



INDEPENDENT AUDITOR'S REPORT TO THE CHIEF EXECUTIVE OFFICER OF IGI FINEX SECURITIES LIMITED ON STATEMENT OF NET CAPITAL BALANCE AS AT JUNE 30, 2017

Opinion

We have audited the Statement of Net Capital Balance of IGI Finex Securities Limited (the Securities Broker) and notes to the Statement of Net Capital Balance as at June 30, 2017 (together 'the Statement').

In our opinion, the financial information in the Statement of the Securities Broker as at June 30, 2017 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the Statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to assist IGI Finex Securities Limited to meet the requirements of SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the Statement may not be suitable for another purpose. Our report is intended solely for IGI Finex Securities Limited, the SECP, PSX or NCCPL and should not be distributed to parties other than the Securities Broker or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Regulations and SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Securities Broker's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

Alto

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sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Securities Broker 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Rashid A. Jafer', is written over the printed text below.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Date: September 14, 2017

Karachi

IGI FINEX SECURITIES LIMITED
 STATEMENT OF NET CAPITAL BALANCE
 FOR THE PURPOSE OF THIRD SCHEDULE READ WITH RULE 2 (D)
 OF THE SECURITIES EXCHANGE COMMISSION (SEC) RULES, 1971 AND
 THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016
 AS AT JUNE 30, 2017

A- Current Assets

1. Cash in hand
2. Cash deposit as margin with Karachi Stock Exchange
3. Cash at bank
 - Bank balance pertaining to brokerage house
 - Bank balance pertaining to clients
 - Total bank balances
4. Trade Receivables
 - Total receivables
 - Outstanding for more than fourteen days
 - Balance generated within fourteen days and not yet due
5. Investments in listed securities in the name of broker.
 (Securities on the exposure list marked to market less 15% discount)
6. Securities purchased for client
7. Listed TFCs / Corporate Bonds (Marked to market less 10% discount)
8. FIBs (Marked to market less 10% discount)
9. Treasury Bill (At market value)
 (At market value)

Note	Rupees	Rupees
		13,978
2		205,000,000
3		
	43,125,388	
	418,428,384	
		461,553,772
4		
	97,731,572	
	(16,535,727)	
		81,195,845
		-
		-
		-
		-
		747,763,595

B- Current Liabilities

1. Trade Payables
 - Book Value
 - Less: Overdue for more than 30 days
2. Other liabilities (including trade payables overdue for more than 30 days)

5	615,532,173	
	(180,095,065)	
		435,437,108
5		232,168,908
		667,606,016

NET CAPITAL BALANCE (A-B)

80,157,579

The annexed notes 1 to 5 form an integral part of this statement.

Adi J. Cowari
 CHIEF EXECUTIVE OFFICER



IGI FINEX SECURITIES LIMITED
 EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
 FOR THE PURPOSE OF THIRD SCHEDULE READ WITH RULE 2 (D)
 OF THE SECURITIES EXCHANGE COMMISSION (SEC) RULES, 1971 AND
 THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016
 JUNE 30, 2017

Basis of preparation

- 1 This statement is prepared in accordance with the requirement of the third schedule read with Rule 2(d) of the Securities and Exchange Rules, 1971, The Securities Brokers (Licensing And Operations) Regulations, 2016 and guidelines / clarifications issued by the Securities and Exchange Commission of Pakistan. The accounting policies adopted in preparation of this Statement are consistent with the basis used in annual financial statements of the Company.

	Amount in Rupees
2 Cash deposit as margin with Pakistan Stock Exchange (PSX)	
Deposit with PSX - Ready Exposure	189,400,000
Deposit with PSX - Future Exposure	15,600,000
	205,000,000
3 Cash at bank	
Bank balances pertaining to brokerage house	
- current accounts - non interest bearing	32,622,767
- savings accounts	10,502,621
	43,125,388
Bank balances pertaining to clients	
- current accounts - non interest bearing	25,017,630
- savings accounts	393,410,754
	418,428,384
Total cash at bank	461,553,772
4 Trade Receivables	
Considered good	
Receivable from clients against purchase of marketable securities	29,014,516
Clearing balance with National Clearing Company of Pakistan Limited	55,741,717
	84,756,233
Considered Doubtful	
Receivable from clients against purchase of marketable securities	593,767,413
Provision for doubtful receivables - note 4.1	(580,792,074)
	12,975,339
	97,731,572

- 4.1 Provision against doubtful receivables has been made after considering the market value of listed equity securities held in custody by the Company against respective customers accounts.

	Amount in Rupees
5 Trade and other payables	
Other liabilities	
Trade payables over due for more than 30 days	180,095,065
Others - note 5.1	52,073,843
	232,168,908
Trade Payables over due within 30 days	435,437,108
Total Trade and other payables	667,606,016

- 5.1 Others essentially include payable against profit on unutilised funds, accrued expenses, withholding tax payable, provision for leave encashment and other payables.

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Adil G. Lawaj
 CHIEF EXECUTIVE OFFICER


