



IGI Finex Securities Limited
Condensed Interim Financial Statements-Un-Audited
For the Nine Months Ended September 30, 2022


IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

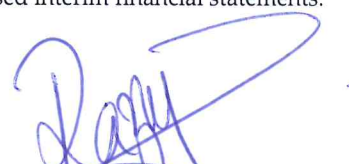
		UN-AUDITED	AUDITED
		SEP-30	DEC-31
Note		2022	2021
		----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	5	30,457,749	19,167,001
- Intangible assets	6	14,823,017	15,265,472
Investments		15,789,087	22,040,204
Long term deposits		22,129,664	21,629,664
Deferred tax asset - net		55,758,390	55,758,390
		138,957,907	133,860,731
Current assets			
Trade debts - net	7	35,757,425	67,044,429
Loans and advances		1,513,992	1,014,806
Deposits and prepayments		73,112,291	207,467,541
Accrued mark-up - net		6,869,780	3,498,293
Other receivables - net		6,502,185	8,927,505
Taxation recoverable		59,349,938	59,101,787
Bank balances	8	526,853,806	835,845,543
		709,959,417	1,182,899,904
TOTAL ASSETS		848,917,324	1,316,760,635
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
(December 31, 2021: 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 remeasurement of financial assets		15,788,687	22,039,804
Advance against issue of preference shares	10	495,000,000	495,000,000
Accumulated losses		(697,916,445)	(709,278,069)
		332,872,242	327,761,735
Non-current liabilities			
Retirement benefit obligations		22,491,660	19,534,312
Lease liability against right-of-use asset		9,476,334	1,882,313
Current liabilities			
Trade and other payables		482,188,824	966,849,137
Current portion of lease liability against right-of-use asset		1,888,264	733,138
		484,077,088	967,582,275
		516,045,082	988,998,900
TOTAL EQUITY AND LIABILITIES		848,917,324	1,316,760,635

CONTINGENCIES

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


DIRECTOR


CHIEF EXECUTIVE OFFICER

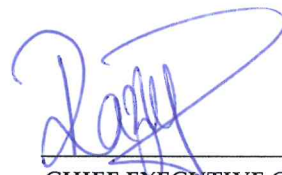
IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		Nine Months Ended September 30		Quarter Ended September 30	
	Note	2022	2021	2022	2021
		----- Rupees -----			
Operating revenue	12	94,697,550	242,995,936	27,804,696	64,731,241
Other income	13	52,665,808	27,067,049	23,642,495	10,552,395
		147,363,358	270,062,985	51,447,191	75,283,636
Administrative and operating expenses		(130,171,027)	(175,508,760)	(42,469,806)	(58,641,582)
Financial Charges		(1,190,043)	(520,723)	(687,363)	(95,398)
Profit before taxation		16,002,288	94,033,502	8,290,022	16,546,656
Taxation - current		(4,640,664)	(27,443,466)	(2,404,110)	(9,948,064)
Profit after taxation		11,361,624	66,590,036	5,885,912	6,598,592
Earnings per share - basic and diluted		0.22	1.28	0.11	0.13

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	
	2022	2021
	----- Rupees -----	
Profit after taxation	11,361,624	66,590,036
Items that may be reclassified to profit and loss account subsequently:		
Unrealised (Loss) / gain on remeasurement of financial assets classified as fair value through other comprehensive income	(6,251,117)	5,514,162
Total comprehensive profit for the year	5,110,507	72,104,198

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, 2022

	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, 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
Balance as at January 01, 2022	520,000,000	495,000,000	22,039,804	(709,278,069)	327,761,735
Changes in equity for Nine Months Ended September 30, 2022					
Profit for the period	-	-	-	11,361,624	11,361,624
Other Comprehensive loss for the period	-	-	(6,251,117)	-	(6,251,117)
Total other comprehensive income for the period	-	-	(6,251,117)	11,361,624	5,110,507
Balance as at September 30, 2022	520,000,000	495,000,000	15,788,687	(697,916,445)	332,872,242

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

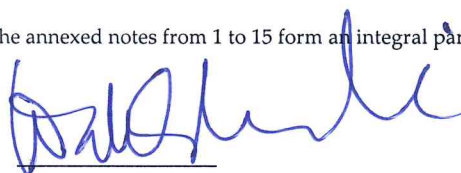

DIRECTOR

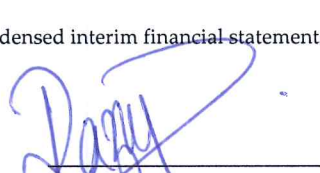

CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	NINE MONTHS ENDED SEPTEMBER 30	
	2022	2021
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,002,288	94,033,502
Adjustments for non-cash items:		
Depreciation - property and equipment	4,330,951	4,478,185
Amortisation	442,455	438,077
Financial charges	1,190,043	520,723
Gain / (loss) on disposal of property and equipment	(7,631,500)	3,126
Profit on saving accounts and deposit with PSX and banks	(42,619,576)	(23,080,904)
Charge for defined benefit plan	3,574,367	1,373,714
Dividend Income	(6,091)	-
	(40,719,351)	(16,267,079)
	(24,717,063)	77,766,423
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	31,287,004	(24,995,587)
Loans and advances	(499,186)	57,432
Trade deposits and short-term prepayments	134,355,250	110,763,335
Other receivables	2,425,320	(11,833,012)
	167,568,388	73,992,168
Increase/ (decrease) in current liabilities		
Trade and other payables	(484,660,313)	47,251,027
Current portion of lease liability against right-of-use asset	-	-
	(341,808,988)	199,009,618
Finance cost paid	(551,121)	(520,723)
Income tax paid	(4,888,815)	(19,083,360)
Payment of defined benefit plan	(617,019)	-
Rentals paid against lease liability	(6,535,775)	(1,411,541)
Net cash generated from/(used in) operating activities	(354,401,718)	177,993,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property and equipment	(2,996,785)	(700,801)
Purchase of intangible assets	-	(73,500)
Proceeds from disposal of property and equipment	9,652,586	30,000
Payment in respect of advance against preference shares	-	(25,000,000)
Long-term deposits	(500,000)	(700,000)
Dividend received	6,091	-
Interest received	39,248,089	24,937,414
Net cash (used in) generated from investing activities	45,409,981	(1,506,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(308,991,737)	176,487,107
Cash and cash equivalent at beginning of the period	835,845,543	628,701,013
Cash and cash equivalents at end of the period	526,853,806	805,188,120

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 NINE MONTHS ENDED SEPTEMBER 30, 2022**

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 (2021: 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, 2021.

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, 2022								
	Leasehold improvements	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Right-of-use asset building	Right-of-use asset vehicle	Total
----- Rupees -----									
As at January 01, 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
Nine Months Ended September 30, 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	457,909	-	885,699	-	-	14,646,000	17,642,785
Disposals									
Cost	(18,454,575)	(90,652)	(164,917)	(379,500)	(73,592)	(6,884,095)	-	-	(26,047,331)
Accumulated depreciation	17,845,351	72,488	164,917	379,500	73,592	5,490,396	-	-	24,026,244
	(609,224)	(18,164)	-	-	-	(1,393,699)	-	-	(2,021,086)
Depreciation charge for the period	(368,265)	(83,033)	(95,499)	(44,475)	(1,192,137)	(1,672,428)	(33,799)	(841,315)	(4,330,951)
Closing net book value	2,712,907	1,017,144	912,992	94,472	2,241,829	6,228,183	-	17,250,223	30,457,749
As at September 30, 2022									
Cost	3,859,221	1,789,819	2,641,617	1,191,861	9,598,791	21,535,389	1,216,970	18,381,000	60,214,668
Accumulated depreciation	(1,146,314)	(772,676)	(1,728,625)	(1,097,389)	(7,356,962)	(15,307,206)	(1,216,970)	(1,130,777)	(29,756,920)
Net book value	2,712,907	1,017,144	912,992	94,472	2,241,829	6,228,183	-	17,250,223	30,457,749
Depreciation rate % per annum	10	10	10	20	33	20	33	20	
December 31, 2021									
	Leasehold improvements	Furniture and fixtures	Office equipment	Communication 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	20	

IGI FINEX SECURITIES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		UN-AUDITED Sept 30 2022	AUDITED Dec 31 2021
	Note	----- 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		<u>15,265,472</u>	<u>15,777,391</u>
Nine Months Ended September 30			
Opening net book value		15,265,472	15,777,391
Additions		-	73,499
Amortization charge for the period		(442,455)	(585,418)
Closing net book value		<u>14,823,017</u>	<u>15,265,472</u>
As at September 30			
Cost		34,190,379	34,190,379
Accumulated amortization		(19,367,362)	(18,924,907)
Net book value		<u>14,823,017</u>	<u>15,265,472</u>
Amortization rate % per annum		<u>10 - 33.33</u>	<u>10 - 33.33</u>
7 TRADE DEBTS			
Considered good			
Receivable from clients against purchase of marketable securities and commodity contracts		21,321,035	21,943,880
Clearing balance with National Clearing Company of Pakistan Limited		-	30,664,159
		<u>21,321,035</u>	<u>52,608,039</u>
Considered doubtful			
Receivable from clients against purchase of marketable securities and commodity contracts		593,333,323	593,333,323
Commission receivable		414,265	414,265
Provision for doubtful debts		(579,311,198)	(579,311,198)
		<u>14,436,390</u>	<u>14,436,390</u>
		<u>35,757,425</u>	<u>67,044,429</u>
7.1 The customer assets in central depository system amount to Rs. 6,191 million (December 31, 2021: Rs. 6,637 million).			
8 CASH AND BANK BALANCES			
Cash in hand		97,763	-
Cash at bank	8.1	<u>526,755,990</u>	<u>835,845,543</u>
		<u>526,853,753</u>	<u>835,845,543</u>
8.1 This includes amount of Rs. 398.991 million representing clients' funds. (Dec 31, 2021: Rs. 767.636 million).			
9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		UN-AUDITED Sept 30 2022	AUDITED Dec 31 2021
2022 2021		----- Rupees -----	
Number of shares			
<u>52,000,000</u> <u>52,000,000</u>		<u>520,000,000</u>	<u>520,000,000</u>
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 NINE MONTHS ENDED SEPTEMBER 30, 2022
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.

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 financial statements for the year ended December 31, 2021.

	Nine Months Ended September 30		Quarter Ended September 30	
	2022	2021	2022	2021
	----- Rupees -----			
12 OPERATING REVENUE				
Retail	80,216,872	214,372,583	24,724,278	57,483,551
Institution	9,959,180	25,154,960	1,555,123	6,325,106
Brokerage from equity operations	90,176,052	239,527,543	26,279,401	63,808,657
Brokerage from commodity operations	4,521,498	3,468,393	1,525,295	922,584
	<u>94,697,550</u>	<u>242,995,936</u>	<u>27,804,696</u>	<u>64,731,241</u>
13 OTHER INCOME				
From financial assets				
Profit on saving accounts	34,085,318	17,226,706	12,260,886	7,866,037
Income on deposit with Pakistan Stock Exchange Limited	8,534,258	5,854,198	2,603,150	1,653,645
Gain / (Loss) on sale of operating fixed assets	7,631,500	(3,126)	8,214,889	-
Dividend income	6,091	-	177	-
	<u>50,257,167</u>	<u>23,077,778</u>	<u>23,079,102</u>	<u>9,519,682</u>
From other than financial assets				
CDC conversion charges and commission	2,286,458	3,984,652	533,372	1,032,713
Others	122,183	4,619	30,021	-
	<u>2,408,641</u>	<u>3,989,271</u>	<u>563,393</u>	<u>1,032,713</u>
	<u>52,665,808</u>	<u>27,067,049</u>	<u>23,642,495</u>	<u>10,552,395</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, 2022

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, 2022		
	Parent	Key management personnel	Other related parties and associated undertakings
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	130,796,340	1,706,881,769
Sale of marketable securities for and on behalf of	-	133,384,469	76,229,218
Brokerage income earned	-	375,242	2,780,473
Insurance expense paid	-	-	1,846,380
Remuneration paid to	-	31,176,761	-
Disposal of fixed assets - at cost	-	-	-
Sale proceeds from disposals of fixed assets	-	-	-
GSS reimbursements to	-	-	8,775,278
GSS reimbursements from	9,310,541	-	3,117,727
Rent expense to	-	-	4,040,519
Rent expense from	-	-	184,472

	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	-	-	2,434,236
Remuneration paid to	-	24,222,758	-
Disposal of fixed assets - at cost	-	-	1,073,064
Sale proceeds from disposals of fixed assets	-	-	30,000
GSS reimbursements to	143,384	-	7,557,939
GSS reimbursements from	7,081,377	-	3,292,969
Rent expense to	-	-	2,730,584
Rent expense from	-	-	-

15 GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR

CHIEF EXECUTIVE OFFICER