

IGI

Securities

IGI Finex Securities Limited

Condensed Interim Financial Statements-Un-Audited

For the Half Year Ended December 31, 2015

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
 AS AT DECEMBER 31, 2015

	UN-AUDITED December 31 2015	AUDITED June 30 2015
Note	-----Rupees-----	
ASSETS		
Non-current assets		
Fixed assets		
- Property and Equipment	14,868,295	18,217,328
- Intangible assets	15,275,754	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
	197,810,037	201,065,647
Current assets		
Trade debts	99,576,541	45,722,276
Loans and advances	6,940,439	737,965
Trade deposits and short-term prepayments	113,603,587	140,133,607
Accrued mark-up	14,462,298	10,114,540
Other receivables	1,993,063	2,051,171
Taxation recoverable	36,804,080	35,676,649
Cash and bank balances	189,280,385	184,606,599
	462,660,393	419,042,807
TOTAL ASSETS	<u>660,470,430</u>	<u>620,108,454</u>
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
Issued, subscribed and paid up share capital	520,000,000	520,000,000
Accumulated Losses	(856,277,683)	(871,092,591)
Advance against issue of preference shares	650,000,000	650,000,000
	313,722,317	298,907,409
Current liabilities		
Trade and other payables	346,748,113	321,201,045
TOTAL EQUITY AND LIABILITIES	<u>660,470,430</u>	<u>620,108,454</u>

CONTINGENCIES

8

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


 CHAIRMAN

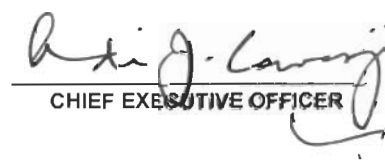

 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNTS (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half Year Ended December 31		Second Quarter Ended December 31	
		2015	2014	2015	2014
----- Rupees -----					
Operating revenue	9	62,561,852	38,663,126	24,240,682	26,113,368
Other income	10	13,036,200	27,261,310	7,556,159	20,620,862
		75,598,052	65,924,436	31,796,841	46,734,230
Administrative and operating expenses		(61,890,597)	(57,167,947)	(31,739,251)	(31,486,180)
Financial Charges		(380,154)	(263,263)	(180,791)	(117,129)
		13,327,301	8,493,226	(123,201)	15,130,921
Reversal of provision / (provision) for doubtful debts:					
- Trade debts		4,783,943	115,860	4,783,943	115,860
- Other receivables		-	(5,903,037)	-	(5,903,037)
		4,783,943	(5,787,177)	4,783,943	(5,787,177)
Gain on sale of investments		-	1,127,498	-	1,088,330
Profit before taxation		18,111,244	3,833,547	4,660,742	10,432,074
Taxation		(3,296,336)	(816,231)	(953,888)	(601,256)
Profit after taxation		14,814,908	3,017,316	3,706,854	9,830,818
Earnings per share - basic and diluted		0.28	0.06	0.07	0.19

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

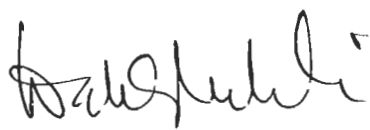

 CHAIRMAN


 CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31 2015	December 31 2014
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,111,244	3,833,547
Adjustments for :		
Depreciation	2,394,728	1,799,175
Amortisation	6,575	34,556
Finance cost	380,154	263,263
Amortisation of discount on Government securities	-	(1,981,045)
Gain on sale of investments	-	(1,127,498)
Gain on disposal of property, equipment and investment property (Reversal of provision) / provision for doubtful debts	(1,118,481)	(11,122,722)
- Other receivables		5,903,037
Dividend income	(1,514,606)	(955,577)
	148,370	(7,186,811)
	18,259,614	(3,353,264)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts and receivable from NCCPL	(53,854,265)	14,587,627
Loans and advances	(6,202,474)	(628,175)
Trade deposits and short-term prepayments	26,530,020	53,902,237
Accrued mark-up	(4,347,758)	(366,926)
Other receivables	58,109	56,657,163
	(37,816,368)	124,151,926
Increase/ (decrease) in current liabilities		
Trade and other payables	25,547,068	(12,872,205)
	5,990,314	107,926,457
Finance cost paid	(380,154)	(263,263)
Income tax paid	(4,423,767)	(3,201,528)
Net cash generated from operating activities	1,186,393	104,461,666
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(107,347)	(7,382,205)
Purchase of intangible assets	-	(40,000)
Proceeds on disposal of property, plant and equipment	2,180,134	742,250
Proceeds from disposal of investment property	-	18,593,500
Purchase of Government securities		(219,493,851)
Proceeds from sale of Government securities		222,602,394
Long-term Loan to IGI Bank		(56,229,738)
Long-term deposits	(100,000)	(104,809)
Dividend Received	1,514,606	955,577
Net cash (used in) / generated from investing activities	3,487,393	(40,356,882)
Net (decrease) / increase in cash and cash equivalents	4,673,786	64,104,784
Cash and cash equivalent at beginning of the period	184,606,599	70,871,490
Cash and cash equivalents at end of the period	189,280,385	134,976,274

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



CHAIRMAN

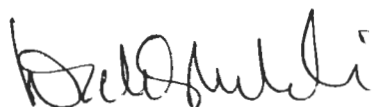


CHIEF EXECUTIVE OFFICER

IGI FINEX SECURITIES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share capital	Advance against issue of preference shares	Unappropriated 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 half year ended December 31, 2014				
Profit for the period	-	-	3,017,316	3,017,316
Balance as at December 31, 2014	<u>520,000,000</u>	<u>650,000,000</u>	<u>(655,070,216)</u>	<u>514,929,784</u>
Balance as at June 30, 2015	520,000,000	650,000,000	(871,092,591)	298,907,409
Changes in equity for the half year ended December 31, 2015				
Profit for the period	-	-	14,814,908	14,814,908
Balance as at December 31, 2015	<u>520,000,000</u>	<u>650,000,000</u>	<u>(856,277,683)</u>	<u>313,722,317</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 HALF YEAR ENDED DECEMBER 31, 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 Pakistan 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 Parent Company).

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 had approved the proposed merger of IGI Finex Securities Limited with and into IGI Investment Bank Limited, the parent Company.

It was envisioned that the said 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. The said decision was taken in light of the draft NBFC Rules and Regulations that were issued by SECP whereby NBFCs were to be permitted to undertake the aforesaid businesses from a single entity. However, consequent to the final amendments in NBFC Rules and NBFC Regulations that have now been enacted by SECP, and that have considerable deviations from the draft NBFC Rules and Regulations that were earlier issued by SECP, the management is currently in the process of reassessing the possibility of the proposed merger.

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.

5 PROPERTY AND EQUIPMENT

	December 31, 2015						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at July 01, 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	5,838,633	955,496	738,261	202,377	1,368,884	9,113,677	18,217,328
Half year ended Dec 31, 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	-	81,000	-	14,500	-	107,347
Disposals							
Cost	-	-	-	-	-	3,158,206	3,158,206
Depreciation	-	-	-	-	-	(2,096,553)	(2,096,553)
Disposals	-	-	-	-	-	1,061,653	1,061,653
Depreciation charge for the period	857,169	145,516	133,807	44,717	345,244	868,275	2,394,728
Closing net book value	4,993,311	809,980	685,454	157,660	1,038,140	7,183,749	14,868,294
As at Dec 31, 2015							
Cost	18,160,655	2,983,966	3,170,139	4,022,985	25,907,453	11,302,314	65,547,512
Accumulated depreciation	(13,167,344)	(2,173,986)	(2,484,685)	(3,865,325)	(24,869,313)	(4,118,565)	(50,679,218)
Net book value	4,993,311	809,980	685,454	157,660	1,038,140	7,183,749	14,868,294
Depreciation rate % per annum	10	10	10	20	33	20	

	December 31, 2014						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communication equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at July 01, 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	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
Half year ended Dec 31, 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	1,710,410	15,000	22,890	16,130	1,315,350	4,302,425	7,382,205
Disposals							
Cost	-	1,513,432	490,850	-	-	-	2,004,282
Depreciation	-	(1,173,523)	(322,383)	-	-	-	(1,495,906)
Disposals	-	339,909	168,467	-	-	-	508,376
Depreciation charge for the period	859,026	153,235	131,848	49,848	246,244	215,411	1,655,612
Closing net book value	6,560,901	1,119,447	960,722	195,097	1,605,166	7,764,132	18,205,465
As at Dec 31, 2014							
Cost	18,202,858	3,025,289	3,096,249	3,920,985	25,726,973	12,560,770	66,533,124
Accumulated depreciation	(11,641,957)	(1,905,842)	(2,135,527)	(3,725,888)	(24,121,807)	(4,796,638)	(48,327,659)
Net book value	6,560,901	1,119,447	960,722	195,097	1,605,166	7,764,132	18,205,465
Depreciation rate % per annum	10	10	10	20	33	20	

IGI FINEX SECURITIES LIMITED
CONDENSED INTERM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED
FOR THE PERIOD ENDED DECEMBER 31, 2015

	UN-AUDITED December 31 2015	AUDITED June 30 2015
Note	----- Rupees -----	
6		
TRADE DEBTS		
Considered good		
Receivable from clients against purchase of marketable securities and commodity contracts	71,308,059	25,753,029
Commission receivable	414,265	334,289
Clearing balance with National Clearing Company of Pakistan Limited	22,967,249	14,370,515
	<u>94,689,573</u>	<u>40,457,833</u>
Considered doubtful		
Receivable from clients against purchase of marketable securities and commodity contracts	589,111,449	594,272,867
Provision for doubtful debts	(584,224,481)	(589,008,424)
	4,886,968	5,264,443
	<u><u>99,576,541</u></u>	<u><u>45,722,276</u></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 HALF YEAR ENDED DECEMBER 31, 2015

	Half Year Ended		Second Quarter Ended	
	December 31		December 31	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
9 OPERATING REVENUE				
Brokerage from equity operations	55,440,276	34,170,291	22,651,051	22,691,343
Brokerage from commodity operations	3,337,220	2,194,460	1,479,790	1,196,040
Advisory and consulting fee	3,741,356	1,890,629	104,841	1,885,548
Commission	43,000	407,746	5,000	340,437
	<u>62,561,852</u>	<u>38,663,126</u>	<u>24,240,682</u>	<u>26,113,368</u>

10 OTHER INCOME

From financial assets

Profit on saving accounts	3,096,150	6,028,286	1,534,145	2,517,156
Return on Government securities	-	1,981,045	-	668,813
Income on deposit with Karachi Stock Exchange Limited	2,343,399	2,037,879	929,737	1,179,288
Income on deposit with Pakistan Mercantile Exchange Limited	24,896	65,862	19,509	65,862
Mark-up on long-term loan	3,078,536	544,857	1,501,467	544,857
Income from certificates of deposit	-	-	-	-
Liquidated damages	-	3,541,016	-	3,020,258
	<u>8,542,981</u>	<u>14,198,945</u>	<u>3,984,858</u>	<u>7,996,234</u>

From other than financial assets

Gain / (loss) on disposal of operating fixed assets	1,118,481	11,122,722	1,118,481	11,122,722
Dividend income	1,514,606	955,577	1,514,606	828,527
Rental income from investment property	-	182,105	-	182,105
CDC conversion charges and commission	1,860,132	801,961	938,214	491,274
	<u>4,493,219</u>	<u>13,062,365</u>	<u>3,571,301</u>	<u>12,624,628</u>
	<u>13,036,200</u>	<u>27,261,310</u>	<u>7,556,159</u>	<u>20,620,862</u>

11 RELATED PARTY TRANSACTIONS

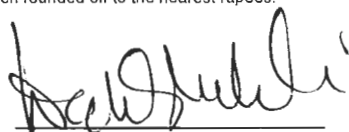
The company has related party relationships with its parent company, associated undertakings, staff retirement funds and its directors and key management personnel.

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

	December 31, 2015			December 31, 2014		
	Parent	Key management personnel	Other related parties and associated undertakings	Parent	Key management personnel	Other related parties and associated undertakings
	Rupees					
Purchase of marketable securities for and on behalf of	-	12,883,811	952,810,840	-	7,374,642	23,167,805
Sale of marketable securities for and on behalf of	4,226,973	12,689,532	129,002,643	-	5,243,360	-
Brokerage income earned	120,011	27,304	2,707,009	-	11,730	39,369
Advisory and consulting fee	-	-	3,500,000	-	-	-
Insurance expense	-	-	724,304	-	-	-
Rent Expense	-	-	1,716,330	-	-	-
Rent Expense - reimbursements	208,000	-	-	-	-	-
Group shared services	6,784,062	-	2,553,204	-	-	-
Group shared services - reimbursement	676,135	-	1,475,471	-	-	-
Long-term loan	-	-	-	56,229,738	-	-
Mark-up on long-term loan	3,078,536	-	-	544,857	-	-
Purchase of fixed assets	-	-	-	-	-	557,500
Commission expense	129,000	-	-	-	-	-

12 GENERAL

Figures have been rounded off to the nearest rupees.


CHAIRMAN


CHIEF EXECUTIVE OFFICER