



HALF YEAR  
ENDED

JUNE  
2020



Condensed Interim  
Financial Information  
(Un - Audited)



# COMPANY INTRODUCTION

BIPL Securities Limited (BIPLS) is a full service brokerage house listed on the Pakistan Stock Exchange (PSX). We trace our history back to 1962 when we were incorporated as Khadim Ali Shah Bukhari. We were corporatized in Oct, 1991. The current sponsors took over in May, 2015 and we eventually become BIPLS on Nov 03, 2016. Over the 5 decades of our existence one thing that is constant is the drive for excellence and the desire to do the very best for our clients.

Everything we do, the sole reason for our existence, is to serve our clients across our many product platforms and to help them achieve their investment objectives consistently and in a transparent and ethical manner.

Our efforts in service excellence has been consistently recognized, appreciated and awarded by local and international agencies. We believe that as long as we remain client focused and work for the long term benefit of our clients, the company will continue to grow and all stakeholders will benefit and prosper.





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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Kamal Uddin Tipu – Chairman  
 Abdul Aziz Anis, CFA – Chief Executive Officer  
 Sohail Sikandar  
 Sikander Kasim  
 Muhammad Hafeezuddin Asif  
 Khurram Jamil  
 Muhammad Uzair Sipra  
 Mudassar Aslam

### AUDIT COMMITTEE

Sikander Kasim - Chairman  
 Sohail Sikandar  
 Khurram Jamil

### HR & R COMMITTEE

Kamal Uddin Tipu - Chairman  
 Muhammad Uzair Sipra  
 Mudassar Aslam

### CHIEF EXECUTIVE OFFICER

Abdul Aziz Anis, CFA

### COMPANY SECRETARY

Arsalan Farooq

### CHIEF FINANCIAL OFFICER

Zafar Ahmed Khan

### STATUTORY / NCB AUDITOR

RSM Avais Hyder  
 Chartered Accountants 407,  
 Progressive Plaza, Beaumont Road,  
 Karachi, Pakistan

### CREDIT RATING AGENCY

JCR-VIS Credit Rating Company Limited

### BANKERS

Allied Bank Limited  
 Askari Bank Limited  
 Bank Al-Habib Limited  
 Bank Al-Falah Limited  
 BankIslami Pakistan Limited  
 Dubai Islamic Bank Pakistan Limited  
 Faysal Bank Limited  
 Habib Metropolitan Bank Limited  
 JS Bank Limited  
 MCB Bank Limited  
 Meezan Bank Limited

### LEGAL ADVISORS

Bawaney and Partners  
 Advocates and Investment and Corporate  
 Advisor 3rd & 4th Floors, 68-C, Lane 13,  
 Bokhari Commercial Area,  
 Phase-VI, DHA, Karachi, Pakistan  
 Phones: (+92-21) 35156191-92-93-94  
 Fax: (+92-21) 351-56195  
 bawaney@cyber.net.pk

### TAX ADVISOR

Grant Thornton Anjum Rahman  
 Chartered Accountants  
 1st & 3rd Floor, Modern Motor House, Beaumont Road,  
 Karachi, Pakistan.  
 Phone: (+92-21) 111-000-322  
 Fax: (+92-21) 34168271

### REGISTERED OFFICE

5th Floor, Trade Centre, I.I.Chundrigar Road,  
 Karachi. Phone: (+92-21) 111-222-000  
 Fax: (+92-21) 32630202  
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### SHARE REGISTRAR

THK Associates (Private) Limited  
 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400,  
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 Phone: +92 (021) 111-000-322  
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# BRANCH NETWORK

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## Gulshan-e-Iqbal - Karachi

Mr. Nasim Ahmed

Friends Paradise, 1st Floor, SB-36,  
Block No. 13-D, KDA Scheme-24,  
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TEL: +92 21-34980763-4 & 66  
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## Corporate Office

5th Floor, Trade Center, I. I.  
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## Multan

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Abdali Road, Multan.

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## PSX - Karachi

Ahsan ul Haq

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Stock Exchange Road.

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Plaza, Gujranwala

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## Lahore

Mr. Kamran Khalid Butt

2nd Floor, Fountain Avenue Building,  
64-A, Main Boulevard, Main Gulberg,  
Lahore.

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## Peshawar

Mr. M.Ilyas Khan

1st Floor, State Life Building,  
34-The Mall, Peshawar Cantt,  
Peshawar

TEL: +92 91-5276025-27  
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## Islamabad

Mr. Junaid Ali

90-91, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area,  
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## Sialkot

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## Islamabad II

Mr. Ahsan Zia

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## Rahim Yar Khan

Mr. Adnan Saleem

Plot # 29, City Park Chowk,  
Town Hall Road. Rahim Yar  
Khan.

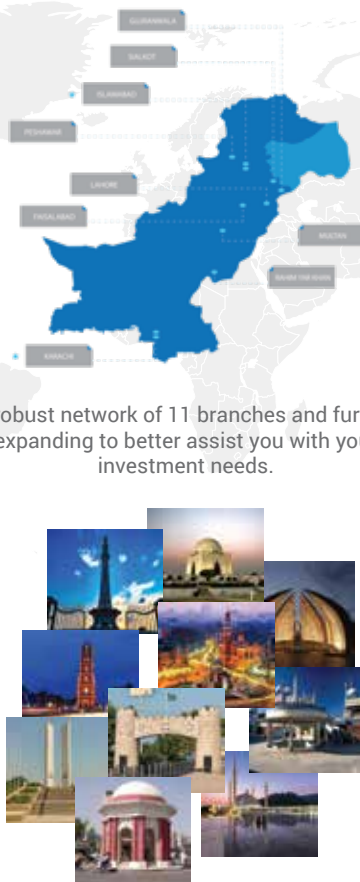
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## DIRECTORS' REVIEW TO THE MEMBERS

On behalf of the Board of Directors of BIPL Securities Limited, we are pleased to present the unaudited financial statements of the Company for the half year ended June 30, 2020.

### Economic Review

The World Health Organization (WHO) declared COVID-19 a world health emergency in Jan'20, whereby majority of the world economies imposed lockdowns in order to curtail its spread. The pandemic is affecting global economic growth whereby the World Bank forecasts a contraction of 5.2% in global GDP in CY20 which could be the deepest global recession in decades. Furthermore, world trade is expected to decline by 13%-32% depending on the depth and extent of the global economic downturn.

Similarly, Pakistan also imposed a partial lockdown to curtail the spread of COVID-19 which resulted in reduction in economic activity in the country during the period under review. Resultantly, Large Scale Manufacturing (LSM) declined by 20.3%YoY during 5MCY20. However, in order to support the local economy and spur business activity, SBP reduced the benchmark interest rates by 625bps in 1HCY20 from 13.25% to 7%.

The onset of the pandemic resulted in a plunge in commodity prices whereby WTI declined by 36.5% in 1HCY20. This led to improvement in the country's external account as visible by the 78%YoY decline in current account deficit during the said period.

### Equity Market Review

CY20 started off on a negative note as news about potentially serious virus outbreak in China surfaced. Local market taking cue from global markets saw the benchmark KSE-100 index shed ~11,500 points and lost ~28% in value in 1QCY20 (on closing basis) as local economic activity slowed down and businesses lost revenue. As such, Average Daily Trading Volumes and Values decreased by 20%QoQ and 10%QoQ respectively.

However, aggressive cut in interest rates by SBP led to liquidity flowing back into equities and the KSE-100 rallied 18%QoQ in 2QCY20 to close 1HCY20 at 34,422 points, gaining 26% from the low it posted towards the end of Mar'20.

### Debt and Currency Market Review

PKR depreciated against USD by 8.4% in 1HCY20 as a result of repayment of loans and uncertainty regarding the release of IMF's second tranche. Continuation of the IMF program is important to have confidence in the PKR going forward.

The local fixed income yields posted a major drop in 2QCY20 as the central bank aggressively eased the benchmark interest rates in order to combat the effects of COVID-19. A 625bps cut in benchmark interest rate brought the rates to 7% mark whereas inflation stagnated around 8%, leaving the country with negative interest rates of around 100bps – 150bps. Also, with effect from July 1st, institutional investors are barred from investing in National Saving Schemes (NSS) which is thus expected to divert substantial portion of these funds into T-bills and PIBs, hence potentially putting significant downward pressure on the yields of these instruments in the coming auctions.



## Operating and Financial Performance

During the period ended June 30, 2020 the Company reported the following results:

Half year ended June 30

	2020	Restated 2019
	----- (Rupees in '000) -----	
Operating revenue	140,846	90,779
Mark-up / profit on bank deposits and other receivables	52,328	40,463
Gain on sale of investments - net	4,368	6,420
Unrealized gain / (loss) on investments –net	2,704	(230)
Reversal of impairment of held for trading investments	-	5,000
<b>Total income</b>	<b>200,246</b>	<b>142,432</b>
Operating and administrative expenses	(163,479)	(153,169)
Finance cost	(13,191)	(12,964)
<b>Total expenses</b>	<b>(176,670)</b>	<b>(166,133)</b>
<b>Net profit / (loss) - before impairment and taxation</b>	<b>23,576</b>	<b>(23,701)</b>
Impairment on long term investment- Subsidiary	(88)	(594)
Reversal / (provision) against doubtful debts-net	1,342	(3,867)
Other (expense) / income	(1,135)	2,109
Taxation	(8,538)	10,376
<b>Net profit / (loss) after tax</b>	<b>15,157</b>	<b>(15,677)</b>
<b>Earnings/ (loss) per share</b>	<b>0.15</b>	<b>(0.16)</b>

The company saw a 55% increase in operating revenues on the back of 44% and 41% increase in average daily volumes and values traded (Regular and Future Markets combined), respectively, in IHCY2020 as compared to the same period last year. While the start of 2020 was difficult due to COVID-19 the half year ended on a strong note due to actions taken by SBP to aggressively reduce interest rates which channeled liquidity into the equity markets.

Alternatively, Operating & Administrative costs increased by only 7% due to continued focus on cost rationalization and enhancing business efficiencies.

## Future Outlook

With cut in interest rates, prohibition of institutional investment into NSS and slowdown in spread of COVID-19 in the country, we anticipate capital markets to remain buoyant in the near future. Attractive valuations and ample liquidity is expected to entice investors in the short term.

## Acknowledgement

The Directors wish to record their gratitude to the Company's valued clients, shareholders, business partners and other stakeholders for their continued trust that they have reposed in the Company. The Board would also like to record its appreciation to the employees of the Company for their commitment and dedication.

On behalf of the Board of Directors

Karachi  
August 13, 2020

  
Director

  
Chief Executive Officer





# **STANDALONE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED  
JUNE 30, 2020

- Condensed Interim Statement Of Financial Position
- Condensed Interim Statement Of Profit And Loss Account And Other Comprehensive Income
- Condensed Interim Cash Flow Statement
- Condensed Interim Statement Of Changes In Equity
- Notes To The Condensed Interim Financial Information



# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS



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### Introduction

We have reviewed the accompanying condensed interim statement of financial position of BIPL Securities Limited as at June 30, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarters ended June 30, 2020 and June 30, 2019 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.

Chartered Accountants  
Karachi  
Dated: 13 August 2020

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RSM Avais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020**

Note

(Un-Audited)  
June 30, 2020(Audited)  
December 31, 2019

----- (Rupees in '000) -----

**ASSETS****Non-current assets**

Property and equipment	5	49,728	52,409
Intangible assets		3,957	4,179
Long-term investments	6	217,608	361,377
Long-term loans and advances		702	568
Long-term deposits and prepayments		22,722	22,073
Deferred tax asset - net		67,838	70,159
		362,555	510,765

**Current assets**

Short-term investments	7	69,921	-
Trade debts	8	109,587	150,756
Advances, deposits, prepayments and other receivables	9	355,151	872,120
Taxation - net		127,400	123,494
Cash and bank balances	10	666,497	238,825
		1,328,556	1,385,195
		1,691,111	1,895,960

**TOTAL ASSETS****EQUITY AND LIABILITIES****Share capital and reserves****Authorized capital**

		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised (loss) / gain on re-measurement of investments held at fair value through other comprehensive income		(275)	143,406
Accumulated loss		(393,606)	(408,763)
		624,871	753,395

**Non-current liabilities**

Long-term financing-secured	11	150,000	150,000
Liability against asset subject to finance lease	12	6,943	9,889
		156,943	159,889

**Current liabilities**

Trade and other payables	13	865,042	974,789
Current portion of liability against asset subject to finance lease	12	7,787	6,416
Short term financing-secured	14	35,000	-
Unclaimed dividend		1,402	1,402
Accrued mark-up		66	69
		909,297	982,676
		1,691,111	1,895,960

**TOTAL EQUITY AND LIABILITIES****CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 21 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

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

		Half year ended June 30,		Quarter ended June 30,	
	Note	2020	Restated 2019	2020	Restated 2019
(Rupees in '000)					
Operating revenue	16	140,846	90,779	69,475	43,286
<b>Net gain on investment</b>					
Gain on sale of investments 'at fair value through profit and loss' - net		4,368	6,420	1,863	3,827
Reversal of impairment of held for trading investments		-	5,000	-	5,000
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' -net		2,704	(230)	2,255	(729)
		7,072	11,190	4,118	8,098
Mark-up / profit on bank deposits and other receivables	17	52,328	40,463	21,281	19,090
		200,246	142,432	94,874	70,474
Operating and administrative expenses		(163,479)	(153,169)	(79,683)	(77,881)
Impairment on long-term investment - Subsidiary	6.1	(88)	(594)	(46)	(556)
Reversal / (provision) against doubtful debts-net	8.1	1,342	(3,867)	2,427	(3,909)
		(162,225)	(157,630)	(77,302)	(82,346)
<b>Operating profit / (loss)</b>		38,021	(15,198)	17,572	(11,872)
Finance cost		(13,191)	(12,964)	(6,360)	(7,584)
		24,830	(28,162)	11,212	(19,456)
Other (expense) / income		(1,135)	2,109	(1,166)	2,450
<b>Profit / (loss) before taxation</b>		23,695	(26,053)	10,046	(17,006)
<b>Taxation</b>					
Current - for the period		(6,217)	(2,340)	(2,789)	(1,234)
Deferred		(2,321)	12,716	(1,026)	11,931
		(8,538)	10,376	(3,815)	10,697
<b>Profit / (loss) after taxation</b>		15,157	(15,677)	6,231	(6,309)
<b>Other comprehensive income for the period:</b>					
Unrealised (loss) / gain arising during the period on re-measurement of investment at fair value through other comprehensive income - net		(143,681)	70,074	4,282	59,094
<b>Total comprehensive (loss) / income for the period</b>		(128,524)	54,397	10,513	52,785
(Rupees in '000)					
<b>Earnings / (loss) per share - basic and diluted</b>		0.15	(0.16)	0.06	(0.06)

The annexed notes 1 to 21 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**
**CASH FLOW FROM OPERATING ACTIVITIES**

Profit / (loss) before taxation

**Non-cash adjustments to reconcile profit / (loss)  
before tax to net cash flows:**

Depreciation

Amortisation

Gain on sale of investments 'at fair value through profit and loss' - net

Unrealised gain / (loss) on re-measurement of investments 'at  
fair value through profit or loss' - net

Gain on disposal of property and equipment

(Reversal) / provision against doubtful debts-net

Impairment on long-term investment - Subsidiary

Finance cost

**Working capital adjustments:**
**Decrease / (increase) in current assets**

Trade debts

Advances, deposits, prepayments and other receivables

**Decrease in current liabilities**

Trade and other payables

Finance cost paid

Income tax paid

**Net cash flows generated from operating activities**
**CASH FLOW FROM INVESTING ACTIVITIES**

Investments 'at fair value through profit or loss' - net

Purchase of property and equipment

Purchase of intangible assets

Sale proceeds from disposal of property and equipment

**Net cash flows (used in) investing activities**
**CASH FLOW FROM FINANCING ACTIVITIES**

Long-term loans and advances

Long-term deposits and prepayments

Liability against asset subject to finance lease

Repayment of short term financing

**Net cash flows used in financing activities**
**Net increase / (decrease) in cash and cash equivalents**

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

**Cash and cash equivalents comprises of:**

Cash and bank balances

Short term financing-secured

	Restated	
	Half year ended June 30,	
	2020	2019
	----- (Rupees in '000) -----	
	23,695	(26,053)
	8,633	5,898
	222	309
	(4,368)	(6,420)
	(2,704)	230
	(1,200)	(1,141)
	(1,342)	3,867
	88	594
	13,191	12,964
	12,520	16,301
	36,215	(9,752)
	42,511	(5,966)
	516,969	55,817
	559,480	49,851
	(109,367)	(2,922)
	486,328	37,177
	(13,574)	(12,709)
	(10,120)	(9,696)
	462,634	14,772
	(62,849)	(82,748)
	(3,235)	(4,851)
	-	(81)
	1,200	4,280
	(64,884)	(83,400)
	(134)	(447)
	(649)	2,567
	(4,295)	(5,659)
	-	(100,000)
	(5,078)	(103,539)
	392,672	(172,167)
	238,825	546,138
	631,497	373,971
	666,497	373,971
	(35,000)	-
	631,497	373,971

The annexed notes 1 to 21 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain / (impairment loss) on re-measurement of investment at 'fair value through other comprehensive income'	Total
	(Rupees in '000)				
<b>Balance as at January 01, 2019 (previously reported)</b>	1,000,000	18,752	(445,791)	301,304	874,265
Reclassification of impairment loss due to initial application of IFRS-9	-	-	31,629	(31,629)	-
Adjustment of initial application of IFRS-9 (net of tax)	-	-	17,340	-	17,340
<b>Adjusted Balance as at January 01, 2019</b>	1,000,000	18,752	(396,822)	269,675	891,605
Total comprehensive income for the period (restated)	-	-	(15,677)	70,074	54,397
<b>Adjusted Balance as at June 30, 2019</b>	1,000,000	18,752	(412,499)	339,749	946,002
Total comprehensive loss for the period	-	-	3,736	(196,343)	(192,607)
<b>Balance as at December 31, 2019</b>	1,000,000	18,752	(408,763)	143,406	753,395
Total comprehensive loss for the period	-	-	15,157	(143,681)	(128,524)
<b>Balance as at June 30, 2020</b>	1,000,000	18,752	(393,606)	(275)	624,871

The annexed notes 1 to 21 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Company is a subsidiary of BankIslami Pakistan Limited (BIPL) - (the Parent Company), which holds 77.12% shares of the Company.
- 1.3 The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.  
  
The parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited.
- 1.4 These are separate condensed Interim Financial Information of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

### 2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial information of the Company for the period ended June 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Act, 2017 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Act, 2017 and the said directives have been followed.
- 2.2 These unconsolidated condensed interim financial information do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Company's Annual Financial Statements for the year ended December 31, 2019.
- 2.3 These unconsolidated condensed interim financial information are un-audited.
- 2.4 **Changes in accounting standards, interpretations and pronouncements**

#### a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new standards, interpretations and amendments to the approved accounting standards and new interpretations which are mandatory for accounting periods beginning on or after January 1, 2020, but they do not have any significant effect on the Company's reporting and are therefore, not disclosed in these unconsolidated condensed interim financial statements.

#### b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new standards, interpretations, amendments to the approved accounting standards and new interpretations that will not be mandatory for accounting periods beginning on or after January 1, 2020, therefore, not disclosed in these unconsolidated condensed interim financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial information are consistent with those of the previous financial year.



### 3.1 EFFECT ON CORRESPONDING PERIOD ON ACCOUNT OF ADOPTING IFRS 16 - 'LEASES' DURING LAST YEAR:

During the year 2019, the Company adopted accounting standard IFRS 16 - 'Leases' applicable on lease contracts where the Company acting in capacity of lessee. The Company had adopted modified retrospective approach for transition to IFRS 16 and applied practical expedients as allowed under IFRS 16. The changes due to adoption of IFRS 16 were first reported in the Company's financial statement for the nine months ended September 30, 2019 with an effective date of January 01, 2019.

The impact of the initial application of IFRS 16 on the corresponding period are summarized below:

For the half year ended  
June 30, 2020

-(Rupees in '000)-

Increase in finance cost	529
Decrease in operating expenses - rent expense	(2,466)
Increase in operating expenses - depreciation on right-of-use-assets	2,367
Increase in taxation	4
Increase in loss after tax	434

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial information requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended December 31, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2019.

### 5. PROPERTY AND EQUIPMENT

The details of additions and disposals during the period / year are as follows:

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
Note			
		------(Rupees in '000)-----	
Operating fixed assets	5.1	33,284	34,247
Right-of-use- assets	5.2	16,444	18,162
		49,728	52,409

#### 5.1 OPERATING FIXED ASSETS

The details of additions and disposals during the period / year are as follows:

	Half year ended (Un-audited) June 30, 2020		Year ended (Audited) December 31, 2019	
	Additions Cost	Disposals Cost	Additions Cost	Disposals Cost
	------(Rupees in '000)-----			
Office Premises-leasehold	2,444	(607)	-	-
Furniture and fixtures	-	-	418	-
Computers and office equipment	791	-	1,992	(1,265)
Vehicles	-	-	5,321	(5,321)
	3,235	(607)	7,731	(6,586)

	(Un-audited)	(Audited)
Note	June 30, 2020	December 31, 2019
	----- (Rupees in '000) -----	

## 5.2 RIGHT-OF-USE- ASSETS

Opening balance	18,162	-
Additions during the period/year	2,720	24,968
Depreciation for the period/year	(4,438)	(6,806)
Closing balance	16,444	18,162

## 6. LONG-TERM INVESTMENTS

Subsidiary company- Structured Venture (Private) Limited (SVPL)	6.1	619	707
Investments at fair value through Other comprehensive income	6.2	216,989	360,670
		217,608	361,377

### 6.1 Subsidiary Company

Cost	488,581	488,581
Less: Provision for impairment	(487,962)	(487,874)
	619	707

"The net assets of SVPL have reduced due to full impairment of investment of Rs. 81.567 million in an associated company New Horizon Exploration and Production Limited (NHEPL), and provision against advance for purchase of land of Rs. 375 million.

SVPL had given advance against purchase of property of Rs. 375 million which was being developed as a Housing Scheme (the 'Project') by M/s. Noor Developer (Private) Limited (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75 million paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer cancelled provisional booking vide its letter dated June 15, 2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the Company against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, SVPL as a matter of prudence, has fully provided this amount. Hence, the Company's investment in SVPL stands impaired.

On request of the Company for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation/ approval of SECP, NAB has initiated enquiry into the matter.

During the period, the Company has recognized further impairment as the net assets of SVPL has decreased due to operating losses.

	(Un-audited)	(Audited)
Note	June 30, 2020	December 31, 2019
	(Rupees in '000)	

## 6.2 Investments at fair value through Other comprehensive income

### Name of the Investee Company

#### Quoted shares

Pakistan Stock Exchange Limited	6.2.1	15,869	20,005
---------------------------------	-------	--------	--------

#### Unquoted shares

Al Jomaih Power Limited	6.2.2	201,120	340,665
-------------------------	-------	---------	---------

New Horizon Exploration and Production Limited - (Related Party) - Class 'A' ordinary shares		31,629	31,629
---	--	--------	--------

Less: impairment	6.2.3	(31,629)	(31,629)
------------------	-------	----------	----------

-

216,989 360,670

6.2.1 This represents 1,602,953 shares having a market value of Rs 9.90 per share as at June 30, 2020 (December 31, 2019: 12.48 per share).

6.2.2 The Company's investment in unquoted shares of Al Jomaih Power Limited are valued at its fair value based on the net assets value of the investee company as at June 30, 2020. The auditors of the investee company through their audit report dated February 17, 2020 for financial year ended December 31, 2018 had issued a qualified opinion over calculation of NAV by the investee company, however the management of BIPLS had recorded its investment after taking adjustment of qualified amount in calculation of NAV as at June 30, 2020.

6.2.3 In year 2015, the management recorded impairment of its investment in New Horizon Exploration and Production Limited (NHEPL) in accordance with IAS-36 which was again tested for impairment as required by IFRS 9 adopted by the company on January 01, 2019. The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company fully impaired its investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised upto year 2016. As of reporting date there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	

## 7. SHORT-TERM INVESTMENTS

### At fair value through profit or loss'

-Listed shares	7.1	69,921	-
-Term Finance Certificates	7.2	-	-
		69,921	-

7.1 This includes shares with carrying value of Rs.69.92 million (December 31, 2019: Nil) pledged with NCCPL against exposure margin.

### 7.2 Term Finance Certificates

June 30 2020	December 31 2019		
Number of certificates		Name of Investee Company	
4,000	6,000	Pace Pakistan Ltd.	
-	(2,000)	(Face value Rs. 5,000/- each)	
4,000	4,000	Opening	18,147 27,221
		Less: sold	- (9,074)
		Closing	18,147 18,147
		Less: impairment	(18,147) (18,147)
			- -

Note

(Un-audited)  
June 30, 2020(Audited)  
December 31, 2019

## 7.2.1 Impairment

(Rupees in '000)

Opening balance	18,147	27,221
Less: Reversal of impairment due to sale	-	(5,000)
Impairment written off	-	(4,074)
	18,147	18,147

## 8. TRADE DEBTS

Receivable against purchase of marketable securities - net of provisions  
Receivable from NCCPL  
Inter-bank brokerage

88,076 90,454  
14,049 54,060  
7,462 6,242

Considered doubtful

109,587 150,756  
67,777 69,119

Less: provision for doubtful debts

8.1

177,364 219,875  
(67,777) (69,119)

109,587 150,756

## 8.1 Reconciliation of provisions against trade debts

Opening balance

69,119 96,618

Provision for the period/year

665 1,106  
- (27,540)

Impact of IFRS 9

(2,007) (1,065)

Reversal for the period/year

(1,342) (27,499)

67,777 69,119

## 8.2 The aging analysis of trade debts are as follows:

Not past due	24,639	70,453
Past due 15 days - 30 days	1,100	1,789
Past due 31 days - 180 days	7,447	4,860
Past due 181 days - 1 year	1,673	1,355
More than one year	74,728	72,299
	109,587	150,756



Note

(Un-audited)  
June 30, 2020(Audited)  
December 31, 2019

(Rupees in '000)

**9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES****Advances to:**

-Current portion of long-term loans and advances

1,441

1,495

**Deposits:**

-Exposure deposit with -NCCPL

9.1

254,087

771,751

-Exposure deposit with -PMEX

4,294

3,128

-Others

2,100

2,100

260,481

776,979

-Impact of expected credit loss

(2,100)

(2,100)

258,381

774,879

**Prepayments:**

-Rent

1,629

-

-Insurance

1,183

1,581

-Software development and maintenance

411

376

-Others

1,165

2,222

4,388

4,179

**Other receivables:**

-Profit on bank deposits

2,995

4,843

-Profit on exposure deposit with -NCCPL

596

5,797

-Receivable against margin finance

81,539

76,221

-Others

7,126

6,021

92,256

92,882

-Impact of expected credit loss

(1,315)

(1,315)

90,941

91,567

355,151

872,120

9.1 This represent deposits with NCCPL against the exposure margin in respect of trade in future and ready market. This includes an amount of Rs 11.59 million relating to company's own exposure.

**10. CASH AND BANK BALANCES****Cash at bank in:****Company accounts**

- Current accounts

1,427

1,339

- Saving accounts

89,499

130,838

90,926

132,177

**Client accounts**

- Current accounts

5

1

- Saving accounts

575,318

106,641

575,323

106,642

10.2

666,249

238,819

Cash in hand

243

-

Stamps in hand

5

6

666,497

238,825

10.1 These carry profit at the rates ranging from 2.75% to 12.5% (December 31, 2019: 3% to 12.75%) per annum.

10.2 This includes Rs. 379.22 million (December 31, 2019: Rs. 213.14 million) with BankIslami Pakistan Limited, the Parent Company.

Note

(Un-audited)  
June 30, 2020(Audited)  
December 31, 2019

(Rupees in '000)

**11. LONG-TERM FINANCING - SECURED**

Loan from financial institution	11.1	150,000	150,000
---------------------------------	------	---------	---------

11.1 This represents long-term financing obtained from the Parent Company (BIPL) on December 31, 2015. The financing is secured by way of Exclusive Charge over DM Assets along with equitable mortgage over all other commercial properties of the Company. The financing was payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 till the date of bullet payment. The said financing has been rescheduled according to which company will pay off the financing as a bullet payment in December 2023, keeping other terms and conditions same.

**12. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE**

Opening balance	16,305	-
Additions during the period/year	2,720	24,968
Payments made during the period/year	(4,295)	(8,663)
	14,730	16,305
Transferred to current maturity	(7,787)	(6,416)
Closing balance	6,943	9,889

12.1 The future minimum lease payments to which the company is committed to is as follows:

	As at June 30, 2020		As at December 31, 2019	
	Principal	Finance Cost	Principal	Finance Cost
	(Rupees in '000)			
Not later than one year	7,787	1,772	6,416	2,010
Later than one year but not later than five years	6,943	609	9,889	1,020
	14,730	2,381	16,305	3,030

**13. TRADE AND OTHER PAYABLES**

Trade creditors	831,136	929,209
Payable to NCCPL	-	168
Accrued expenses	28,533	39,012
Withholding tax	2,160	2,754
Finance cost payable under IFRS 16	436	816
Others	2,777	2,830
	865,042	974,789

**14. SHORT TERM FINANCING-SECURED**

This represents running musharkah facility obtained from the Parent Company (BIPL) which is secured by way of Hypothecation over shares / receivables equivalent to amount of financing obtained. This facility carries markup at the rate of 1 week KIBOR plus 1%. The payment frequency is maximum 30 days from the date of financing obtained.

(Un-audited)  
June 30, 2020(Audited)  
December 31, 2019

(Rupees in '000)

**15. CONTINGENCIES AND COMMITMENTS****15.1 Contingencies**

There is no change in the status of contingencies as disclosed in the published annual financial statements for the year ended December 31, 2019.

**15.2 Commitments**

Net-future sale transactions of equity securities entered into by the Company in respect of which the settlement is outstanding

67,759

-

The Company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited. The aggregate amount of commitments against these arrangements are as follows:

Not later than one year

2,587

2,587

Later than one year but not later than five years

824

2,114

3,411

4,701

Half year ended June 30

Quarter ended June 30

2020

2019

2020

2019

(Rupees in '000)

**16. OPERATING REVENUE**

Brokerage

139,081

88,656

68,645

42,108

Subscription research income

356

200

178

-

Custody services

1,409

1,923

652

1,178

140,846

90,779

69,475

43,286

**17. MARK-UP / PROFIT ON BANK DEPOSITS, AND OTHER RECEIVABLES**

Profit on bank deposits

46,856

32,703

18,717

15,265

Margin finance income

5,377

7,672

2,516

3,781

Others

95

88

48

44

52,328

40,463

21,281

19,090

**18. RELATED PARTY TRANSACTIONS**

The related parties of the Company comprise of BankIslami Pakistan Limited (the Parent Company), associated undertakings (including companies under common directorship), directors, employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2020 and December 31, 2019 and transactions with related parties during the period ended June 30, 2020 and June 30, 2019 are as follows:

## As at June 30, 2020 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
<b>BALANCES</b>						
Accrued mark-up	66	-	-	-	-	66
Bank balances	379,215	-	-	-	-	379,215
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	635	-	-	-	-	635
Long-term financing - secured	150,000	-	-	-	-	150,000
Short-term financing - secured	35,000	-	-	-	-	35,000
Profit receivable on bank deposit	1,729	-	-	-	-	1,729
Liability against asset subject to finance lease	2,347	-	-	-	-	2,347
Trade debts	31	5	3	-	-	39
Trade payables	-	-	1	964	-	965

## As at December 31, 2019 (Audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
<b>BALANCES</b>						
Accrued mark-up	69	-	-	-	-	69
Bank balances	213,148	-	-	-	-	213,148
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	595	-	-	-	-	595
Long-term financing	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	1,976	-	-	-	-	1,976
Liability against asset subject to finance lease	2,780	-	-	-	-	2,780
Trade debts	253	-	29	-	-	282
Trade payables	-	-	-	1,015	-	1,015

## Half year ended June 30, 2020 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	133	-	-	33	-	166
Custody services-net	3	2	-	-	-	5
Profit on bank deposits	11,448	-	-	-	-	11,448
<b>Expenses</b>						
Bank charges	409	-	-	-	-	409
Charge in respect of contributory plan	-	-	-	221	1,846	2,067
Mark-up expense	11,473	-	-	-	-	11,473
Meeting fee	-	-	900	-	-	900
Remuneration to key management personnel	-	-	-	8,615	-	8,615
Ijarah expense	1,293	-	-	-	-	1,293
<b>Other transaction</b>						
Rent paid	662	-	-	-	-	662
Short term loan obtained	35,000	-	-	-	-	35,000
Maintenance paid	2,665	-	-	-	-	2,665

## Half year ended June 30, 2019 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	135	-	-	5	1	141
Custody services-net	3	2	-	-	-	5
Profit on bank deposits	8,169	-	-	-	-	8,169
<b>Expenses</b>						
Bank charges	15	-	-	-	-	15
Charge in respect of contributory plan	-	-	-	300	2,923	3,223
Mark-up expense	12,245	-	-	-	-	12,245
Meeting fee	-	-	540	-	-	540
Remuneration to key management personnel	-	-	-	8,317	-	8,317
Ijarah expense	1,293	-	-	-	-	1,293
<b>Other transaction</b>						
Short term loan obtained	305,000	-	-	-	-	305,000
Short term loan repaid	405,000	-	-	-	-	405,000
Rent paid	688	-	-	-	-	688
Purchase of vehicle	3,262	-	-	-	-	3,262



## 19. OTHER DISCLOSURES UNDER REGULATION 34(2) OF SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these condensed financial information are as follows:

### 19.1 Person holding more than 5% of shares

	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	% of Holding		No. of Shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	8.27%	7.45%	8,272,000	7,452,500

19.2 During the half year ended June 30, 2020 Mr. Aslam Motiwala acquired 819,500/- shares of the company.

19.3 As at June 30, 2020 the value of customer shares maintained with the Company pledged with financial institutions is Rs 144.05 million (December 31, 2019: Rs 206.56 million).


19.4 As at June 30, 2020 value of customers shares maintained in the Company's Sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs 12,159 million (December 31, 2019: Rs 14,269 million).

## 20. DATE OF AUTHORISATION

These condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Company on 13 August, 2020.

## 21. GENERAL

21.1 Figures have been rounded off to the nearest thousand of rupees.



Chief Executive Officer



Director



Chief Financial Officer





# **CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED  
JUNE 30, 2020

- Consolidated Condensed Interim Statement Of Financial Position
- Consolidated Condensed Interim Statement Of Profit And Loss Account And Other Comprehensive Income
- Consolidated Condensed Interim Cash Flow Statement
- Consolidated Condensed Interim Statement Of Changes In Equity
- Notes To The Consolidated Condensed Interim Financial Information

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020**
**ASSETS**
**Non-current assets**

Property and equipment
Intangible assets
Long-term investments
Long-term loans and advances
Long-term deposits and prepayments
Deferred tax asset - net

**Current assets**

Short-term investments
Trade debts
Advances, deposits, prepayments and other receivables
Taxation - net
Cash and bank balances

**TOTAL ASSETS**
**EQUITY AND LIABILITIES**
**Share capital and reserves**
**Authorized capital**

Issued, subscribed and paid-up capital
General reserve
Unrealised (loss) / gain on re-measurement of investments held at fair value through other comprehensive income
Accumulated loss

**Non-current liabilities**

Long-term financing-secured
Liability against asset subject to finance lease

**Current liabilities**

Trade and other payables
Current portion of liability against asset subject to finance lease
Short term financing-secured
Unclaimed dividend
Accrued mark-up

**TOTAL EQUITY AND LIABILITIES**
**CONTINGENCIES AND COMMITMENTS**

The annexed notes 1 to 9 form an integral part of these Consolidated Condensed Interim Financial Information.

 (Un-Audited)  
June 30, 2020

 (Audited)  
December 31, 2019

----- (Rupees in '000) -----

49,728	52,409
3,957	4,179
216,989	360,670
702	568
22,722	22,073
67,838	70,159
361,936	510,057
69,921	-
109,587	150,756
355,153	872,173
127,623	123,716
667,324	239,702
1,329,608	1,386,347
1,691,544	1,896,404
2,000,000	2,000,000
1,000,000	1,000,000
18,752	18,752
(43,646)	100,035
(350,235)	(365,392)
624,871	753,395
150,000	150,000
6,943	9,889
156,943	159,889
865,475	975,233
7,787	6,416
35,000	-
1,402	1,402
66	69
909,730	983,120
1,691,544	1,896,404



Chief Executive Officer



Director



Chief Financial Officer

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

	Half year ended June 30,		Quarter ended June 30,	
	2020	Restated 2019	2020	Restated 2019
	(Rupees in '000)			
Operating revenue	140,846	90,779	69,475	43,286
<b>Net gain on investment</b>				
Gain on sale of investments 'at fair value through profit and loss' - net	4,368	6,420	1,863	3,827
Reversal of impairment of held for trading investments	-	5,000	-	5,000
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' -net	2,704	(230)	2,255	(729)
	7,072	11,190	4,118	8,098
Mark-up / profit on bank deposits and other receivables	52,340	40,482	21,286	19,099
	200,258	142,451	94,879	70,483
Operating and administrative expenses	(163,579)	(153,782)	(79,734)	(78,446)
Reversal / (provision) against doubtful debts-net	1,342	(3,867)	2,427	(3,909)
	(162,237)	(157,649)	(77,307)	(82,355)
<b>Operating profit / (loss)</b>	38,021	(15,198)	17,572	(11,872)
Finance cost	(13,191)	(12,964)	(6,360)	(7,584)
	24,830	(28,162)	11,212	(19,456)
Other (expense) / income	(1,135)	2,109	(1,166)	2,450
<b>Profit / (loss) before taxation</b>	23,695	(26,053)	10,046	(17,006)
<b>Taxation</b>				
Current - for the period	(6,217)	(2,340)	(2,789)	(1,234)
Deferred	(2,321)	12,716	(1,026)	11,931
	(8,538)	10,376	(3,815)	10,697
<b>Profit / (loss) after taxation</b>	15,157	(15,677)	6,231	(6,309)
<b>Other comprehensive income for the period:</b>				
Unrealised (loss) / gain arising during the period on re-measurement of investment at fair value through other comprehensive income - net	(143,681)	70,074	4,282	59,094
<b>Total comprehensive (loss) / income for the period</b>	(128,524)	54,397	10,513	52,785
	(Rupees in '000)			
<b>Earnings / (loss) per share - basic and diluted</b>	0.15	(0.16)	0.06	(0.06)

The annexed notes 1 to 9 form an integral part of these Consolidated Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**
**CASH FLOW FROM OPERATING ACTIVITIES**

Profit / (loss) before taxation

23,695

(26,053)

**Non-cash adjustments to reconcile profit / (loss)  
before tax to net cash flows:**

Depreciation

8,633

5,898

Amortisation

222

309

Gain on sale of investments 'at fair value through profit and loss' - net

(4,368)

(6,420)

 Unrealised gain / (loss) on re-measurement of investments 'at  
fair value through profit or loss' - net

(2,704)

230

Gain on disposal of property and equipment

(1,200)

(1,141)

(Reversal) / provision against doubtful debts-net

(1,342)

3,867

Finance cost

13,191

12,964

12,432

15,707

36,127

(10,346)

**Working capital adjustments:**
**Decrease / (increase) in current assets**

Trade debts

42,511

(5,966)

Advances, deposits, prepayments and other receivables

517,020

55,817

559,531

49,851

**Decrease in current liabilities**

Trade and other payables

(109,378)

(2,635)

486,280

36,870

Finance cost paid

(13,574)

(12,709)

Income tax paid

(10,123)

(9,696)

462,583

14,465

**Net cash flows generated from operating activities**
**CASH FLOW FROM INVESTING ACTIVITIES**

Investments 'at fair value through profit or loss' - net

(62,849)

(82,748)

Purchase of property and equipment

(3,235)

(4,851)

Purchase of intangible assets

-

(81)

Sale proceeds from disposal of property and equipment

1,200

4,280

(64,884)

(83,400)

**Net cash flows used in investing activities**
**CASH FLOW FROM FINANCING ACTIVITIES**

Long-term loans and advances

(134)

(447)

Long-term deposits and prepayments

(649)

2,567

Liability against asset subject to finance lease

(4,295)

(5,659)

Repayment of short term financing

-

(100,000)

(5,078)

(103,539)

**Net cash flows used in financing activities**
**Net increase / (decrease) in cash and cash equivalents**

392,621

(172,474)

Cash and cash equivalents at the beginning of the period

239,702

547,522

Cash and cash equivalents at the end of the period

632,324

375,048

**Cash and cash equivalents comprises of:**

Cash and bank balances

667,324

375,048

Short term financing-secured

(35,000)

-

632,324

375,048

The annexed notes 1 to 9 form an integral part of these Consolidated Condensed Interim Financial Information.



Chief Executive Officer



Director




Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain / (impairment loss) on re-measurement of investment at 'fair value through other comprehensive income'	Total
	(Rupees in '000)				
Balance as at January 01, 2019 (As previously reported)	1,000,000	18,752	(445,791)	301,304	874,265
Reclassification of impairment loss due to initial application of IFRS-9	-	-	75,000	(75,000)	-
Adjustment of initial application of IFRS-9 (net of tax)	-	-	17,340	-	17,340
<b>Adjusted Balance as at January 01, 2019</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(353,451)</b>	<b>226,304</b>	<b>891,605</b>
Total comprehensive income for the period (restated)	-	-	(15,677)	70,074	54,397
<b>Adjusted Balance as at June 30, 2019</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(369,128)</b>	<b>296,378</b>	<b>946,002</b>
Total comprehensive loss for the period	-	-	3,736	(196,343)	(192,607)
<b>Balance as at December 31, 2019</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(365,392)</b>	<b>100,035</b>	<b>753,395</b>
Total comprehensive loss for the period	-	-	15,157	(143,681)	(128,524)
<b>Balance as at June 30, 2020</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(350,235)</b>	<b>(43,646)</b>	<b>624,871</b>

The annexed notes 1 to 9 form an integral part of these Consolidated Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2020**

**1. STATUS AND NATURE OF BUSINESS**

**The Group comprises of:**

- Holding Company-BIPL Securities Limited (BIPLS)
- Subsidiary Company-Structured Venture (Private) Limited (SVPL)

- 1.1 BIPLS was incorporated in Pakistan on October 24, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the holding company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the holding company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Group is a subsidiary of BankIslami Pakistan Limited (the Ultimate Parent Holding Company) which holds 77.12% of the shares of the Group.
- 1.3 The holding company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance.

The Ultimate parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited.

Subsidiary company was incorporated in Pakistan on June 25, 2010 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Holding Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

Subsidiary is wholly owned by BIPL Securities Limited.

Subsidiary's core objective is to capitalize opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the company can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

At present, SVPL has no operational activities, except to pursue legal case against M/s Noor Developer (Private) Limited (the Developer) for the purchase of investment property of Rs 375 million and as a matter of prudence SVPL has fully impaired such investment in its financial statements. Further, it has also fully provided its investment in New horizon Exploration and Production Limited amounting to Rs 81 million. These amounts constituted 99% of total assets of SVPL. SVPL does not have sufficient cashflows, equity and other means to operate the company, therefore the board of directors of SVPL have decided to prepare SVPL's financial information on other than going concern basis (net realisable basis).

The Carrying value of assets and liabilities of the Company as at June 30, 2020 is equivalent to the realizable value.

**2. BASIS OF PREPARATION**

- 2.1 These consolidated condensed interim financial information of the Group for the period ended June 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Act, 2017 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Act, 2017 and the said directives have been followed.
- 2.2 These consolidated condensed interim financial information do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Group's Annual Financial Statements for the year ended December 31, 2019.
- 2.3 These consolidated condensed interim financial information are un-audited.

## 2.4 Changes in accounting standards, interpretations and pronouncements

### a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new standards, interpretations and amendments to the approved accounting standards and new interpretations which are mandatory for accounting periods beginning on or after January 1, 2020, but they do not have any significant effect on the Group's reporting and are therefore, not disclosed in these consolidated condensed interim financial statements.

### b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new standards, interpretations, amendments to the approved accounting standards and new interpretations that will not be mandatory for accounting periods beginning on or after January 1, 2020, therefore, not disclosed in these consolidated condensed interim financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial information are consistent with those of the previous financial year.

### 3.1 EFFECT ON CORRESPONDING PERIOD ON ACCOUNT OF ADOPTING IFRS 16 - 'LEASES' DURING LAST YEAR:

During the year 2019, the Holding Company adopted accounting standard IFRS 16 - 'Leases' applicable on lease contracts where the Bank acting in capacity of lessee. The Holding Company had adopted modified retrospective approach for transition to IFRS 16 and applied practical expedients as allowed under IFRS 16. The changes due to adoption of IFRS 16 were first reported in the Holding Company's financial statement for the nine months ended September 30, 2019 with an effective date of January 01, 2019.

The impact of the initial application of IFRS 16 on the corresponding period are summarized below:

	For the half year ended June 30, 2020
	-(Rupees in '000)-
Increase in finance cost	529
Decrease in operating expenses - rent expense	(2,466)
Increase in operating expenses - depreciation on right-of-use-assets	2,367
Increase in taxation	4
Increase in loss after tax	434

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial information requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended December 31, 2019.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2019

## 5. BASIS OF CONSOLIDATION

The Financial information of the subsidiary are included in the consolidated financial information from the date of the control commences until the date control ceases. In preparing consolidated financial information, the financial information of the holding company and the subsidiary are consolidated on a line by line basis by adding together the items of assets, liabilities, income and expenses. All intercompany transactions have been eliminated.

## 6. RELATED PARTY TRANSACTIONS

The related parties of the Group comprise of BankIslami Pakistan Limited (the Parent Company), associated undertakings (including companies under common directorship), directors, employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2020 and December 31, 2019 and transactions with related parties during the period ended June 30, 2020 and June 30, 2019 are as follows:

### As at June 30, 2020 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>BALANCES</b>						
Accrued mark-up	66	-	-	-	-	66
Bank balances	380,042	-	-	-	-	380,042
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	635	-	-	-	-	635
Long-term financing	150,000	-	-	-	-	150,000
Short-term financing - secured	35,000	-	-	-	-	35,000
Profit receivable on bank deposit	1,731	-	-	-	-	1,731
Liability against asset subject to finance lease	2,347	-	-	-	-	2,347
Trade debts	31	5	3	-	-	39
Trade payables	-	-	1	964	-	965

### As at December 31, 2019 (Audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>BALANCES</b>						
Accrued mark-up	69	-	-	-	-	69
Bank balances	214,025	-	-	-	-	214,025
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	595	-	-	-	-	595
Long-term financing - secured	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	1,979	-	-	-	-	1,979
Liability against asset subject to finance lease	2,780	-	-	-	-	2,780
Trade debts	253	-	29	-	-	282
Trade payables	-	-	-	1,015	-	1,015



## Half year ended June 30, 2020 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	133	-	-	33	-	166
Custody services-net	3	2	-	-	-	5
Profit on bank deposits	11,460	-	-	-	-	11,460
<b>Expenses</b>						
Bank charges	409	-	-	-	-	409
Charge in respect of contributory plan	-	-	-	221	1,846	2,067
Mark-up expense	11,473	-	-	-	-	11,473
Meeting fee	-	-	900	-	-	900
Remuneration to key management personnel	-	-	-	8,615	-	8,615
Ijarah expense	1,293	-	-	-	-	1,293
<b>Other transaction</b>						
Rent paid	662	-	-	-	-	662
Short term loan obtained	35,000	-	-	-	-	35,000
Maintenance paid	2,665	-	-	-	-	2,665

## Half year ended June 30, 2019 (Un-audited)

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	135	-	-	5	1	141
Custody services-net	3	2	-	-	-	5
Profit on bank deposits	8,188	-	-	-	-	8,188
<b>Expenses</b>						
Bank charges	15	-	-	-	-	15
Charge in respect of contributory plan	-	-	-	300	2,923	3,223
Mark-up expense	12,245	-	-	-	-	12,245
Meeting fee	-	-	540	-	-	540
Remuneration to key management personnel	-	-	-	8,317	-	8,317
Ijarah expense	1,293	-	-	-	-	1,293
<b>Other transaction</b>						
Short term loan obtained	305,000	-	-	-	-	305,000
Short term loan repaid	405,000	-	-	-	-	405,000
Rent paid	688	-	-	-	-	688
Purchase of vehicle	3,262	-	-	-	-	3,262

## 7. OTHER DISCLOSURES UNDER REGULATION 34(2) OF SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these consolidated condensed financial information are as follows:

### 7.1 Person holding more than 5% of shares

	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	% of Holding		No. of Shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	8.27%	7.45%	8,272,000	7,452,500

7.2 During the half year ended June 30, 2020 Mr. Aslam Motiwala acquired 819,500/- shares of the company.

7.3 As at June 30, 2020 the value of customer shares maintained with the Holding Company pledged with financial institutions is Rs 144.05 million (December 31, 2019: Rs 206.56 million).

7.4 As at June 30, 2020 value of customers shares maintained in the Holding Company's Sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs 12,159 million (December 31, 2019: Rs 14,269 million).

## 8. DATE OF AUTHORISATION

These consolidated condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Holding Company on 13 August, 2020.

## 9. GENERAL

9.1 Figures have been rounded off to the nearest thousand of rupees.



Chief Executive Officer



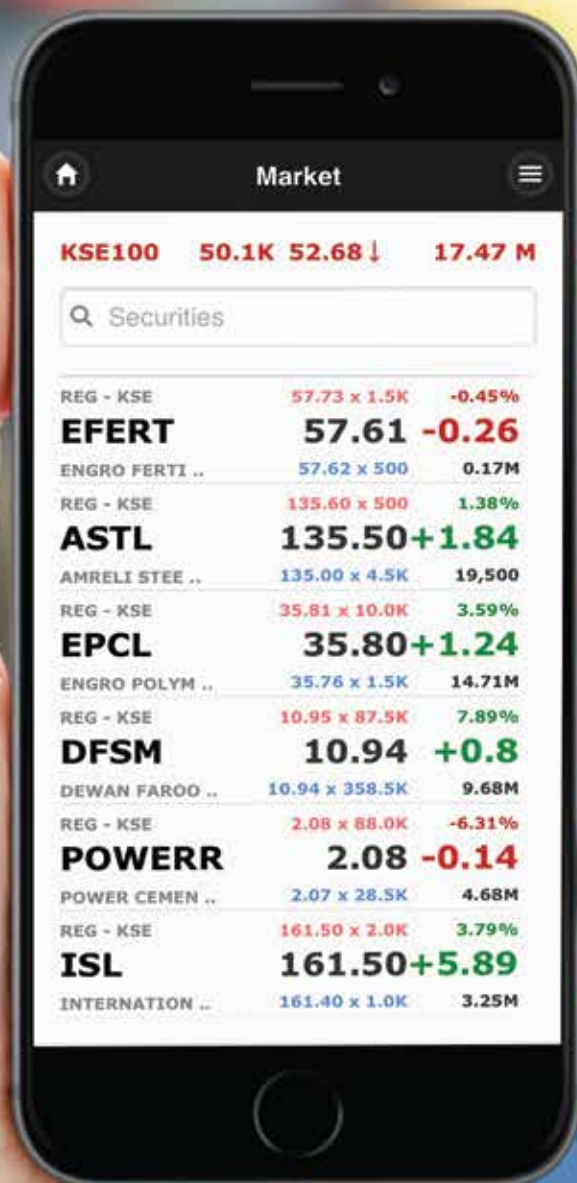
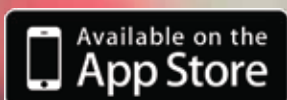
Director



Chief Financial Officer

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