



IGI Finex Securities Limited

Un-Audited Condensed Interim Financial Statements

For the Quarter Ended March 31, 2020

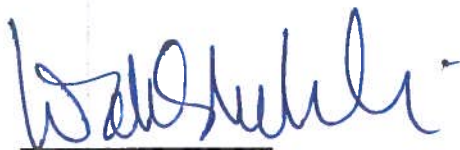
IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	UN-AUDITED MAR 31 2020	Audited Dec 31 2019
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
	- Property and equipment	- Intangible assets
5	18,283,134	19,758,317
6	16,201,046	16,350,577
	Long term investments	20,004,853
	Long term deposits	15,429,664
	Deferred tax asset - net	62,974,832
	<u>127,602,005</u>	<u>134,518,243</u>
Current assets		
	Trade receivables - net	123,411,545
7	38,076,229	1,658,532
	Loans and advances	129,798,790
	Deposits and prepayments	8,783,359
	Accrued mark-up - net	2,076,579
	Other receivables	68,048,316
	Taxation recoverable	388,157,249
8	465,795,054	721,934,370
	<u>714,030,111</u>	<u>856,452,613</u>
	<u>TOTAL ASSETS</u>	<u>841,632,116</u>
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital		
60,000,000 ordinary shares of Rs. 10/- each		
(December 31, 2019: 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
9	520,000,000	520,000,000
	Accumulated losses	(813,252,285)
	Surplus on revaluation of available-for-sale investment	20,004,453
10	12,662,929	550,000,000
	Advance against issue of preference shares	276,752,168
	<u>282,600,535</u>	<u>276,752,168</u>
	Non-current liabilities	
	Lease liability against right-of-use asset	423,513
		538,470
	Current liabilities	
	Trade and other payables	558,191,397
	Current portion of lease liability against right-of-use asset	416,671
	<u>558,608,068</u>	<u>578,769,254</u>
	<u>559,031,581</u>	<u>579,161,975</u>
	Total liabilities	579,700,445
	<u>TOTAL EQUITY AND LIABILITIES</u>	<u>841,632,116</u>
	<u>841,632,116</u>	<u>856,452,613</u>

CONTINGENCIES

11

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

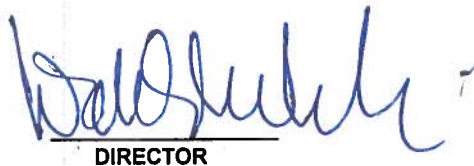

DIRECTOR


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Note	Quarter Ended March 31	
		2020	2019
		----- Rupees -----	
Operating revenue	12	40,177,685	16,702,931
Other operating revenue	13	10,978,576	6,608,213
Total operating income		51,156,261	23,311,144
Administrative and operating expenses		(35,355,904)	(29,106,290)
Financial Charges		(228,212)	(168,482)
Total operating expenses		(35,584,116)	(29,274,772)
Reversal of provision / (provision) for doubtful debts		-	8,376
Profit / (loss) before taxation		15,572,145	(5,955,252)
Taxation - current		(2,382,254)	(291,389)
Profit / (loss) after taxation		13,189,891	(6,246,641)
Profit / (loss) per share - basic and diluted		0.25	(0.12)

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



DIRECTOR

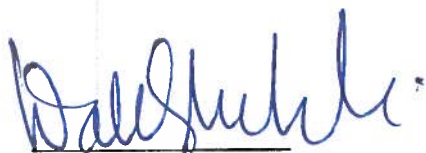


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Quarter Ended	
	March 31	
	2020	2019
	----- Rupees -----	
Profit / (loss) after taxation	13,189,891	(6,246,641)
Items that may be reclassified to profit and loss account subsequently:		
(Deficit) / surplus on revaluation of available for sale investment	(7,341,524)	4,552,387
	(7,341,524)	4,552,387
Total comprehensive income / (loss) for the period	5,848,367	(1,694,254)

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



DIRECTOR



CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	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, 2019	520,000,000	550,000,000	21,751,672	(826,321,616)	265,430,056
Total comprehensive loss for the period					
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)
Balance as at March 31, 2019	<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>
Balance as at January 01, 2020	520,000,000	550,000,000	20,004,453	(813,252,285)	276,752,168
Total comprehensive income for the period					
Profit for the period	-	-	-	13,189,891	13,189,891
Other Comprehensive loss	-	-	(7,341,524)	-	(7,341,524)
	-	-	(7,341,524)	13,189,891	5,848,367
Balance as at March 31, 2020	<u>520,000,000</u>	<u>550,000,000</u>	<u>12,662,929</u>	<u>(800,062,394)</u>	<u>282,600,535</u>

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


DIRECTOR


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

Quarter Ended

March 31

2020 2019

----- Rupees -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation 15,572,145 (5,955,252)

Adjustments for non-cash items:

Depreciation	1,393,323	1,550,883
Amortisation	149,530	161,012
Financial charges	228,212	168,482
Gain on disposal of property and equipment	(115,011)	(6,710)
Profit on saving accounts and deposit with PSX and PMEX	(10,311,852)	(5,928,336)
Dividend income	-	(461)
	<u>(8,655,798)</u>	<u>(4,055,130)</u>
	6,916,347	(10,010,382)

Changes in working capital

Decrease / (Increase) in current assets

Trade receivables	85,335,316	(4,537,779)
Loans and advances	53,672	(375,869)
Deposits and prepayments	(2,633,033)	(1,874,437)
Other receivables	(418,402)	(1,637,478)
	<u>82,337,553</u>	<u>(8,425,563)</u>

(Decrease) / Increase in current liabilities

Trade and other payables	(20,577,857)	(21,171,481)
Lease liability against right-of-use asset	-	-

Finance cost paid

Income tax paid

Rentals paid against lease liability

Net cash generated from / (used in) operating activities

	68,676,043	(39,607,426)
	(202,088)	(168,482)
	(2,849,867)	(2,535,625)
	(117,127)	-
	<u>65,506,961</u>	<u>(42,311,533)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for purchase of property and equipment

Payment for purchase of intangible assets

Proceeds from disposal of property and equipment

Long-term deposits

Dividend received

Received profit on saving accounts and deposit with PSX and PMEX

Net cash generated from investing activities

	-	(61,320)
	-	(5,648,723)
	196,872	8,500
	(2,050,000)	-
	-	461
	13,983,972	7,937,930
	<u>12,130,844</u>	<u>2,236,848</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flow from financing activities

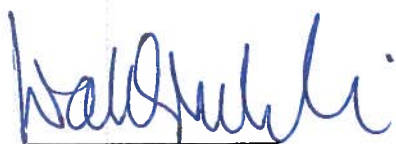
Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the period


Cash and cash equivalents at the end of the period

	77,637,805	(40,074,685)
	<u>388,157,249</u>	<u>213,136,036</u>
	<u>465,795,054</u>	<u>173,061,351</u>

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



DIRECTOR



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, 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 8 (2019: 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 IFRS 9, 'Financial Instruments'.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unaudited condensed interim 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 INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

5 PROPERTY AND EQUIPMENT

March 31, 2020							
Leasehold improvements	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>

Period ended March 31, 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	-	-	-	-	-	-	-	-

Disposals - (note 4.1)

Cost	-	-	-	-	-	(522,000)	-	(522,000)
Accumulated depreciation	-	-	-	-	-	440,139	-	440,139
	-	-	-	-	-	(81,861)	-	(81,861)

Depreciation charge for the year	(124,106)	(15,807)	(18,775)	(19,706)	(212,675)	(900,840)	(101,414)	(1,393,323)
Closing net book value	<u>3,273,229</u>	<u>264,824</u>	<u>505,935</u>	<u>214,108</u>	<u>787,026</u>	<u>12,494,307</u>	<u>743,704</u>	<u>18,283,134</u>

As at March 31, 2020

Cost	21,037,844	1,084,728	2,250,227	2,348,811	5,786,978	26,362,087	1,216,970	60,087,645
Accumulated depreciation	(17,764,615)	(819,904)	(1,744,292)	(2,134,703)	(4,999,952)	(13,867,780)	(473,266)	(41,804,511)
Net book value	<u>3,273,229</u>	<u>264,824</u>	<u>505,935</u>	<u>214,108</u>	<u>787,026</u>	<u>12,494,307</u>	<u>743,704</u>	<u>18,283,134</u>

Depreciation rate % per annum

10	10	10	20	33	20	33
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December 31, 2019							
Leasehold improvements	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 - (note 4.1)

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)

Depreciation charge for the year	-	-	-	18,734	2,855	69,898	-	91,487
Closing net book value	<u>(497,255)</u>	<u>(82,130)</u>	<u>(82,432)</u>	<u>(74,760)</u>	<u>(1,326,429)</u>	<u>(3,950,557)</u>	<u>(371,852)</u>	<u>(6,385,415)</u>
	<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 QUARTER ENDED MARCH 31, 2020

	Note	UN-AUDITED	AUDITED
		March 31 2020	Dec 31 2019
		Rupees	
6 INTANGIBLE ASSETS			
As at January 01			
Cost		49,116,880	43,488,157
Accumulated amortisation		(32,786,303)	(32,103,929)
Net book value		<u>16,350,577</u>	<u>11,384,228</u>
Quarter ended March 31			
Opening net book value		16,350,577	11,384,228
Additions		-	5,848,723
Disposals			
Cost		-	-
Accumulated amortisation		-	-
Amortisation charge for the period		(149,530)	(181,012)
Closing net book value		<u>16,201,046</u>	<u>16,851,939</u>
As at March 31			
Cost		49,116,880	49,116,880
Accumulated amortisation		(32,915,634)	(32,284,941)
Net book value		<u>16,201,046</u>	<u>16,851,939</u>
Amortisation rate % per annum		<u>33.33</u>	<u>33.33</u>
		UN-AUDITED	AUDITED
		March 31	Dec 31
		2020	2019
		Rupees	
7 TRADE RECEIVABLES - NET			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		13,012,356	109,152,433
Clearing balance with National Clearing Company of Pakistan Limited		10,087,697	-
		<u>23,100,053</u>	<u>109,152,433</u>
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		594,428,666	593,709,622
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,864,775)	(579,864,775)
		<u>14,978,176</u>	<u>14,259,112</u>
		<u>38,076,229</u>	<u>123,411,545</u>
7.1 The customer assets in central depository system amount to Rs. 3,894 million (December 31, 2019: Rs. 5,137 million)			
		UN-AUDITED	AUDITED
		March 31	Dec 31
		2020	2019
		Rupees	
8 CASH AND BANK BALANCES			
Cash in hand		115,635	-
Cash at bank	8.1	465,679,419	388,157,249
		<u>465,795,054</u>	<u>388,157,249</u>
8.1 This includes amount of Rs. 413.648 million representing clients' funds. (December 31, 2019: Rs. 332.193 million)			
9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		UN-AUDITED	AUDITED
		March 31	Dec 31
		2020	2019
		Rupees	
2020	2019		
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>
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, 2020

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, 2018 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.

During the year, an addendum has been 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.

11 CONTINGENCIES

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

12 OPERATING REVENUE

Retail
Institution

Brokerage from equity operations
Brokerage from commodity operations

	Quarter Ended	
	March 31	
	2020	2019
	----- Rupees -----	
Retail	34,031,862	12,542,622
Institution	5,047,163	2,916,459
Brokerage from equity operations	39,079,025	15,459,081
Brokerage from commodity operations	1,098,660	1,243,850
	<u>40,177,685</u>	<u>16,702,931</u>

13 OTHER INCOME

From financial assets

Profit on saving accounts
Income on deposit with Pakistan Stock Exchange Limited
Gain / (Loss) on sale of operating fixed assets
Dividend income

From other than financial assets

CDC conversion charges and commission
Others

Profit on saving accounts	6,859,009	3,038,117
Income on deposit with Pakistan Stock Exchange Limited	3,452,843	2,890,219
Gain / (Loss) on sale of operating fixed assets	115,011	6,710
Dividend income	-	481
	<u>10,428,863</u>	<u>5,935,507</u>
CDC conversion charges and commission	522,768	829,188
Others	28,925	43,518
	<u>551,713</u>	<u>672,706</u>
	<u>10,978,576</u>	<u>6,608,213</u>

14 OTHER EXPENSES

Bad debt written off
Reversal of provision against bad debt written off

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, 2020

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.

Nature of transactions	MARCH 31, 2020		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	74,688,309	61,832,480
Sale of marketable securities for and on behalf of	-	73,956,105	55,146,617
Brokerage Income earned	-	195,798	179,194
Remuneration paid to	-	7,594,494	-
Insurance expense paid to	-	-	496,864
Reimbursement of expenses	-	-	1,423,895
GSS reimbursements from	1,924,762	-	483,029
GSS reimbursements to	-	-	1,777,987
Rent reimbursement from	-	-	-
Rent Expense	-	-	1,142,729

Nature of transactions	March 31 2019		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- 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
Disposal of fixed assets - at cost	-	-	-
Reimbursement of expenses	-	-	396,000
GSS reimbursements from	1,547,884	-	474,337
GSS reimbursements to	-	-	1,866,837
Rent reimbursement from	-	-	154,683
Rent Expense	-	-	1,276,728

16 GENERAL

Figures have been rounded off to the nearest rupee.



DIRECTOR



CHIEF EXECUTIVE OFFICER