160</u>	<u>207,296</u>	<u>1,681,839</u>	<u>16,495,603</u>	<u>22,520,441</u>
<b>As at March 31, 2019</b>							
Cost	20,493,621	1,084,728	2,237,227	2,721,262	5,506,982	27,583,587	59,627,408
Accumulated depreciation	(17,269,979)	(745,828)	(1,664,067)	(2,513,966)	(3,828,723)	(11,087,984)	(37,110,546)
Net book value	<u>3,223,642</u>	<u>338,900</u>	<u>573,160</u>	<u>207,296</u>	<u>1,678,259</u>	<u>16,495,603</u>	<u>22,516,862</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, 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>Quarter ended March 31, 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	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>
<b>As at March 31, 2018</b>							
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>	



IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	UN-AUDITED	UN-AUDITED
		March 31 2019	March 31 2018
		----- Rupees -----	
<b>6 INTANGIBLE ASSETS</b>			
<b>As at January 01</b>			
Cost		43,468,157	28,468,157
Accumulated amortisation		(32,103,929)	(16,980,537)
Net book value		<u>11,364,228</u>	<u>11,487,620</u>
<b>Quarter ended March 31</b>			
Opening net book value		11,364,228	11,487,620
Additions		5,648,723	-
<b>Disposals</b>			
Cost		-	-
Accumulated amortisation		-	-
Amortisation charge for the period		(161,012)	(32,542)
Closing net book value		<u>16,851,939</u>	<u>11,455,078</u>
<b>As at March 31</b>			
Cost		49,116,880	28,468,157
Accumulated amortisation		(32,264,941)	(17,013,079)
Net book value		<u>16,851,939</u>	<u>11,455,078</u>
Amortisation rate % per annum		<u>33.33</u>	<u>33.33</u>
		UN-AUDITED	AUDITED
		March 31	Dec 31
		2019	2018
		----- Rupees -----	
<b>7 TRADE RECEIVABLES - NET</b>			
<b>Considered good</b>			
Receivable from clients against purchase of marketable securities and commodity contracts		48,593,705	44,150,367
		<u>48,593,705</u>	<u>44,150,367</u>
<b>Considered doubtful</b>			
Receivable from clients against purchase of marketable securities and commodity contracts		593,804,065	600,338,115
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,864,777)	(586,493,268)
		<u>14,353,553</u>	<u>14,259,112</u>
		<u>62,947,258</u>	<u>58,409,479</u>
7.1	The customer assets in central depository system amount to Rs. 5,426 million (December 31, 2018: Rs. 5,360 million)		
		UN-AUDITED	AUDITED
		March 31	Dec 31
		2019	2018
		----- Rupees -----	
<b>8 CASH AND BANK BALANCES</b>			
Cash in hand		98,583	-
Cash at bank	8.1	172,962,768	213,136,036
		<u>173,061,351</u>	<u>213,136,036</u>
8.1	This includes amount of Rs. 159,480 million representing clients' funds. (December 31, 2018: Rs. 182,816 million)		
<b>9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		UN-AUDITED	AUDITED
		March 31	Dec 31
		2019	2018
		----- Rupees -----	
2019	2018		
Number of shares			
52,000,000	52,000,000	520,000,000	520,000,000
Ordinary shares of Rs. 10/- each fully paid in cash			
9.1	The parent company, IGI Holdings Limited (formerly IGI Insurance Limited), holds 52,000,000 shares.		

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

**10 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES**

During the financial year ended June 30, 2012, the Company received Rs. 650,000,000 in the form of Interest free subordinated loan from Mr. Syed Babar Ali, Chairman – IGI Holdings 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 previous year the Company repaid an amount of Rs 100 million in respect of the advance against issue of preference shares and in the current period amended the terms of the agreement, that the Company may, at its option and discretion, refund the entire Subscription Amount (or any part thereof) at any time during the term of this Subscription Agreement subject to a written notice of fifteen (15) days to SBA, provided that SBA shall not be entitled to demand/claim refund of the Subscription Amount (or any part thereof) in terms of this Clause 3.4 of the Subscription Agreement.

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.

**11 CONTINGENCIES**

There are no changes in contingencies as disclosed in the audited financial statements for the year ended December 31, 2018.

	Quarter Ended	
	March 31	
	2019	2018
	----- Rupees -----	
<b>12 OPERATING REVENUE</b>		
Retail	12,542,622	23,149,149
Institution	2,916,459	2,394,136
Brokerage from equity operations	15,459,081	25,543,285
Brokerage from commodity operations	1,243,850	1,592,075
	<u>16,702,931</u>	<u>27,135,360</u>
<b>13 OTHER INCOME</b>		
<b>From financial assets</b>		
Profit on saving accounts	3,038,117	2,502,836
Income on deposit with Pakistan Stock Exchange Limited	2,890,219	1,960,391
Income on deposit with Pakistan Mercantile Exchange Limited	-	19,555
Gain / (Loss) on sale of operating fixed assets	6,710	5,500
Dividend Income	461	80,168
Income on long term loan	-	1,451,245
	<u>5,935,507</u>	<u>6,019,695</u>
<b>From other than financial assets</b>		
CDC conversion charges and commission	629,188	336,858
Others	43,518	8,531
	<u>672,706</u>	<u>345,389</u>
	<u>6,608,213</u>	<u>6,365,084</u>
<b>14 OTHER EXPENSES</b>		
Bad debt written off	6,620,117	-
Reversal of provision against bad debt written off	(6,620,117)	-
	<u>-</u>	<u>-</u>

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2019**

**15 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.

	<b>MARCH 31, 2019</b>		
	<b>Parent</b>	<b>Key management personnel</b>	<b>Other related parties and associated undertakings</b>
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	64,852,021	142,532,426
Sale of marketable securities for and on behalf of	-	25,008,877	26,972,801
Brokerage income earned	-	32,003	205,604
Remuneration paid to	-	6,653,812	-
Insurance expense paid to	-	-	546,023
Mark-up earned on long term loan	-	-	-
Advisory / consultancy income from	-	-	396,000
GSS reimbursements from	1,547,884	-	474,337
GSS reimbursements to	-	-	1,866,837
Rent expense - reimbursement from	-	-	154,683
Rent Expense	-	-	1,276,728

	<b>March 31 2018</b>		
	<b>Parent</b>	<b>Key management personnel</b>	<b>Other related parties and associated undertakings</b>
	----- 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
Remuneration paid to	-	8,100,001	-
Insurance expense paid to	-	-	478,429
Mark-up earned on long term loan	1,451,245	-	-
Advisory / consultancy income from	-	-	396,000
GSS reimbursements from	1,674,047	-	720,108
GSS reimbursements to	3,263,173	-	2,016,359
Rent expense - reimbursement from	-	-	43,313
Rent Expense	-	-	858,164

**16 GENERAL**

Figures have been rounded off to the nearest rupee.

  
 DIRECTOR

  
 CHIEF EXECUTIVE OFFICER