



IGI Finex Securities Limited
Un-Audited Condensed Interim Financial Statements
For the Quarter Ended March 31, 2021

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

AS AT MARCH 31, 2021

	Note	UN-AUDITED MAR 31 2021	Audited Dec 31 2020
		----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	18,880,943	20,077,413
- Intangible assets	6	15,707,495	15,777,391
Investments		21,752,072	23,755,760
Long term deposits		15,729,664	15,729,664
Deferred tax asset - net		67,868,468	67,868,468
		139,938,642	143,208,696
Current assets			
Trade receivables - net	7	302,068,712	32,084,747
Advances		1,064,400	920,900
Deposits and prepayments		238,762,143	284,047,462
Accrued mark-up - net		3,088,266	4,209,215
Other receivables		7,386,826	3,179,409
Taxation recoverable		52,215,389	58,132,878
Bank balances	8	662,588,843	628,701,013
		1,267,174,579	1,011,275,624
TOTAL ASSETS		1,407,113,221	1,154,484,320
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10/- each		600,000,000	600,000,000
(2020: 60,000,000 ordinary shares of Rs. 10 each)			
Issued, subscribed and paid up share capital	9	520,000,000	520,000,000
Surplus on revaluation of available-for-sale investment		21,751,672	23,755,360
Advance against issue of preference shares	10	550,000,000	550,000,000
Accumulated losses		(747,608,302)	(777,383,969)
		344,143,370	316,371,391
Non-current liabilities			
Retirement benefit obligations		18,205,409	15,712,000
Lease liability against right-of-use asset		-	44,292
		18,205,409	15,756,292
Current liabilities			
Trade and other payables		1,044,340,929	821,862,456
Current portion of lease liability against right-of-use asset		423,513	494,181
		1,044,764,442	822,356,637
Total liabilities		1,062,969,851	838,112,929
TOTAL EQUITY AND LIABILITIES		1,407,113,221	1,154,484,320

CONTINGENCIES

11

The annexed notes from 1 to 15 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, 2021

	Note	Quarter Ended March 31	
		2021	2020
		----- Rupees -----	
Operating revenue	12	88,056,064	40,177,685
Other operating revenue	13	8,414,217	10,978,576
Total operating income		96,470,281	51,156,261
Administrative and operating expenses		(58,490,913)	(35,355,904)
Financial Charges		(169,141)	(228,212)
Total operating expenses		(58,660,054)	(35,584,116)
Profit before taxation		37,810,227	15,572,145
Taxation - current		(8,034,560)	(2,382,254)
Profit after taxation		29,775,667	13,189,891
Earnings per share - basic and diluted		0.57	0.25

The annexed notes from 1 to 15 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, 2021

	Quarter Ended March 31	
	2021	2020
	Rupees	
Profit after taxation	29,775,667	13,189,891
Items that may be reclassified to profit and loss account subsequently:		
(Deficit) on revaluation of available for sale investment	(2,003,688)	(7,341,524)
	(2,003,688)	(7,341,524)
Total comprehensive income for the period	27,771,979	5,848,367

The annexed notes from 1 to 15 form an integral part of these unaudited condensed interim financial statements.



DIRECTOR

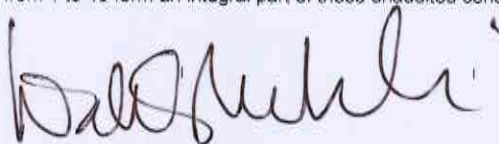


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2021

	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, 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>
Balance as at January 01, 2021	520,000,000	550,000,000	23,755,360	(777,383,969)	316,371,391
Total comprehensive income for the period					
Profit for the period	-	-	-	29,775,667	29,775,667
Other Comprehensive loss	-	-	(2,003,688)	-	(2,003,688)
	-	-	(2,003,688)	29,775,667	27,771,979
Balance as at March 31, 2021	<u>520,000,000</u>	<u>550,000,000</u>	<u>21,751,672</u>	<u>(747,608,302)</u>	<u>344,143,370</u>

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DIRECTOR

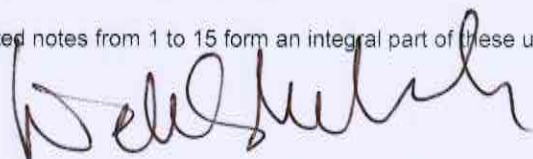


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2021

	Quarter Ended March 31	
	2021	2020
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,810,227	15,572,145
Adjustments for non-cash items:		
Depreciation	1,475,570	1,393,323
Amortization	143,396	149,530
Financial charges	169,141	228,212
Gain on disposal of property and equipment	-	(115,011)
Profit on saving accounts and deposit with PSX and PMEX	(7,104,253)	(10,311,852)
Charge for defined benefit plan	2,493,409	-
	(2,822,737)	(8,655,798)
	34,987,490	6,916,347
Changes in working capital		
Decrease / (increase) in current assets		
Trade receivables	(269,983,965)	85,335,316
Loans and advances	(143,500)	53,672
Deposits and prepayments	45,285,319	(2,633,033)
Other receivables	(4,207,417)	(418,402)
	(229,049,563)	82,337,553
(Decrease) / Increase in current liabilities		
Trade and other payables	222,478,473	(20,577,857)
	28,416,400	68,676,043
Finance cost paid	(169,141)	(202,088)
Income tax paid	(2,117,071)	(2,849,867)
Rentals paid against lease liability	(114,960)	(117,127)
Net cash generated from operating activities	26,015,228	65,506,961
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(279,100)	-
Payment for purchase of intangible assets	(73,500)	-
Proceeds from disposal of property and equipment	-	196,872
Long-term deposits	-	(2,050,000)
Received profit on saving accounts and deposit with PSX	8,225,202	13,983,972
Net cash generated from investing activities	7,872,602	12,130,844
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	33,887,830	77,637,805
Cash and cash equivalents at beginning of the period	628,701,013	388,157,249
Cash and cash equivalents at the end of the period	662,588,843	465,795,054

The annexed notes from 1 to 15 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, 2021

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 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-Jamii, 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

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: 7) branches in Karachi, Lahore, Islamabad, Faisalabad, Rahim Yar Khan and Multan.

2 STATEMENT OF COMPLIANCE

These unaudited 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 unaudited condensed interim financial statements have been prepared under the historical cost convention except that investments have been marked to market and are carried at fair value and defined benefit obligation is carried at present value.

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, 2020.

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2021

5 PROPERTY AND EQUIPMENT

March 31, 2021							
Leasehold improvements	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Right-of-use asset	Total

Rupees

As at January 1, 2021

Cost	21,037,844	948,647	2,233,677	2,379,811	8,223,706	28,419,484	1,216,970	64,460,139
Accumulated depreciation	(18,130,668)	(731,057)	(1,791,006)	(2,191,336)	(4,722,964)	(16,038,184)	(777,511)	(44,382,726)
Net book value	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	20,077,413

Period ended March 31, 2021

Opening net book value	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	20,077,413
Additions	-	-	-	-	-	279,100	-	279,100

Disposals

Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge for the year	(122,020)	(13,995)	(18,361)	(21,106)	(421,056)	(777,617)	(101,415)	(1,475,570)
Closing net book value	2,785,156	203,595	424,310	167,369	3,079,686	11,603,683	338,044	18,601,843

As at March 31, 2021

Cost	21,037,844	948,647	2,233,677	2,379,811	8,223,706	28,698,584	1,216,970	64,739,239
Accumulated depreciation	(18,252,688)	(745,052)	(1,809,367)	(2,212,442)	(5,144,020)	(16,815,801)	(878,926)	(45,858,296)
Net book value	2,785,156	203,595	424,310	167,369	3,079,686	11,882,783	338,044	18,880,943

Depreciation rate % per annum

10	10	10	20	33	20	33	
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December 31, 2020							
Leasehold improvements	Furniture and fixtures	Office equipment	Communication 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	3,397,335	280,631	524,710	233,814	999,701	13,477,008	845,118	19,758,317

Year ended December 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	-	-	-	34,000	3,501,598	3,533,882	-	7,069,480

Disposals - (note 4.1)

Cost	-	136,081	16,550	3,000	1,064,870	1,998,485	-	3,218,986
Accumulated depreciation	-	(133,852)	(8,465)	(2,284)	(1,053,562)	(1,115,791)	-	(2,313,954)
Depreciation charge for the year	-	2,229	8,085	716	11,308	882,694	-	905,032

Closing net book value	(490,159)	(60,812)	(73,954)	(78,623)	(989,249)	(3,746,896)	(405,659)	(5,845,352)
	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	20,077,413

As at December 31, 2020

Cost	21,037,844	948,647	2,233,677	2,379,811	8,223,706	28,419,484	1,216,970	64,460,139
Accumulated depreciation	(18,130,668)	(731,057)	(1,791,006)	(2,191,336)	(4,722,964)	(16,038,184)	(777,511)	(44,382,726)
Net book value	2,907,176	217,590	442,671	188,475	3,500,742	12,381,300	439,459	20,077,413

Depreciation rate % per annum

10	10	10	20	33	20	33	
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IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2021

	Note	UN-AUDITED March 31 2021	AUDITED Dec 31 2020
		Rupees	Rupees
6 INTANGIBLE ASSETS			
As at January 01			
Cost		34,116,880	34,116,880
Accumulated amortization		(18,339,489)	(17,766,303)
Net book value		15,777,391	16,350,577
Quarter ended March 31			
Opening net book value		15,777,391	16,350,577
Additions		73,500	-
Disposals			
Cost		-	-
Accumulated amortization		-	-
Amortization charge for the period		(143,396)	(573,186)
Closing net book value		15,707,495	15,777,391
As at March 31			
Cost		34,190,380	34,116,880
Accumulated amortization		(18,482,885)	(18,339,489)
Net book value		15,707,495	15,777,391
Amortization rate % per annum		10 - 33.33	10 - 33.33

	Note	UN-AUDITED March 31 2021	AUDITED Dec 31 2020
		Rupees	Rupees
7 TRADE RECEIVABLES - NET			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		287,516,426	17,587,783
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		594,002,796	593,947,474
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,864,775)	(579,864,775)
		14,552,286	14,496,964
		302,068,712	32,084,747

7.1 The customer assets in central depository system amount to Rs. 6,822 million (December 31, 2020: Rs. 6,320 million)

	Note	UN-AUDITED March 31 2021	AUDITED Dec 31 2020
		Rupees	Rupees
8 CASH AND BANK BALANCES			
Cash in hand		163,110	-
Cash at bank	8.1	662,425,733	628,701,013
		662,588,843	628,701,013

8.1 This includes amount of Rs. 565,842 million representing clients' funds. (December 31, 2020: Rs. 612,685 million)

	2021	2020		UN-AUDITED March 31 2021	AUDITED Dec 31 2020
	Number of shares	Number of shares		Rupees	Rupees
9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL					
52,000,000	52,000,000	Ordinary shares of Rs. 10/- each fully paid in cash		520,000,000	520,000,000

9.1 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 QUARTER ENDED MARCH 31, 2021

10 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES

During the financial year ended June 30, 2012, the Company received Rs. 650,000,000 in the form of interest free subordinated loan from Mr. Syed Babar Ali, Chairman – IGI Holdings Limited, the Parent Company, and a key sponsor of the Company. On June 29, 2012, the Company and Mr. Syed Babar Ali entered into an Irrevocable Subscription Agreement to convert the subordinated loan into preference shares to be issued by the Company to Mr. Syed Babar Ali.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs. 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, the Company is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014 and June 30, 2016 the Company had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by the Company out of its distributable profits and the entitlement of preference shareholder in case of liquidation of the Company.

Consequent to the above, in case of change in management control of the Company, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

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 additional 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 annual audited financial statements for the year ended December 31, 2020.

12 OPERATING REVENUE

Retail
Institution

Brokerage from equity operations
Brokerage from commodity operations

Quarter Ended	
March 31	
2021	2020
----- Rupees -----	
77,720,982	34,031,862
8,621,546	5,047,163
87,199,296	39,079,025
856,768	1,098,660
88,056,064	40,177,685

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

From other than financial assets

CDC conversion charges and commission
Others

4,987,224	6,859,009
2,117,029	3,452,843
-	115,011
7,104,253	10,426,863
1,309,964	522,788
-	28,925
1,309,964	551,713
8,414,217	10,978,576

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2021

14 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, 2021		
	Parent	Key management personnel	Other related parties and associated undertakings
	Rupees		
Purchase of marketable securities for and on behalf of	-	124,431,754	59,374,851
Sale of marketable securities for and on behalf of	-	126,115,536	661,847
Brokerage income earned	-	368,387	90,759
Remuneration paid to	-	9,980,158	-
Insurance expense paid to	-	-	584,171
Reimbursement of expenses	-	-	1,083,171
GSS reimbursements from	2,121,500	-	496,740
GSS reimbursements to	-	-	1,595,626
Rent Expense	-	-	1,409,850

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 Expense	-	-	1,142,729

15 GENERAL

Figures have been rounded off to the nearest rupee.


DIRECTOR


CHIEF EXECUTIVE OFFICER