

IGI

Securities

IGI Finex Securities Limited

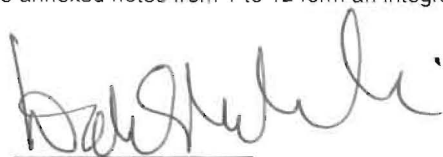
Condensed Interim Financial Statements-Un-Audited

For the Period Ended September 30, 2015

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2015

	UN-AUDITED September 30 2015	AUDITED June 30 2015
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and equipment	5 17,067,184	18,217,328
- Intangible assets	15,257,791	15,282,331
Long-term investments	9,883,822	9,883,822
Long-term loan	69,859,738	69,859,738
Long-term deposits	4,439,473	4,339,473
Deferred tax asset-net	83,482,955	83,482,955
	<u>199,990,963</u>	<u>201,065,647</u>
Current assets		
Trade debts	6 53,625,621	45,722,276
Loans and advances	842,546	737,965
Trade deposits and short-term prepayments	75,187,861	140,133,607
Accrued mark-up	9,497,279	10,114,540
Other receivables	1,923,375	2,051,171
Taxation recoverable	35,883,294	35,676,649
Cash and bank balances	212,282,401	184,606,599
	<u>389,242,377</u>	<u>419,042,807</u>
TOTAL ASSETS	<u><u>589,233,340</u></u>	<u><u>620,108,454</u></u>
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised share capital		
60,000,000 ordinary shares of Rs. 10/- each (June 2014: 60,000,000 ordinary shares of Rs. 10/- each)	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up share capital	520,000,000	520,000,000
Accumulated losses	(859,984,537)	(871,092,591)
Advance against issue of preference shares	7 650,000,000	650,000,000
	<u>310,015,463</u>	<u>298,907,409</u>
Current liabilities		
Trade and other payables	279,217,877	321,201,045
TOTAL EQUITY AND LIABILITIES	<u><u>589,233,340</u></u>	<u><u>620,108,454</u></u>
CONTINGENCIES	8	

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter Ended September 30	
		2015	2014
		----- Rupees -----	
Operating revenue	9	38,321,170	12,549,758
Other income	10	5,480,041	6,640,448
		43,801,211	19,190,206
Administrative and operating expenses		(30,151,346)	(25,681,767)
Financial Charges		(199,363)	(146,134)
		13,450,502	(6,637,695)
Reversal of provision / (provision) for doubtful debts		-	-
Gain on sale of investments		-	39,168
		13,450,502	(6,598,527)
Taxation		(2,342,448)	(214,975)
Profit / (loss) after taxation		11,108,054	(6,813,502)
Earnings per share - basic and diluted		0.21	(0.13)

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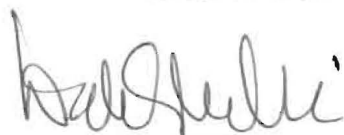

 CHAIRMAN

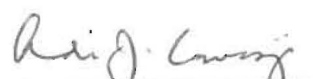

 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	September 30 2015	September 30 2014
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	13,450,502	(6,598,527)
Adjustments for :		
Depreciation	1,161,991	885,791
Amortisation	24,540	20,916
Finance cost	199,363	146,134
Amortisation of discount on Government securities	-	(1,312,232)
Gain on sale of investments	-	(39,168)
	<u>1,385,894</u>	<u>(298,559)</u>
	14,836,396	(6,897,086)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(7,903,345)	31,028,936
Loans and advances	(104,581)	(2,114,404)
Trade deposits and short-term prepayments	64,945,746	64,372,987
Accrued mark-up	617,261	76,995
Other receivables	127,796	1,312,936
	<u>57,682,877</u>	<u>94,677,450</u>
Increase/ (decrease) in current liabilities		
Trade and other payables	(41,983,168)	(22,827,988)
	<u>30,536,105</u>	<u>64,952,376</u>
Finance cost paid	(199,363)	(146,134)
Income tax paid	(2,549,093)	(1,224,587)
Net cash generated from operating activities	<u>27,787,649</u>	<u>63,581,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(11,847)	(3,019,466)
Payment for purchase of Government securities	-	(162,332,081)
Proceeds from disposal of Government securities	-	85,119,509
Long-term deposits	(100,000)	(100,000)
Net cash used in investing activities	<u>(111,847)</u>	<u>(80,332,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	<u>27,675,802</u>	<u>(16,750,383)</u>
Cash and cash equivalent at beginning of the period	<u>184,606,599</u>	<u>70,871,490</u>
Cash and cash equivalents at end of the period	<u><u>212,282,401</u></u>	<u><u>54,121,107</u></u>

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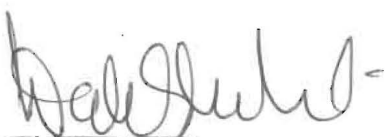

 CHAIRMAN


 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Share capital	Advance against issue of preference shares	Accumulated loss	Total
	----- Rupees -----			
Balance as at June 30, 2014	520,000,000	650,000,000	(658,087,532)	511,912,468
Changes in equity for the quarter September 30, 2014				
Loss for the period	-	-	(6,813,502)	(6,813,502)
Balance as at September 30, 2014	<u>520,000,000</u>	<u>650,000,000</u>	<u>(664,901,034)</u>	<u>505,098,966</u>
Balance as at June 30, 2015	520,000,000	650,000,000	(871,092,591)	298,907,409
Changes in equity for the quarter September 30, 2015				
Profit for the period	-	-	11,108,054	11,108,054
Balance as at September 30, 2015	<u>520,000,000</u>	<u>650,000,000</u>	<u>(859,984,537)</u>	<u>310,015,463</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


 CHAIRMAN


 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

1 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. 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 is a Trading Right Entitlement Certificate (TREC) holder of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited and a corporate member of Pakistan Mercantile Exchange Limited. The Company is a wholly owned subsidiary of IGI Investment Bank Limited.

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

1.2 The board of directors of the Company has approved the proposed merger of IGI Finex Securities Limited with IGI Investment Bank Limited, (parent Company).

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. The merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the proposed scheme of amalgamation by the High Court of relevant jurisdiction.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Ordinance, 1984 and the requirements of the companies ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail.

3 BASIS OF PREPARATION AND MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement".

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements.

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

5 PROPERTY AND EQUIPMENT

	September 30, 2015						Total
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	
	----- Rupees -----						
As at July 1, 2015							
Cost	18,148,808	2,983,966	3,089,139	4,022,985	25,892,953	14,460,520	68,598,371
Accumulated depreciation	12,310,175	2,028,470	2,350,878	3,820,608	24,524,069	5,346,843	50,381,043
Net book value	<u>5,838,633</u>	<u>955,496</u>	<u>738,261</u>	<u>202,377</u>	<u>1,368,884</u>	<u>9,113,677</u>	<u>18,217,328</u>
Quarter ended September 30, 2015							
Opening net book value	5,838,633	955,496	738,261	202,377	1,368,884	9,113,677	18,217,328
Additions	11,847						11,847
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	430,440	72,909	66,026	27,964	123,265	441,387	1,161,991
Closing net book value	<u>5,420,040</u>	<u>882,587</u>	<u>672,235</u>	<u>174,413</u>	<u>1,245,619</u>	<u>8,672,290</u>	<u>17,067,184</u>
As at September 30, 2015							
Cost	18,160,655	2,983,966	3,089,139	4,022,985	25,892,953	14,460,520	68,610,218
Accumulated depreciation	12,740,615	2,101,379	2,416,904	3,848,572	24,647,334	5,788,230	51,543,034
Net book value	<u>5,420,040</u>	<u>882,587</u>	<u>672,235</u>	<u>174,413</u>	<u>1,245,619</u>	<u>8,672,290</u>	<u>17,067,184</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	
	----- Rupees -----						
As at July 1, 2014							
Cost	16,492,448	4,523,721	3,564,209	3,904,855	24,411,623	8,258,345	61,155,201
Accumulated depreciation	10,782,931	2,926,130	2,326,062	3,676,040	23,875,563	4,581,227	48,167,953
Net book value	<u>5,709,517</u>	<u>1,597,591</u>	<u>1,238,147</u>	<u>228,815</u>	<u>536,060</u>	<u>3,677,118</u>	<u>12,987,248</u>
Quarter ended September 30, 2014							
Opening net book value	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
Additions	1,341,346	-	19,200	11,070	1,090,350	557,500	3,019,466
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	415,860	88,162	67,536	25,901	88,449	99,060	784,968
Closing net book value	<u>6,635,003</u>	<u>1,509,429</u>	<u>1,189,811</u>	<u>213,984</u>	<u>1,537,961</u>	<u>4,135,558</u>	<u>15,221,746</u>
As at September 30, 2014							
Cost	17,833,794	4,523,721	3,583,409	3,915,925	25,501,973	8,815,845	64,174,667
Accumulated depreciation	11,198,791	3,014,292	2,393,598	3,701,941	23,964,012	4,680,287	48,952,921
Net book value	<u>6,635,003</u>	<u>1,509,429</u>	<u>1,189,811</u>	<u>213,984</u>	<u>1,537,961</u>	<u>4,135,558</u>	<u>15,221,746</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	UN-AUDITED September 30 2015	AUDITED June 30 2015
Note	----- Rupees -----	
6 TRADE DEBTS		
Considered good		
Receivable from clients against purchase of marketable securities and commodity contracts	38,992,996	25,753,029
Commission receivable	414,265	334,289
Clearing balance with National Clearing Company of Pakistan Limited	8,953,917	14,370,515
	<u>48,361,178</u>	<u>40,457,833</u>
Considered doubtful		
Receivable from clients against purchase of marketable securities and commodity contracts	594,272,867	594,272,867
Provision for doubtful debts	(589,008,424)	(589,008,424)
	5,264,443	5,264,443
	<u>53,625,621</u>	<u>45,722,276</u>

7 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, the Company had signed an Addendum 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, 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.

Since the Company is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares.

8 CONTINGENCIES

There are no changes in contingencies as disclosed in the financial statements for the year ended June 30, 2015.

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

		Quarter Ended	
		September 30	
		2015	2014
		----- Rupees -----	
9	OPERATING REVENUE		
	Brokerage from equity operations	32,789,225	11,478,948
	Brokerage from commodity operations	1,857,430	998,420
	Advisory and consulting fee	3,636,515	5,081
	Commission	38,000	67,309
		<u>38,321,170</u>	<u>12,549,758</u>
10	OTHER INCOME		
	From financial assets		
	Profit on saving accounts	1,562,005	3,511,130
	Return on Government securities	-	1,312,232
	Income on deposit with Karachi Stock Exchange Limited	1,413,662	858,591
	Income on deposit with Pakistan Mercantile Exchange Limited	5,387	-
	Income on long term loan	1,577,069	-
	Income from certificates of deposit	-	-
	Liquidated damages	-	520,758
		<u>4,558,123</u>	<u>6,202,711</u>
	From other than financial assets		
	Rental income from investment property	-	127,050
	CDC conversion charges and commission	909,122	261,838
	Others	12,796	48,849
		<u>921,918</u>	<u>437,737</u>
		<u>5,480,041</u>	<u>6,640,448</u>

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

11 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, 2015			
Parent	Key management personnel	Other related parties and associated undertakings	
----- Rupees -----			
Purchase of marketable securities for and on behalf of	-	10,654,363	149,265,574
Sale of marketable securities for and on behalf of	-	10,543,030	129,002,642
Brokerage income earned	-	22,367	842,254
Advisory and consulting fee	-	-	3,500,000
Markup on long term loan	1,577,069	-	-
Insurance expense	-	-	332,402
Rent expense	-	-	1,147,935
Rent expense - reimbursements	102,400	-	-
Group shared services	2,425,177	-	1,167,795
Group shared services - reimbursements	254,626	-	737,790

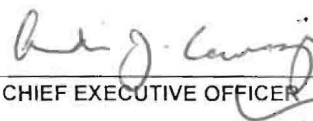
September 30, 2014			
Parent	Key management personnel	Other related parties and associated undertakings	
----- Rupees -----			
Purchase of marketable securities for and on behalf of	-	4,367,608	16,276,959
Sale of marketable securities for and on behalf of	-	-	-
Sale of Government securities	80,000,000	-	-
Brokerage income earned	-	3,836	32,554
Purchase of fixed assets	-	-	557,500
Insurance expense	-	-	222,375
Rent expense - reimbursements	64,000	-	-
Group shared services	-	-	-
Group shared services - reimbursements	-	-	-

12 GENERAL

Figures have been rounded off to the nearest rupee.



CHAIRMAN



CHIEF EXECUTIVE OFFICER