IGI

Securities

IGI Finex Securities Limited
Condensed Interim Financial Statements-Un-Audited
For the Nine Months Ended September 30, 2021

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Note	UN-AUDITED SEP-30 2021	AUDITED DEC-31 2020
		---------- Rupees ----------	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	20,001,903	20,077,413
- Intangible assets	6	15,412,814	15,777,391
Long term investments		29,269,922	23,755,760
Long term deposits		16,429,664	15,729,664
Deferred tax asset - net		61,594,035	67,868,468
		142,708,338	143,208,696
Current assets			
Trade debts - net	7	57,080,334	32,084,747
Loans and advances		863,468	920,900
Trade deposits and short term prepayments		173,284,127	284,047,462
Accrued mark-up - net		2,352,705	4,209,215
Other receivables - net		15,012,421	3,179,409
Taxation recoverable		56,047,205	58,132,878
Cash and bank balances	8	805,188,120	628,701,013
		1,109,828,380	1,011,275,624
TOTAL ASSETS		1,252,536,718	1,154,484,320
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10/- each			
(December 31, 2020: 60,000,000 ordinary shares of Rs. 10/- each)		600,000,000	600,000,000
Issued, subscribed and paid up share capital	9	520,000,000	520,000,000
Surplus on remeasurement of financial assets		29,269,522	23,755,360
Advance against issue of preference shares	10	525,000,000	550,000,000
Accumulated losses		(710,793,933)	(777,383,969)
		363,475,589	316,371,391
Non-current liabilities			
Retirement benefit obligations		17,085,714	15,712,000
Lease liability against right-of-use asset		1,998,569	44,292
Current liabilities			
Trade and other payables		869,113,483	821,862,456
Current portion of lease liability against right-of-use asset		863,363	494,181
		869,976,846	822,356,637
		889,061,129	838,112,929
TOTAL EQUITY AND LIABILITIES		1,252,536,718	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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	Nine Months Ended September 30		Quarter Ended September 30	
		2021	2020	2021	2020
		---------- Rupees ----------			
Operating revenue	12	242,995,936	133,426,924	64,731,241	64,432,364
Other income	13	27,067,049	29,532,955	10,552,395	8,498,303
		270,062,985	162,959,879	75,283,636	72,930,667
Administrative and operating expenses		(175,508,760)	(122,246,360)	(58,641,582)	(54,957,482)
Financial Charges		(520,723)	(580,099)	(95,398)	(181,760)
Profit before taxation		94,033,502	40,133,420	16,546,656	17,791,425
Taxation - current		(27,443,466)	(10,903,684)	(9,948,064)	(7,518,048)
Profit after taxation		66,590,036	29,229,736	6,598,592	10,273,377
Earnings per share - basic and diluted		1.28	0.56	0.13	0.20

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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	NINE MONTHS ENDED SEPTEMBER 30	
	2021	2020
	---------- Rupees ----------	
Profit after taxation	66,590,036	29,229,736
Items that may be reclassified to profit and loss account subsequently:		
Unrealised gain on remeasurement of financial assets classified as fair value through other comphrehensive income	5,514,162	6,443,866
Total comprehensive profit for the year	72,104,198	35,673,602

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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	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, 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 income for the period	-	-	6,443,866	-	6,443,866
Total other comprehensive income for the period	-	-	6,443,866	29,229,736	35,673,602
Balance as at September 30 , 2020	520,000,000	550,000,000	26,448,319	(784,022,549)	312,425,770
Balance as at Jaunary 01, 2021	520,000,000	550,000,000	23,755,360	(777,383,969)	316,371,391
Changes in equity for Nine Months Ended September 30, 2021					
Profit for the period	-	-	-	66,590,036	66,590,036
Payment in respect of advance against preference shares	-	(25,000,000)	-	-	(25,000,000)
Other Comprehensive income for the period	-	-	5,514,162	-	5,514,162
Total other comprehensive income for the period	-	(25,000,000)	5,514,162	66,590,036	47,104,198
Balance as at September 30, 2021	520,000,000	525,000,000	29,269,522	(710,793,933)	363,475,589

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 CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	NINE MONTHS ENDED SEPTEMBER 30	
	2021	2020
	---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	94,033,502	40,133,420
Adjustments for non-cash items:		
Depreciation - property and equipment	4,478,185	4,181,520
Amortisation	438,077	431,967
Financial charges	520,723	580,099
Gain / (loss) on disposal of property and equipment	3,126	(282,626)
Profit on saving accounts and deposit with PSX and PMEX	(23,080,904)	(27,138,624)
Charge for defined benefit plan	1,373,714	-
Dividend Income	-	(1,064)
	(16,267,079)	(22,228,728)
	77,766,423	17,904,692
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(24,995,587)	(65,404,871)
Loans and advances	57,432	580,867
Trade deposits and short-term prepayments	110,763,335	(56,857,871)
Other receivables	(11,833,012)	(1,582,563)
	73,992,168	(123,264,438)
Increase/ (decrease) in current liabilities		
Trade and other payables	47,251,027	315,557,860
Current portion of lease liability against right-of-use asset	-	74,842
	199,009,618	210,272,956
Finance cost paid	(520,723)	(580,099)
Income tax paid	(19,083,360)	(8,619,009)
Rentals paid against lease liability	(1,411,541)	(363,946)
Net cash generated from/(used in) operating activities	177,993,994	200,709,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(700,801)	(6,782,010)
Purchase of intangible assets	(73,500)	-
Proceeds from disposal of property and equipment	30,000	1,076,157
Payment in respect of advance against preference shares	(25,000,000)	-
Long-term deposits	(700,000)	-
Dividend received	-	1,064
Interest received	24,937,414	31,805,814
Net cash (used in) generated from investing activities	(1,506,887)	26,101,025
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decreasein cash and cash equivalents	176,487,107	226,810,927
Cash and cash equivalent at beginning of the period	628,701,013	388,157,249
Cash and cash equivalents at end of the period	805,188,120	614,968,176

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Finex Securities Limited (the Company) was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at Suite No. 701-713, 7th Floor, the Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. The Company has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is a corporate member of Pakistan Mercantile Exchange Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a wholly owned subsidiary of IGI Holdings Limited (the Parent Company).

The Company operates with a total number of 6 (2020: 6) 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, 2020.

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

5 PROPERTY AND EQUIPMENT

	September 30, 2021							
	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, 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
Nine Months Ended September 30, 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	-	-	128,034	19,500	553,267	-	3,735,000	4,435,801
Disposals								
Cost	-	(42,700)	(81,106)	(835,150)	(114,108)	-	-	(1,073,064)
Accumulated depreciation	-	20,671	72,829	835,150	111,288	-	-	1,039,938
	-	(22,029)	(8,277)	-	(2,820)	-	-	(33,126)
Depreciation charge for the period	(366,053)	(38,909)	(58,252)	(59,059)	(1,243,360)	(2,268,245)	(444,307)	(4,478,185)
Closing net book value	2,541,123	156,652	504,176	148,916	2,807,829	10,113,055	3,730,152	20,001,903
As at September 30, 2021								
Cost	21,037,844	905,947	2,280,605	1,564,161	8,662,865	28,419,484	4,951,970	67,822,876
Accumulated depreciation	(18,496,721)	(749,295)	(1,776,429)	(1,415,245)	(5,855,036)	(18,306,429)	(1,221,818)	(47,820,973)
Net book value	2,541,123	156,652	504,176	148,916	2,807,829	10,113,055	3,730,152	20,001,903
Depreciation rate % per annum	10	10	10	20	33	20	25-33	

	December 31, 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	21,037,844	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								
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)
	-	2,229	8,085	716	11,308	882,694	-	905,032
Depreciation charge for the year	(490,159)	(60,812)	(73,954)	(78,623)	(989,249)	(3,746,896)	(405,659)	(5,845,352)
Closing net book value	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	

	Note	UN-AUDITED Sept 30 2021	AUDITED Dec 31 2020
		---------- 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
Nine Months Ended September 30			
Opening net book value		15,777,391	16,350,577
Additions		73,500	-
Disposals			
Cost		-	-
Accumulated amortization		-	-
		-	-
Amortization charge for the period		(438,077)	(573,186)
Closing net book value		15,412,814	15,777,391
As at September 30			
Cost		34,190,380	34,116,880
Accumulated amortization		(18,777,566)	(18,339,489)
Net book value		15,412,814	15,777,391
Amortization rate % per annum		10 - 33.33	10 - 33.33
7 TRADE DEBTS			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		42,221,580	17,587,783
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		594,309,264	593,947,474
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,864,775)	(579,864,775)
		14,858,754	14,496,964
		57,080,334	**32,084,747**

7.1 The customer assets in central depository system amount to Rs. 6,702 million (December 31, 2020: Rs. 6,321 million).

8 CASH AND BANK BALANCES			
Cash in hand		14,050	-
Cash at bank	8.1	805,174,070	628,701,013
		805,188,120	**628,701,013**

8.1 This includes amount of Rs. 654.905 million representing clients' funds. (Dec 31, 2020: Rs. 612.685 million).

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		UN-AUDITED Sept 30 2021	AUDITED Dec 31 2020
2021	2020		
Number of shares		---------- Rupees ----------	
52,000,000	52,000,000	520,000,000	520,000,000

9.1 The parent company, IGI Holdings Limited (formerly IGI Insurance Limited), holds 52,000,000 shares.

10 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.

11 CONTINGENCIES

There are no changes in contingencies as disclosed in the financial statements for the year ended December 31, 2020.

	Nine Months Ended September 30		Quarter Ended September 30	
	2021	2020	2021	2020
	Rupees			
12 OPERATING REVENUE				
Retail	214,372,583	120,937,707	57,483,551	60,245,774
Institution	25,154,960	10,690,452	6,325,106	3,970,375
Brokerage from equity operations	239,527,543	131,628,159	63,808,657	64,216,149
Brokerage from commodity operations	3,468,393	1,798,765	922,584	216,215
	242,995,936	133,426,924	64,731,241	64,432,364
13 OTHER INCOME				
From financial assets				
Profit on saving accounts	17,226,706	18,782,506	7,866,037	5,005,550
Income on deposit with Pakistan Stock Exchange Limited	5,854,198	8,356,118	1,653,645	2,303,158
Gain / (Loss) on sale of operating fixed assets	(3,126)	282,626	-	156,645
Dividend income	-	1,064	-	1,064
	23,077,778	27,422,314	9,519,682	7,466,417
From other than financial assets				
CDC conversion charges and commission	3,984,652	2,072,849	1,032,713	1,030,159
Others	4,619	37,792	-	1,727
	3,989,271	2,110,641	1,032,713	1,031,886
	27,067,049	29,532,955	10,552,395	8,498,303

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.

	September 30, 2021		
	Parent	Key management personnel	Other related parties and associated undertakings
	---------- Rupees ----------		
Purchase of marketable securities for and on behalf of	-	316,108,037	963,130,772
Sale of marketable securities for and on behalf of	-	318,484,235	46,748,038
Brokerage income earned	-	985,299	1,580,898
Insurance expense paid to	-	-	2,434,236
Reimbursement of expenses	-	-	3,471,058
Disposal of fixed assets - at cost	-	-	1,073,064
Sale proceeds from disposals of fixed assets - at cost	-	-	30,000
Group Shared Services reimbursements from	7,081,377	-	3,292,969
Group Shared Services reimbursements to	143,384	-	7,557,939
Rent expense - reimbursement to	-	-	2,730,584

	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

15 GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR

CHIEF EXECUTIVE OFFICER