IGI

Securities

IGI Finex Securities Limited
Un-Audited Condensed Interim Financial Information
For the Quarter Ended March 31, 2022

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	Note	Un audited March 31 2022	Audited December 31 2021
		---------- Rupees ----------	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	20,207,653	19,167,001
- Intangible assets	6	15,117,701	15,265,472
Investments		20,244,897	22,040,204
Long term deposits		23,629,664	21,629,664
Deferred tax asset - net		55,758,390	55,758,390
		134,958,305	133,860,731
Current assets			
Trade receivables - net	7	62,686,049	67,044,429
Advances		2,212,592	1,014,806
Deposits and prepayments		120,414,168	207,467,541
Accrued mark-up - net		4,488,619	3,498,293
Other receivables		11,333,316	8,927,505
Taxation recoverable		60,685,793	59,101,787
Bank balances	8	588,713,096	835,845,543
		850,533,633	1,182,899,904
TOTAL ASSETS		985,491,938	1,316,760,635
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10/- each (2021: 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 revaluation of available-for-sale investment		20,244,497	22,039,804
Advance against issue of preference shares	10	495,000,000	495,000,000
Accumulated losses		(705,368,491)	(709,278,069)
		329,876,006	327,761,735
Non-current liabilities			
Retirement benefit obligations		20,603,884	19,534,312
Lease liability against right-of-use asset		1,676,683	1,882,313
		22,280,567	21,416,625
Current liabilities			
Trade and other payables		632,602,227	966,849,137
Current portion of lease liability against right-of-use asset		733,138	733,138
		633,335,365	967,582,275
Total liabilities		655,615,932	988,998,900
TOTAL EQUITY AND LIABILITIES		985,491,938	1,316,760,635
CONTINGENCIES	11		

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

DIRECTOR **CHIEF EXECUTIVE OFFICER**

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

	Note	Quarter Ended March 31	
		2022	2021
		---------- Rupees ----------	
Operating revenue	12	35,301,093	88,056,064
Other operating revenue	13	15,359,053	8,414,217
Total operating income		50,660,146	96,470,281
Administrative and operating expenses		(44,919,943)	(58,490,913)
Financial Charges		(233,755)	(169,141)
Total operating expenses		(45,153,698)	(58,660,054)
Profit before taxation		5,506,448	37,810,227
Taxation - current		(1,596,870)	(8,034,560)
Profit after taxation		3,909,578	29,775,667
Earnings per share - basic and diluted		0.08	0.57

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

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, 2022

	Quarter Ended March 31	
	2022	**2021**
	---------- Rupees ----------	
Profit after taxation	3,909,578	29,775,667
Items that may be reclassified to profit and loss account subsequently:		
(Deficit) on revaluation of available for sale investment	(1,795,307)	(2,003,688)
	(1,795,307)	(2,003,688)
Total comprehensive income for the period	2,114,271	27,771,979

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

DIRECTOR **CHIEF EXECUTIVE OFFICER**

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

	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, 2021	520,000,000	550,000,000	23,755,360	(777,383,969)	316,371,391
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	520,000,000	550,000,000	21,751,672	(747,608,302)	344,143,370
Profit for the period	-	-	-	39,142,220	39,142,220
Other Comprehensive loss	-	-	288,132	(811,987)	(523,855)
	-	-	288,132	38,330,233	38,618,365
Payment against advance against issue of preference share	-	(55,000,000)	-	-	(55,000,000)
Balance as at December 31, 2021	520,000,000	495,000,000	22,039,804	(709,278,069)	327,761,735
Total comprehensive income for the period					
Profit for the period	-	-	-	3,909,578	3,909,578
Other Comprehensive loss	-	-	(1,795,307)	-	(1,795,307)
	-	-	(1,795,307)	3,909,578	2,114,271
Balance as at March 31, 2022	520,000,000	495,000,000	20,244,497	(705,368,491)	329,876,006

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

	Quarter Ended March 31	
	2022	2021
	---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,506,448	37,810,227
Adjustments for non-cash items:		
Depreciation	1,427,233	1,475,570
Amortization	147,771	143,396
Financial charges	233,755	169,141
Charge for defined benefit plan	1,069,572	2,493,409
Profit on saving accounts and deposit with PSX and PMEX	(14,235,727)	(7,104,253)
	(11,357,396)	(2,822,737)
	(5,850,948)	34,987,490
Changes in working capital		
Decrease / (increase) in current assets		
Trade receivables	4,358,380	(269,983,965)
Loans and advances	(1,197,786)	(143,500)
Deposits and prepayments	87,053,373	45,285,319
Other receivables	(2,405,811)	(4,207,417)
	87,808,156	(229,049,563)
(Decrease) / Increase in current liabilities		
Trade and other payables	(334,246,910)	222,478,473
	(252,289,702)	28,416,400
Finance cost paid	(231,079)	(169,141)
Income tax paid	(3,180,876)	(2,117,071)
Rentals paid against lease liability	(208,306)	(114,960)
Net cash generated from operating activities	(255,909,963)	26,015,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(2,467,885)	(279,100)
Payment for purchase of intangible assets	-	(73,499)
Long-term deposits	(2,000,000)	-
Received profit on saving accounts and deposit with PSX	13,245,401	8,225,202
Net cash generated from investing activities	8,777,516	7,872,603
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	(247,132,447)	33,887,830
Cash and cash equivalents at beginning of the period	835,845,543	628,701,013
Cash and cash equivalents at the end of the period	588,713,096	662,588,843

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

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 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

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 (2021: 6) branches in Karachi, Lahore, Islamabad, Faisalabad, Rahim Yar Khan and Multan.

2 STATEMENT OF COMPLIANCE

These unaudited condensed interim unaudited financial information 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 information 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 information are the same as those applied in the preparation of the preceding audited financial information of the Company for the year ended December 31, 2021.

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

5 PROPERTY AND EQUIPMENT

	March 31, 2022								
	Leasehold improve-ments	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Right-of-use asset - Building	Right-of-use asset - Vehicle	Total
	Rupees								
As at January 1, 2022									
Cost	21,326,483	1,214,607	2,348,625	1,571,361	8,786,684	28,419,484	1,216,970	3,735,000	68,619,214
Accumulated depreciation	(18,623,400)	(762,131)	(1,798,043)	(1,432,414)	(6,238,417)	(19,125,175)	(1,183,171)	(289,462)	(49,452,213)
Net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Period ended March 31, 2022									
Opening net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Additions	987,313	665,864	354,059	-	460,649	-	-	-	2,467,885
Disposals									
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge for the period	(136,365)	(20,822)	(28,822)	(14,905)	(396,557)	(646,562)	(33,799)	(149,400)	(1,427,233)
Closing net book value	3,554,031	1,097,518	875,819	124,042	2,612,359	8,647,747	-	3,296,138	20,207,653
As at March 31, 2022									
Cost	22,313,796	1,880,471	2,702,684	1,571,361	9,247,333	28,419,484	1,216,970	3,735,000	71,087,099
Accumulated depreciation	(18,759,765)	(782,953)	(1,826,865)	(1,447,319)	(6,634,974)	(19,771,737)	(1,216,970)	(438,862)	(50,879,446)
Net book value	3,554,031	1,097,518	875,819	124,042	2,612,359	8,647,747	-	3,296,138	20,207,653
Depreciation rate % per annum	10	10	10	20	33	20	33	33	

	December 31, 2021								
	Leasehold improve-ments	Furniture and fixtures	Office equipment	Communi-cation equipment	Computer equipment	Motor vehicles	Right-of-use asset - Building	Right-of-use asset - Vehicle	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
Year ended December 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	288,639	308,660	196,054	26,700	677,086	-	-	3,735,000	5,232,139
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 year	(492,732)	(51,745)	(79,866)	(76,228)	(1,626,741)	(3,086,991)	(405,660)	(289,462)	(6,109,425)
Closing net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
As at December 31, 2021									
Cost	21,326,483	1,214,607	2,348,625	1,571,361	8,786,684	28,419,484	1,216,970	3,735,000	68,619,214
Accumulated depreciation	(18,623,400)	(762,131)	(1,798,043)	(1,432,414)	(6,238,417)	(19,125,175)	(1,183,171)	(289,462)	(49,452,213)
Net book value	2,703,083	452,476	550,582	138,947	2,548,267	9,294,309	33,799	3,445,538	19,167,001
Depreciation rate % per annum	10	10	10	20	33	20	33	33	

		Note	Un-audited March 31 2022	Audited December 31 2021
			---------- Rupees ----------	
6	**INTANGIBLE ASSETS**			
	As at January 01			
	Cost		34,190,379	34,116,880
	Accumulated amortization		(18,924,907)	(18,339,489)
	Net book value		15,265,472	15,777,391
	Quarter ended March 31			
	Opening net book value		15,265,472	15,777,391
	Additions		-	73,499
	Disposals			
	Cost		-	-
	Accumulated amortization		-	-
			-	-
	Amortization charge for the period		(147,771)	(585,418)
	Closing net book value		15,117,701	15,265,472
	As at March 31			
	Cost		34,190,379	34,190,379
	Accumulated amortization		(19,072,678)	(18,924,907)
	Net book value		15,117,701	15,265,472
	Amortization rate % per annum		10 - 33.33	10 - 33.33

7	**TRADE RECEIVABLES - NET**			
	Considered good			
	Receivable from clients against purchase of marketable securities and commodity contracts		15,438,644	21,450,731
	Receivable from National Clearing Company of Pakistan Limited		32,317,866	30,664,159
	Considered doubtful			
	Receivable from clients against purchase of marketable securities and commodity contracts		593,826,472	593,826,472
	Commission receivable		414,265	414,265
	Provision for doubtful debts		(579,311,198)	(579,311,198)
			14,929,539	14,929,539
			62,686,049	67,044,429

7.1 The customer assets in central depository system amount to Rs. 6,379 million (December 31, 2021: Rs. 6,636 million).

		Note	Un-audited March 31 2022	Audited December 31 2021
			---------- Rupees ----------	
8	**CASH AND BANK BALANCES**			
	Cash in hand		84,169	-
	Cash at bank	8.1	588,628,927	835,845,543
			588,713,096	835,845,543

8.1 This includes amount of Rs. 452.722 million representing clients' funds. (December 31, 2021: Rs. 767.636 million).

9	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**			Un-audited March 31 2022	Audited December 31 2021
	2022	2021			
	Number of shares			---------- Rupees ----------	
	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.

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

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.

During the year ended December 31, 2021, the Company had repaid an amount of Rs 55 million in respect of the advance against preference shares.

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, 2021.

	Quarter Ended March 31	
	2022	2021
	---------- Rupees ----------	
12 OPERATING REVENUE		
Brokerage from equity operations		
Retail	27,785,713	77,720,982
Institution	5,759,654	8,621,546
	33,545,367	87,199,296
Brokerage from commodity operations	1,755,726	856,768
	35,301,093	**88,056,064**
13 OTHER INCOME		
From financial assets		
Profit on saving accounts	12,108,671	4,987,224
Income on deposit with Pakistan Stock Exchange Limited	2,127,056	2,117,029
	14,235,727	7,104,253
From other than financial assets		
CDC conversion charges and commission	1,119,384	1,309,964
Others	3,942	-
	1,123,326	1,309,964
	15,359,053	**8,414,217**

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, 2022		
	Parent	Key management personnel	Other related parties and associated undertakings
	---------- Rupees ----------		
Purchase of marketable securities for and on behalf of	-	59,457,765	1,255,047,923
Sale of marketable securities for and on behalf of	-	61,691,685	-
Brokerage income earned	-	173,438	1,882,774
Remuneration paid to	-	8,136,977	-
Insurance expense paid to	-	-	348,165
Reimbursement of expenses	-	-	871,130
GSS reimbursements from	2,036,653	-	444,515
GSS reimbursements to	-	-	1,448,865
Rent Expense	-	-	1,382,884

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

15 GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR

CHIEF EXECUTIVE OFFICER