

IGI

Securities

IGI Finex Securities Limited
Condensed Interim Financial Statements-Un-Audited
For the Nine Months Ended September 30, 2020

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

	UN-AUDITED SEPT-30 2020	AUDITED DEC-31 2019
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and equipment	21,565,274	19,758,317
- Intangible assets	15,918,610	16,350,577
Long term investments	26,448,722	20,004,853
Long term deposits	15,429,664	15,429,664
Deferred tax asset - net	62,974,832	62,974,832
	142,337,102	134,518,243
Current assets		
Trade debts - net	188,816,416	123,411,545
Loans and advances	1,077,665	1,658,532
Trade deposits and short term prepayments	186,656,661	129,798,790
Accrued mark-up - net	4,116,169	8,783,359
Other receivables - net	3,659,142	2,076,579
Taxation recoverable	65,763,640	68,048,316
Cash and bank balances	614,968,176	388,157,249
	1,065,057,869	721,934,370
TOTAL ASSETS	1,207,394,971	856,452,613
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)	600,000,000	600,000,000
Issued, subscribed and paid up share capital	520,000,000	520,000,000
Surplus on remeasurement of financial assets	26,448,319	20,004,453
Advance against issue of preference shares	550,000,000	550,000,000
Accumulated losses	(784,022,549)	(813,252,285)
	312,425,770	276,752,168
Non-current liabilities		
Lease liability against right-of-use asset	174,524	538,470
Current liabilities		
Trade and other payables	894,327,114	578,769,254
Current portion of lease liability against right-of-use asset	467,563	392,721
	894,794,677	579,161,975
	894,969,201	579,700,445
TOTAL EQUITY AND LIABILITIES	1,207,394,971	856,452,613

CONTINGENCIES

10

The annexed notes from 1 to 14 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	NINE MONTHS ENDED SEPTEMBER 30		QUARTER ENDED SEPTEMBER 30	
		2020	2019	2020	2019
		----- Rupees -----		----- Rupees -----	
Operating revenue	11	133,426,924	51,701,667	64,432,364	18,208,677
Other income	12	29,532,955	23,008,438	8,498,303	9,828,641
		162,959,879	74,710,105	72,930,667	28,037,318
Administrative and operating expenses		(122,246,360)	(85,269,689)	(54,957,482)	(26,912,515)
Financial Charges		(580,099)	(386,926)	(181,760)	(106,631)
		40,133,420	(10,946,510)	17,791,425	1,018,172
Reversal of provision / (provision) for doubtful debts		-	8,376	-	-
Profit / (Loss) before taxation		40,133,420	(10,938,134)	17,791,425	1,018,172
Taxation - current		(10,903,684)	(933,245)	(7,518,048)	(350,466)
Profit / (Loss) after taxation		29,229,736	(11,871,379)	10,273,377	667,706
Earnings / (Loss) per share - basic and diluted		0.56	(0.23)	0.20	0.01

The annexed notes from 1 to 14 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	NINE MONTHS ENDED SEPTEMBER 30	
	2020	2019
	----- Rupees -----	
Profit / (Loss) after taxation	29,229,736	(11,871,379)
Items that may be reclassified to profit and loss account subsequently:		
Unrealised profit / (loss) on remeasurement of financial assets classified as fair value through other comprehensive income	6,443,866	(8,239,178)
Total comprehensive profit / (loss) for the year	35,673,602	(20,110,557)



DIRECTOR




CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share capital	Advance against issue of preference shares	Unrealised gain on revaluation of available-for-sale investments	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
Changes in equity for Nine Months Ended September 30, 2019					
Loss for the period	-	-	-	(11,871,379)	(11,871,379)
Other Comprehensive loss for the period	-	-	(8,239,178)	-	(8,239,178)
Total other comprehensive loss for the period	-	-	(8,239,178)	(11,871,379)	(20,110,557)
Balance as at September 30, 2019	<u>520,000,000</u>	<u>550,000,000</u>	<u>13,512,494</u>	<u>(838,192,995)</u>	<u>245,319,499</u>
Balance as at January 01, 2020	520,000,000	550,000,000	20,004,453	(813,252,285)	276,752,168
Changes in equity for Nine Months Ended September 30, 2020					
Profit for the period	-	-	-	29,229,736	29,229,736
Other Comprehensive Profit for the period	-	-	6,443,866	-	6,443,866
Total other comprehensive Profit for the period	-	-	6,443,866	29,229,736	35,673,602
Balance as at September 30, 2020	<u>520,000,000</u>	<u>550,000,000</u>	<u>26,448,319</u>	<u>(784,022,549)</u>	<u>312,425,770</u>

The annexed notes from 1 to 14 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	NINE MONTHS ENDED	
	SEPTEMBER 30	
	2020	2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	40,133,420	(10,938,134)
Adjustments for non-cash items:		
Depreciation - property and equipment	4,181,520	4,612,329
Amortisation	431,967	497,782
Financial charges	580,099	386,926
Gain / (Loss) on disposal of property and equipment	(282,626)	(177,888)
Profit on saving accounts and deposit with PSX and PMEX	(27,138,624)	(21,505,926)
Dividend Income	(1,064)	(1,758)
	<u>(22,228,728)</u>	<u>(16,188,535)</u>
	17,904,692	(27,126,669)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(65,404,871)	(32,015,732)
Loans and advances	580,867	(672,962)
Trade deposits and short-term prepayments	(56,857,871)	16,280,346
Other receivables	(1,582,563)	1,181,981
	<u>(123,264,438)</u>	<u>(15,226,367)</u>
Increase/ (decrease) in current liabilities		
Trade and other payables	315,557,860	30,264,959
Current portion of lease liability against right-of-use asset	74,842	-
	<u>210,272,956</u>	<u>(12,088,077)</u>
Finance cost paid	(580,099)	(386,926)
Income tax paid	(8,619,009)	(5,133,217)
Rentals paid against lease liability	(363,946)	-
Net cash generated from/(used in) operating activities	<u>200,709,902</u>	<u>(17,608,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(6,782,010)	(321,017)
Purchase of intangible assets	-	(5,648,723)
Proceeds from disposal of property and equipment	1,076,157	224,400
Long-term deposits	-	1,400,000
Dividend received	1,064	1,758
Interest received	31,805,814	22,247,508
Net cash used generated from investing activities	<u>26,101,025</u>	<u>17,903,926</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	<u>226,810,927</u>	<u>295,706</u>
Cash and cash equivalent at beginning of the period	<u>388,157,249</u>	<u>213,136,036</u>
Cash and cash equivalents at end of the period	<u><u>614,968,176</u></u>	<u><u>213,431,742</u></u>

The annexed notes from 1 to 14 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- I.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 unaudited 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 unaudited 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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

5 PROPERTY AND EQUIPMENT

SEPTEMBER 30, 2020								
Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total	
Rupees								
As at January 01, 2020								
Cost	21,037,841	1,084,728	2,250,227	2,348,811	5,786,978	26,884,087	1,216,970	60,609,642
Accumulated depreciation	(17,640,508)	(804,097)	(1,725,517)	(2,114,997)	(4,787,277)	(13,407,079)	(371,852)	(40,851,327)
Net book value	3,397,333	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,315
Nine Months Ended September 30, 2020								
Opening net book value	3,397,333	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,315
Additions	-	-	-	-	2,760,350	4,021,660	-	6,782,010
Disposals								
Cost	-	136,081	16,550	3,000	1,064,870	1,440,985	-	2,661,486
Accumulated depreciation	-	(133,852)	(8,464)	(2,285)	(1,053,563)	(669,791)	-	(1,867,955)
	-	2,229	8,086	715	11,307	771,194	-	793,531
Depreciation charge for the period	(368,142)	(43,968)	(55,596)	(58,553)	(606,034)	(2,744,983)	(304,244)	(4,181,520)
Closing net book value	3,029,191	234,434	461,028	174,546	3,142,710	13,982,491	540,874	21,565,274
As at September 30, 2020								
Cost	21,037,841	948,647	2,233,677	2,345,811	7,482,458	29,464,762	1,216,970	64,730,166
Accumulated depreciation	(18,008,650)	(714,213)	(1,772,649)	(2,171,265)	(4,339,748)	(15,482,271)	(676,096)	(43,164,892)
Net book value	3,029,191	234,434	461,028	174,546	3,142,710	13,982,491	540,874	21,565,274
Depreciation rate % per annum	10	10	10	20	33	20	33	
DECEMBER 31, 2019								
Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total	
Rupees								
As at January 01, 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	3,350,370	362,761	594,142	227,309	1,976,169	17,497,463	-	24,008,214
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	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317
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	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317
Depreciation rate % per annum	10	10	10	20	33	20	33	

IGI FINEX SECURITIES LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		UN-AUDITED SEPT 30 2020	AUDITED DEC 31 2019
		----- Rupees -----	
6	TRADE DEBTS		
	Considered good		
	Receivable from clients against purchase of marketable securities and commodity contracts	174,557,304	109,152,433
	Considered doubtful		
	Receivable from clients against purchase of marketable securities and commodity contracts	593,709,622	593,709,622
	Commission receivable	414,265	414,265
	Provision for doubtful debts	(579,864,775)	(579,864,775)
		14,259,112	14,259,112
		<u>188,816,416</u>	<u>123,411,545</u>
6.1	The customer assets in central depository system amount to Rs. 6,706 million (December 31, 2019: Rs. 5,137 million)		
7	CASH AND BANK BALANCES		
		UN-AUDITED SEPT 30 2020	AUDITED DEC 31 2019
		----- Rupees -----	
	Cash in hand	177,000	-
	Cash at bank	614,791,176	388,157,249
		<u>614,968,176</u>	<u>388,157,249</u>
7.1	This includes amount of Rs. 550.483 million representing clients' funds. (Dec 31, 2019: Rs. 332.193 million)		
8	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
	2020 2019	UN-AUDITED SEPT 30 2020	AUDITED DEC 31 2019
	Number of shares	----- Rupees -----	
	<u>52,000,000</u> <u>52,000,000</u>	<u>520,000,000</u>	<u>520,000,000</u>
8.1	The parent company, IGI Holdings Limited (formerly IGI Insurance Limited), holds 52,000,000 shares.		

IGI FINEX SECURITIES LIMITED
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**
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.

During the year ended December 31, 2019, 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

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

	NINE MONTHS ENDED		QUARTER ENDED	
	SEPTEMBER 30		SEPTEMBER	
	2020	2019	2020	2019
	----- Rupees -----		----- Rupees -----	
11 OPERATING REVENUE				
Retail	120,937,707	40,873,794	60,245,774	15,467,913
Institution	10,690,452	8,190,283	3,970,375	1,891,684
Brokerage from equity operations	131,628,159	49,064,077	64,216,149	17,359,597
Brokerage from commodity operations	1,798,765	2,637,590	216,215	849,080
	<u>133,426,924</u>	<u>51,701,667</u>	<u>64,432,364</u>	<u>18,208,677</u>
12 OTHER INCOME				
From financial assets				
Profit on saving accounts	18,782,506	10,716,759	5,005,550	4,527,555
Income on deposit with Pakistan Stock Exchange Limited	8,356,118	10,789,167	2,303,158	4,981,801
Gain / (Loss) on sale of operating fixed assets	282,626	177,888	156,645	-
Dividend income	1,064	1,758	1,064	-
	<u>27,422,314</u>	<u>21,685,572</u>	<u>7,466,417</u>	<u>9,509,356</u>
From other than financial assets				
CDC conversion charges and commission	2,072,849	1,271,861	1,030,159	318,195
Others	37,792	51,005	1,727	1,090
	<u>2,110,641</u>	<u>1,322,866</u>	<u>1,031,886</u>	<u>319,285</u>
	<u>29,532,955</u>	<u>23,008,438</u>	<u>8,498,303</u>	<u>9,828,641</u>

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 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.

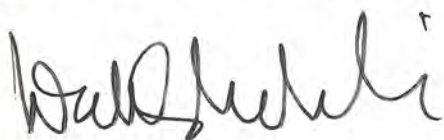
The following transactions were carried out with related parties during the period.

	SEPTEMBER 30, 2020		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	196,643,856	548,679,914
Sale of marketable securities for and on behalf of	-	219,182,975	128,681,606
Brokerage income earned	-	556,105	1,103,956
Remuneration paid to	-	22,913,510	-
Insurance expense paid to	-	-	1,490,592
Reimbursement of expenses	-	-	3,985,582
Group Shared Services reimbursements from	6,082,358	-	1,349,147
Group Shared Services reimbursements to	380,207	-	5,151,811
Rent expense - reimbursement from	-	-	135,879
Rent expense - reimbursement to	-	-	3,376,000

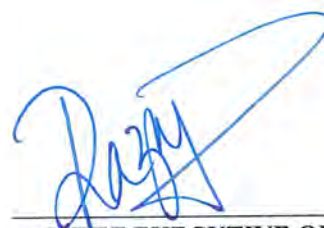
	SEPTEMBER 30, 2019		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	86,214,670	515,127,444
Sale of marketable securities for and on behalf of	-	86,749,990	84,910,073
Brokerage income earned	-	106,935	716,171
Remuneration paid to	-	22,768,997	-
Reimbursement of expenses	-	-	2,549,000
Insurance expenses	-	-	1,622,032
Group Shared Services reimbursements from	4,983,367	-	1,333,018
Group Shared Services reimbursements to	-	-	4,305,017
Rent expense - reimbursement from	-	-	241,803
Rent expense - reimbursement to	-	-	3,667,575

14 GENERAL

Figures have been rounded off to the nearest rupee.



DIRECTOR



CHIEF EXECUTIVE OFFICER