



IGI Finex Securities Limited
Condensed Interim Financial Statements-Un-Audited
For the Half Year Ended June 30, 2020

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		UN-AUDITED	AUDITED
		Jun-30	Dec 31
	Note	2020	2019
		----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	21,196,872	19,758,317
- Intangible assets		16,059,829	16,350,577
Investments		15,868,835	20,004,853
Long term deposits		17,429,664	15,429,664
Deferred tax asset - net		62,974,832	62,974,832
		133,530,032	134,518,243
Current assets			
Trade debts - net	6	37,024,607	123,411,545
loand and advances		1,369,755	1,658,532
Deposits and prepayments		132,692,203	129,798,790
Accrued mark-up - net		3,741,468	8,783,359
Other receivables - net		2,076,579	2,076,579
Taxation recoverable		70,108,459	68,048,316
Bank balances	7	456,735,389	388,157,249
		703,748,460	721,934,370
TOTAL ASSETS		837,278,492	856,452,613
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10/- each		600,000,000	600,000,000
(2019: 60,000,000 ordinary shares of Rs. 10/- each)			
Issued, subscribed and paid up share capital	8	520,000,000	520,000,000
Accumulated losses		(794,295,926)	(813,252,285)
Surplus on remeasurement of financial assets		15,868,433	20,004,453
Advance against issue of preference shares	9	550,000,000	550,000,000
		291,572,507	276,752,168
Non-current liabilities			
Lease Liability against right-of-use asset		300,893	538,470
Current liabilities			
Trade and other payables		544,963,357	578,769,254
Current portion of lease liability agains right-of-use asset		441,735	392,721
		545,405,092	579,161,975
Total Liabilities		545,705,985	579,700,445
TOTAL EQUITY AND LIABILITIES		837,278,492	856,452,613

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 14 form an integral part of these condensed interim unaudited 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, 2020

	Note	Half Year Ended JUNE 30		Quarter Ended APRIL-JUNE	
		2020	2019	2020	2019
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Operating revenue	11	68,994,560	33,492,990	28,816,875	16,790,061
Other operating revenue	12	21,034,652	13,179,797	10,056,096	6,571,583
Total operating income		90,029,212	46,672,787	38,872,971	23,361,644
Administrative and operating expenses		(67,288,878)	(58,357,174)	(31,932,974)	(29,250,884)
Financial Charges		(398,339)	(280,295)	(170,127)	(111,813)
Total operating expenses		(67,687,217)	(58,637,469)	(32,103,101)	(29,362,697)
Reversal of provision for doubtful debts		-	8,376	-	-
Profit / (loss) before taxation		22,341,995	(11,956,306)	6,769,870	(6,001,053)
Taxation - current		(3,385,636)	(582,779)	(1,003,382)	(291,389)
Profit / (loss) after taxation		18,956,359	(12,539,085)	5,766,488	(6,292,442)
Profit / (loss) per share - basic and diluted		0.36	(0.24)	0.11	(0.12)

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

CHAIRMAN

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Half Year Ended JUNE 30	
	2020	2019
	----- Rupees -----	
Profit / (loss) after taxation	18,956,359	(12,539,085)
Items that may be reclassified to profit and loss account subsequently:		
Unrealised loss on remeasurement of financial assets classified as fair value through other comprehensive income	(4,136,020)	(945,342)
Total comprehensive income / (loss) for the period	<u>14,820,339</u>	<u>(13,484,427)</u>

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

CHAIRMAN

CHIEF EXECUTIVE OFFICER

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

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Half Year Ended JUNE 30	
	2020	2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	22,341,995	(11,956,306)
Adjustments for non-cash items:		
Depreciation - property and equipment	2,688,864	3,095,677
Amortisation	290,747	331,436
Financial charges	398,339	280,295
Gain on disposal of property and equipment	(125,981)	(177,888)
Reversal of provision / (Provision) for doubtful debts - trade debts	-	8,376
Profit on saving accounts and deposit with PSX and PMEX	(19,829,916)	(8,892,018)
Income on term loan	-	(11,996,570)
Dividend income	-	(1,758)
	(16,577,947)	(17,352,450)
	5,764,048	(29,308,756)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	86,386,938	7,290,687
Loans and advances	288,777	(165,177)
Trade deposits and short-term prepayments	(2,893,413)	1,094,827
Other receivables	-	1,181,981
	83,782,302	9,402,318
Increase/ (decrease) in current liabilities		
Trade and other payables	(33,994,460)	29,355,809
	55,551,890	17,758,610
Finance cost paid	(398,339)	(280,295)
Income tax paid	(5,445,779)	(6,902,948)
Net cash generated from / (used in) operating activities	49,707,772	10,575,367
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(4,220,310)	(321,017)
Purchase of intangible assets	-	(5,648,723)
Proceeds from disposal of property and equipment	218,872	224,400
Long-term deposits	(2,000,000)	3,300,000
Dividend received	-	1,758
Interest received	24,871,807	10,607,009
Net cash generated from / (used in) investing activities	18,870,369	8,163,427
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	68,578,140	18,738,794
Cash and cash equivalent at beginning of the period	388,157,249	213,136,036
Cash and cash equivalents at end of the period	456,735,389	213,136,036

The annexed notes from 1 to 14 form an integral part of these condensed interim unaudited 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, 2020

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 7 (2019: 8) branches in Karachi, Lahore, Islamabad, Faisalabad, Rahim Yar Khan, 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unaudited financial statements are the same as those applied in the preparation of the preceding audited financial statements of the Company for the year ended December 31, 2019.

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

5 PROPERTY AND EQUIPMENT

June 30, 2020							
Leasehold improve- ments	Furniture and fixtures	Office equipment	Communi- cation equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total

Rupees

As at January 1, 2020

Cost	21,037,844	1,084,728	2,250,227	2,348,811	5,786,978	26,884,087	1,216,970	60,609,645
Accumulated depreciation	(17,640,509)	(804,097)	(1,725,517)	(2,114,997)	(4,787,277)	(13,407,079)	(371,852)	(40,851,328)
Net book value	<u>3,397,335</u>	<u>280,631</u>	<u>524,710</u>	<u>233,814</u>	<u>999,701</u>	<u>13,477,008</u>	<u>845,118</u>	<u>19,758,317</u>

Half Year Ended June 30, 2020

Opening net book value	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317
Additions	-	-	-	-	198,650	4,021,660	-	4,220,310

Disposals

Cost	-	136,081	16,550	3,000	92,370	522,000	-	770,001
Accumulated depreciation	-	(133,852)	(8,465)	(2,284)	(92,370)	(440,139)	-	(677,110)
	-	2,229	8,085	716	-	81,861	-	92,891
Depreciation charge for the period	(246,121)	(29,972)	(37,234)	(39,149)	(374,415)	(1,759,144)	(202,829)	(2,688,864)
Closing net book value	<u>3,151,214</u>	<u>248,430</u>	<u>479,391</u>	<u>193,949</u>	<u>823,936</u>	<u>15,657,663</u>	<u>642,289</u>	<u>21,196,872</u>

As at June 30, 2020

Cost	21,037,844	948,647	2,233,677	2,345,811	5,893,258	30,383,747	1,216,970	64,059,954
Accumulated depreciation	(17,886,630)	(700,217)	(1,754,286)	(2,151,862)	(5,069,322)	(14,726,084)	(574,681)	(42,863,082)
Net book value	<u>3,151,214</u>	<u>248,430</u>	<u>479,391</u>	<u>193,949</u>	<u>823,936</u>	<u>15,657,663</u>	<u>642,289</u>	<u>21,196,872</u>

Depreciation rate % per annum

10	10	10	20	33	20	33	
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December 31, 2019							
Leasehold improve- ments	Furniture and fixtures	Office equipment	Communi- cation equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total

Rupees

As at January 1, 2019

Cost	20,493,624	1,084,728	2,341,227	2,721,262	5,450,662	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>-</u>	<u>24,008,214</u>

Year ended December 31, 2019

Opening net book value	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	-	24,008,214
Additions	544,220	-	13,000	99,999	352,816	-	-	1,010,035
Adoption of IFRS 16 (note 2.2.2)	-	-	-	-	-	-	1,216,970	1,216,970

Disposals

Cost	-	-	104,000	472,450	16,500	699,500	-	1,292,450
Accumulated depreciation	-	-	(104,000)	(453,716)	(13,645)	(629,602)	-	(1,200,963)
	-	-	-	18,734	2,855	69,898	-	91,487
Depreciation charge for the year	(497,255)	(82,130)	(82,432)	(74,760)	(1,326,429)	(3,950,557)	(371,852)	(6,385,415)
Closing net book value	<u>3,397,335</u>	<u>280,631</u>	<u>524,710</u>	<u>233,814</u>	<u>999,701</u>	<u>13,477,008</u>	<u>845,118</u>	<u>19,758,317</u>

As at December 31, 2019

Cost	21,037,844	1,084,728	2,250,227	2,348,811	5,786,978	26,884,087	1,216,970	60,609,645
Accumulated depreciation	(17,640,509)	(804,097)	(1,725,517)	(2,114,997)	(4,787,277)	(13,407,079)	(371,852)	(40,851,328)
Net book value	<u>3,397,335</u>	<u>280,631</u>	<u>524,710</u>	<u>233,814</u>	<u>999,701</u>	<u>13,477,008</u>	<u>845,118</u>	<u>19,758,317</u>

Depreciation rate % per annum

10	10	10	20	33	20	33	
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IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		UN-AUDITED June 30 2020	AUDITED Dec 31 2019
	Note	Rupees	
6 TRADE DEBTS			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		20,876,154	109,152,433
Receivable from National Clearing Company of Pakistan Limited (NCCPL)		1,825,363	-
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		593,773,600	593,709,622
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,864,775)	(579,864,775)
		14,323,090	14,259,112
		37,024,607	123,411,545

6.1 The customer assets in central depository system amount to Rs. 5,016.86 million (December 31, 2019: Rs. 5,360 million)

		UN-AUDITED June 30 2020	AUDITED Dec 31 2019
	Note	Rupees	
7 BANK BALANCES			
Cash in hand		-	-
Cash at bank	7.1	456,735,389	388,157,249
		456,735,389	388,157,249

7.1 This includes amount of Rs. 401.752 million representing clients' funds. (December 31, 2019: Rs. 332.193 million)

		UN-AUDITED June 30 2020	AUDITED Dec 31 2019
		Rupees	
8 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
2020	2019		
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			

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.

During the year ended December 31, 2018, the Company had repaid an amount of Rs 100 million in respect of the advance against preference shares. Further, an addendum was signed to reflect that the amount of advance against preference shares is reduced to Rs. 550,000,000 and preference shares are reduced to 55,000,000 at the rate of Rs. 10 per share. Further, the Company may at its option or discretion refund the entire subscription amount (or any part thereof) at any time during the term of this Subscription Agreement subject to a fifteen days notice to the sponsor, provided that the sponsor shall not be entitled to demand claim / refund of the Subscription amount (or any part thereof) in term of this clause of the Subscription Agreement.

Since the Company has not yet issued the said preference shares, the amount has been reported as advance against issue of preference shares.

10 CONTINGENCIES AND COMMITMENTS

There are no changes in contingencies as disclosed in the financial statements for the year ended December 31, 2019.

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		HALF YEAR ENDED JUNE 30		QUARTER ENDED APRIL - JUNE	
		2020	2019	2020	2019
		----- Rupees -----			
11	OPERATING REVENUE				
	Retail	60,691,933	25,405,881	26,660,071	12,863,261
	Institution	6,720,077	6,298,599	1,672,914	3,382,140
	Brokerage from equity operations	67,412,010	31,704,480	28,332,985	16,245,401
	Brokerage from commodity operations	1,582,550	1,788,510	483,890	544,660
		<u>68,994,560</u>	<u>33,492,990</u>	<u>28,816,875</u>	<u>16,790,061</u>
12	OTHER OPERATING REVENUE				
	From financial assets				
	Profit on saving accounts	13,776,956	6,189,204	6,917,947	3,151,086
	Income on deposit with Pakistan Stock Exchange Limited Exposure	6,052,960	5,807,366	2,600,117	2,917,147
	Gain / (Loss) on sale of operating fixed assets	125,981	177,888	10,970	171,178
	Dividend Income	-	1,758	-	1,297
		<u>19,955,897</u>	<u>12,176,216</u>	<u>9,529,034</u>	<u>6,240,708</u>
	From other than financial assets				
	CDC conversion charges and commission	1,042,690	953,666	519,922	324,478
	Others	36,065	49,915	7,140	6,397
		<u>1,078,755</u>	<u>1,003,581</u>	<u>527,062</u>	<u>330,875</u>
		<u>21,034,652</u>	<u>13,179,797</u>	<u>10,056,096</u>	<u>6,571,583</u>

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

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, 2020.

June 30, 2020		
Parent	Key management personnel	Other related parties and associated undertakings
Rupees		
Purchase of marketable securities for and on behalf of	-	105,390,646
Sale of marketable securities for and on behalf of	-	128,271,968
Brokerage income earned	-	313,380
Remuneration paid to	-	15,133,332
Insurance expense paid to	-	-
Reimbursement of expenses	-	993,728
Group Shared Services reimbursements from	3,976,876	2,772,605
Group Shared Services reimbursements to	-	902,880
Rent expense - reimbursement from	-	3,726,273
Rent expense - reimbursement to	-	79,860
		2,027,887

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
Sale of marketable securities for and on behalf of	-	53,312,158
Brokerage income earned	-	61,591
Remuneration paid to	-	10,107,474
Insurance expense paid to	-	-
Reimbursement of expenses	-	1,072,643
Group Shared Services reimbursements from	3,279,255	959,475
Group Shared Services reimbursements to	-	1,078,400
Rent expense - reimbursement from	-	3,652,505
Rent expense - reimbursement to	-	198,243
		2,460,240

14 GENERAL

Figures have been rounded off to the nearest rupee.



CHAIRMAN



CHIEF EXECUTIVE OFFICER