

# **IGI**

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## **Securities**

*IGI Finex Securities Limited*

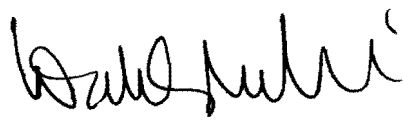
*Condensed Interim Financial Statements-Un-Audited*

*For the Period Ended September 30, 2017*

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2017**

	UN-AUDITED September 30 2017	Audited June 30 2017
Note	----- Rupees -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
- Property and equipment	5 19,901,213	21,060,253
- Intangible assets	11,520,162	11,552,703
Long-term investments	36,531,699	41,164,238
Long-term loan	-	-
Long-term deposits	28,434,664	27,934,664
Deferred tax asset-net	75,806,437	75,806,437
	172,194,175	177,518,295
<b>Current assets</b>		
Trade debts	6 59,291,321	98,801,435
Loans and advances	4,219,970	1,440,420
Trade deposits and short-term prepayments	217,325,285	214,121,352
Current maturity of long-term loan	69,859,738	69,859,738
Accrued mark-up	19,981,126	21,456,620
Other receivables	5,772,923	11,959,813
Taxation recoverable	51,419,256	50,823,964
Cash and bank balances	7 329,522,782	464,842,770
	757,392,401	933,306,112
<b>TOTAL ASSETS</b>	<b>929,586,576</b>	<b>1,110,824,407</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Authorised share capital</b>		
60,000,000 ordinary shares of Rs. 10/- each (June 2016: 60,000,000 ordinary shares of Rs. 10/- each)	600,000,000	600,000,000
Issued, subscribed and paid up share capital	8 520,000,000	520,000,000
Accumulated losses	(773,471,943)	(767,945,447)
Unrealised gain on revaluation of available-for-sale investments	36,531,299	41,163,838
Advance against issue of preference shares	9 650,000,000	650,000,000
	433,059,356	443,218,391
<b>Current liabilities</b>		
Trade and other payables	496,527,220	667,606,016
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>929,586,576</b>	<b>1,110,824,407</b>
<b>CONTINGENCIES</b>	10	

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

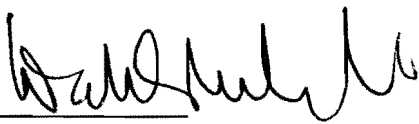
  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30	
		2017	2016
----- Rupees -----			
Operating revenue	11	24,215,056	37,134,696
Other income	12	7,285,276	5,950,960
		31,500,332	43,085,656
Administrative and operating expenses		(34,918,208)	(34,439,921)
Financial Charges		(133,562)	(183,431)
		(3,551,438)	8,462,304
Reversal of provision / (provision) for doubtful debts		2,614,583	(2,461,297)
Gain on sale of investments		-	-
		(936,855)	6,001,007
(Loss) / profit before taxation		(936,855)	6,001,007
Taxation		(4,589,641)	(1,239,969)
(Loss) / profit after taxation		(5,526,496)	4,761,038
		(0.11)	0.09
(Loss) / Earnings per share - basic and diluted		(0.11)	0.09

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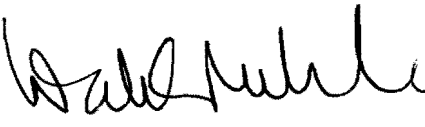
  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Quarter Ended	
	September 30	
	2017	2016
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(936,855)	8,462,304
<b>Adjustments for :</b>		
Depreciation	1,765,640	1,409,550
Amortisation	32,540	7,412
Financial charges	133,562	183,431
Loss/ (Gain) on disposal of property and equipment	(3,450)	12,132
	<u>1,928,292</u>	<u>1,612,525</u>
<b>Changes in working capital</b>	991,437	10,074,829
<b>(Increase) / decrease in current assets</b>		
Trade debts	39,510,114	(34,419,963)
Loans and advances	(2,779,550)	(171,359)
Trade deposits and short-term prepayments	(3,203,933)	(20,999,238)
Accrued mark-up	1,475,495	(1,191,119)
Other receivables	6,186,890	114,154
	41,189,016	(56,667,525)
<b>Increase/ (decrease) in current liabilities</b>		
Trade and other payables	(171,078,796)	241,715,634
	(128,898,343)	195,122,938
Finance cost paid	(133,562)	(183,431)
Income tax paid	(5,184,933)	(4,159,191)
<b>Net cash generated from operating activities</b>	<u>(134,216,838)</u>	<u>190,780,316</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment	(606,600)	(1,145,143)
Purchase of intangible assets		(70,000)
Long-term loans and advances	-	-
Proceeds from disposal of property and equipment	3,450	29,500
Long-term deposits	(500,000)	-
<b>Net cash used in investing activities</b>	<u>(1,103,150)</u>	<u>(1,185,643)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash flow from financing activities</b>	-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(135,319,988)</u>	<u>189,594,673</u>
Cash and cash equivalent at beginning of the period	464,842,770	209,091,186
<b>Cash and cash equivalents at end of the period</b>	<u><u>329,522,782</u></u>	<u><u>398,685,859</u></u>

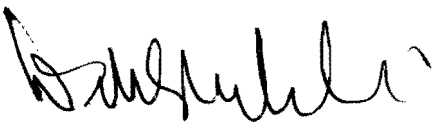
The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30	
	2017	2016
(Loss) / profit after taxation	(5,526,496)	4,761,038
<b>Items that may be reclassified to profit and loss account subsequently</b>		
Surplus on revaluation of available for sale investments - net	(4,632,539)	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(10,159,035)</u>	<u>4,761,038</u>

  
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CHAIRMAN

  
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CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Share capital	Advance against issue of preference shares	Unrealised gain on revaluation of available-for-sale	Accumulated loss	Total
	----- Rupees -----				
Balance as at June 30, 2016	520,000,000	650,000,000	-	(851,295,360)	318,704,640
<b>Changes in equity for the quarter September 30, 2016</b>					
Profit for the period	-	-	-	4,761,038	4,761,038
Other Comprehensive income / (Loss)	-	-	-	4,761,038	4,761,038
Balance as at September 30, 2016	<u>520,000,000</u>	<u>650,000,000</u>	<u>-</u>	<u>(846,534,322)</u>	<u>323,465,678</u>
	520,000,000	650,000,000	41,163,838	(767,945,447)	443,218,391
<b>Changes in equity for the quarter September 30, 2017</b>					
Profit / (Loss) for the period	-	-	-	(5,526,496)	(5,526,496)
Other Comprehensive income / (Loss)	-	-	(4,632,539)	(5,526,496)	(4,632,539)
	-	-	(4,632,539)	(5,526,496)	(10,159,035)
<b>Balance as at September 30, 2017</b>	<u>520,000,000</u>	<u>650,000,000</u>	<u>36,531,299</u>	<u>(773,471,943)</u>	<u>433,059,356</u>

The annexed notes from 1 to 14 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, 2017**

**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 has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is 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.

The Boards of Directors of IGI Insurance Limited and IGI Investment Bank Limited have approved Scheme of Amalgamation ("Amalgamation Scheme") under Sections 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance") for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGI Investment Bank Limited with and into IGI Insurance Limited. In addition, the Boards of Directors of IGI Insurance Limited and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited have also approved Scheme of Arrangement ("Arrangement Scheme") under Sections 284 to 288 of the Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGI Insurance Limited into its two wholly owned subsidiaries IGI General Insurance Limited and IGI Investments (Private) Limited respectively subsequent to the merger under Amalgamation scheme.

Both Amalgamation Scheme and Arrangement Scheme have been filed by these entities with Honorable Sindh High Court in accordance with provisions of law and are pending before the court. Pursuant to the approval of Amalgamation scheme, the Company will become a wholly owned subsidiary of IGI Insurance Limited.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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, 2017**

**5 PROPERTY AND EQUIPMENT**

	September 30, 2017						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
	Rupees						
<b>As at July 1, 2017</b>							
Cost	18,652,508	3,050,226	3,558,239	4,244,107	24,154,709	20,527,799	74,187,588
Accumulated depreciation	(15,578,606)	(2,357,109)	(2,889,906)	(3,949,426)	(21,713,909)	(6,638,379)	(53,127,335)
Net book value	<u>3,073,902</u>	<u>693,117</u>	<u>668,333</u>	<u>294,681</u>	<u>2,440,800</u>	<u>13,889,420</u>	<u>21,060,253</u>
<b>Quarter ended September 30, 2017</b>							
Opening net book value	3,073,902	693,117	668,333	294,681	2,440,800	13,889,420	21,060,253
Additions	-	318,000	-	35,000	253,600	-	606,600
Disposals							
Cost	-	-	-	-	(1,428,717)	-	(1,428,717)
Accumulated depreciation	-	-	-	-	1,428,717	-	1,428,717
Depreciation charge for the year	(396,164)	(67,300)	(65,221)	(21,513)	(373,336)	(842,107)	(1,765,640)
Closing net book value	<u>2,677,738</u>	<u>943,817</u>	<u>603,112</u>	<u>308,168</u>	<u>2,321,063</u>	<u>13,047,313</u>	<u>19,901,213</u>
<b>As at September 30, 2017</b>							
Cost	18,652,508	3,368,226	3,558,239	4,279,107	22,979,592	20,527,799	73,365,471
Accumulated depreciation	(15,974,770)	(2,424,409)	(2,955,127)	(3,970,939)	(20,658,529)	(7,480,486)	(53,464,258)
Net book value	<u>2,677,738</u>	<u>943,817</u>	<u>603,112</u>	<u>308,168</u>	<u>2,321,063</u>	<u>13,047,313</u>	<u>19,901,213</u>
Depreciation rate % per annum	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>33</u>	<u>20</u>	

	September 30, 2016						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
	Rupees						
<b>As at July 1, 2015</b>							
Cost	18,183,655	2,998,966	3,170,139	4,092,707	21,802,267	17,313,266	67,561,000
Accumulated depreciation	(13,963,886)	(2,319,943)	(2,618,303)	(3,884,266)	(20,707,428)	(4,782,942)	(48,276,768)
Net book value	<u>4,219,769</u>	<u>679,023</u>	<u>551,836</u>	<u>208,441</u>	<u>1,094,839</u>	<u>12,530,324</u>	<u>19,284,232</u>
<b>Quarter ended September 30, 2016</b>							
Opening net book value	4,219,769	679,023	551,836	208,441	1,094,839	12,530,324	19,284,232
Additions	141,443	107,200	58,000	12,800	825,700	-	1,145,143
Disposals							
Cost	-	(242,890)	-	-	-	-	(242,890)
Accumulated depreciation	-	201,258	-	-	-	-	201,258
Depreciation charge for the year	(401,780)	(60,213)	(67,043)	(13,107)	(196,425)	(670,983)	(1,409,550)
Closing net book value	<u>3,959,432</u>	<u>684,378</u>	<u>542,793</u>	<u>208,134</u>	<u>1,724,114</u>	<u>11,859,341</u>	<u>18,978,193</u>
<b>As at September 30, 2016</b>							
Cost	18,325,098	2,863,276	3,228,139	4,105,507	22,627,967	17,313,266	68,463,253
Accumulated depreciation	(14,365,666)	(2,178,898)	(2,685,346)	(3,897,373)	(20,903,853)	(5,453,925)	(49,485,060)
Net book value	<u>3,959,432</u>	<u>684,378</u>	<u>542,793</u>	<u>208,134</u>	<u>1,724,114</u>	<u>11,859,341</u>	<u>18,978,193</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, 2017**

		UN-AUDITED September 30 2017	AUDITED June 30 2017
	Note	----- Rupees -----	
<b>6</b>	<b>TRADE DEBTS</b>		
	<b>Considered good</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	43,748,206	30,061,155
	Clearing balance with National Clearing Company of Pakistan Limited	-	55,741,717
		<u>43,748,206</u>	<u>85,802,872</u>
	<b>Considered doubtful</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	600,952,838	601,022,869
	Commission receivable	414,265	414,265
	Provision for doubtful debts	(585,823,988)	(588,438,571)
		15,543,115	12,998,563
		<u>59,291,321</u>	<u>98,801,435</u>

6.1 The customer assets in central depository system amount to Rs. 6,044 million (June 30, 2017: Rs. 6,360 million)

		UN-AUDITED September 30 2017	AUDITED June 30 2017
	Note	----- Rupees -----	
<b>7</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	58,082	13,978
	Cash at bank	329,464,700	464,828,792
		<u>329,522,782</u>	<u>464,842,770</u>

7.1 This includes amount of Rs. 306.201 million representing clients' funds. (June 30, 2017: Rs. 418.428 million)

		UN-AUDITED September 30 2017	AUDITED June 30 2017
		----- Rupees -----	
<b>8</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
	2017                  2016		
	Number of shares		
	<u>52,000,000</u> <u>52,000,000</u>	520,000,000	520,000,000
	Ordinary shares of Rs. 10/- each fully paid in cash		

8.1 The parent company, IGI Investment Bank Limited, holds 52,000,000 shares.

**9 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.

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.

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

**10 CONTINGENCIES**

There are no changes in contingencies as disclosed in the financial statements for the year ended June 30, 2017.

		<b>Quarter Ended</b>	
		<b>September 30</b>	
		<b>2017</b>	<b>2016</b>
		----- Rupees -----	
<b>11 OPERATING REVENUE</b>			
Proprietary		-	-
Retail		20,597,141	26,224,481
Institution		2,160,430	9,318,650
Brokerage from equity operations		22,757,571	35,543,131
Brokerage from commodity operations		1,457,485	1,591,565
Advisory and consulting fee		-	-
Commission		-	-
		<b>24,215,056</b>	<b>37,134,696</b>
<b>12 OTHER INCOME</b>			
<b>From financial assets</b>			
Profit on saving accounts		2,747,761	1,788,622
Income on deposit with Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)		1,792,115	1,247,266
Income on deposit with Pakistan Mercantile Exchange Limited		12,648	-
Income on long term loan		1,456,241	1,444,451
		<b>6,008,765</b>	<b>4,480,339</b>
<b>From other than financial assets</b>			
CDC conversion charges and commission		1,261,687	1,470,621
Others		14,824	-
		<b>1,276,511</b>	<b>1,470,621</b>
		<b>7,285,276</b>	<b>5,950,960</b>

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

**13 RELATED PARTY TRANSACTIONS**

The company has related party relationships with its parent company, associated undertakings and its directors and key management personnel.

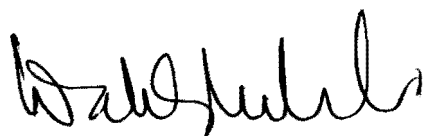
The following transactions were carried out with related parties during the period.

	<b>September 30, 2017</b>		
	<b>Parent</b>	<b>Key management personnel</b>	<b>Other related parties and associated undertakings</b>
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	84,105,639	632,646,315
Sale of marketable securities for and on behalf of	-	80,187,535	2,452,666
Brokerage income earned	-	135,346	805,885
Advisory and consulting fee	-	-	396,000
Markup on long term loan	1,456,241	-	-
Insurance expense	-	-	553,500
Rent expense	-	-	1,014,885
Rent expense - reimbursements	56,789	-	-
Group shared services	6,258,081	-	1,943,698
Group shared services - reimbursements	390,218	-	869,783

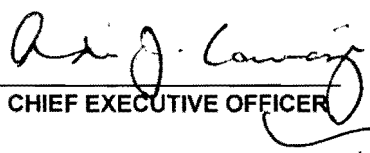
	<b>September 30, 2016</b>		
	<b>Parent</b>	<b>Key management personnel</b>	<b>Other related parties and associated undertakings</b>
	----- Rupees -----		
Purchase of marketable securities for and on behalf of	-	21,484,288	-
Sale of marketable securities for and on behalf of	-	20,941,235	-
Brokerage income earned	-	65,580	-
Advisory and consulting fee	-	-	396,000
Markup on long term loan	1,444,451	-	-
Insurance expense	-	-	347,194
Rent expense	-	-	893,391
Rent expense - reimbursements	112,640	-	-
Group shared services	3,075,407	-	1,643,284
Group shared services - reimbursements	400,477	-	1,129,952

**14 GENERAL**

Figures have been rounded off to the nearest rupee.



**CHAIRMAN**



**CHIEF EXECUTIVE OFFICER**