

# IGI

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## Securities

*IGI Finex Securities Limited*

*Condensed Interim Financial Statements-Un-Audited*

*For the Nine Months Ended March 31, 2016*



IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2016

	UN-AUDITED March 31 2016	AUDITED June 30 2015
	-----Rupees-----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
- Property and Equipment	5 20,440,999	18,217,328
- Intangible assets	15,272,467	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	83,482,954	83,482,955
	203,379,453	201,065,647
<b>Current assets</b>		
Trade debts	6 51,314,350	45,722,276
Loans and advances	1,171,177	737,965
Trade deposits and short-term prepayments	81,777,777	140,133,607
Accrued mark-up	14,607,008	10,114,540
Other receivables	2,003,364	2,051,171
Taxation recoverable	38,495,273	35,676,649
Cash and bank balances	240,175,245	184,606,599
	429,544,194	419,042,807
<b>TOTAL ASSETS</b>	<u>632,923,647</u>	<u>620,108,454</u>
<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	600,000,000	600,000,000
Issued, subscribed and paid up share capital	520,000,000	520,000,000
Accumulated Losses	(859,047,465)	(871,092,591)
Advance against issue of preference shares	7 650,000,000	650,000,000
	310,952,535	298,907,409
<b>Current liabilities</b>		
Trade and other payables	321,971,112	321,201,045
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>632,923,647</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.


  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

		Nine Months Ended March 31		Third Quarter Ended March 31	
	Note	2016	2015	2016	2015
		Rupees			
Operating revenue	9	82,988,066	62,964,336	20,426,214	24,301,210
Other income	10	19,862,993	36,032,147	6,826,793	8,770,837
		102,851,059	98,996,483	27,253,007	33,072,047
Administrative and operating expenses		(91,768,503)	(86,831,963)	(29,877,906)	(29,664,016)
Financial Charges		(525,037)	(381,406)	(144,883)	(118,143)
		10,557,519	11,783,114	(2,769,782)	3,289,888
Reversal of provision / (provision) for doubtful debts:					
- Trade debts		4,783,943	115,860	-	-
- Other receivables		-	(5,903,037)	-	-
		4,783,943	(5,787,177)	-	-
Gain on sale of investments		-	2,205,039	-	1,077,541
Profit before taxation		15,341,462	8,200,976	(2,769,782)	4,367,429
Taxation		(3,296,336)	(1,380,979)	-	(564,748)
Profit after taxation		12,045,126	6,819,997	(2,769,782)	3,802,681
Earnings per share - basic and diluted		0.23	0.13	(0.05)	0.07

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

  
 \_\_\_\_\_  
 DIRECTOR


  
 \_\_\_\_\_  
 CHIEF EXECUTIVE OFFICER

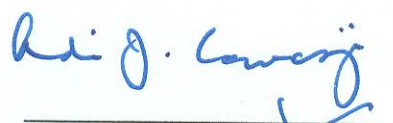


**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	March 31 2016	March 31 2015
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,341,462	8,200,976
<b>Adjustments for :</b>		
Depreciation	3,724,319	2,784,321
Amortisation	9,864	47,970
Finance cost	525,037	381,406
Amortisation of discount on Government securities	-	(3,275,829)
Gain on sale of investments	-	(2,205,039)
Gain on disposal of property, equipment and investment property (Reversal of provision) / provision for doubtful debts	(1,697,110)	(11,122,722)
- Other receivables	-	5,903,037
Dividend income	(1,915,344)	(1,556,684)
	646,766	(9,043,540)
	15,988,228	(842,564)
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts and receivable from NCCPL	(5,592,074)	60,474,611
Loans and advances	(433,212)	(870,471)
Trade deposits and short-term prepayments	58,355,830	37,573,504
Accrued mark-up	(4,492,468)	(3,056,189)
Other receivables	47,807	9,728,803
	47,885,883	103,850,258
<b>Increase/ (decrease) in current liabilities</b>		
Trade and other payables	770,067	(41,634,658)
	64,644,178	61,373,036
Finance cost paid	(525,037)	(381,406)
Income tax paid	(6,114,959)	(5,118,960)
<b>Net cash generated from operating activities</b>	58,004,182	55,872,670
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,162,911)	(7,537,224)
Purchase of intangible assets	-	(40,000)
Proceeds on disposal of property, plant and equipment	2,912,031	742,250
Proceeds from disposal of investment property	-	18,593,500
Purchase of Government securities	-	(313,803,991)
Proceeds from sale of Government securities	-	319,284,858
Long-term Loan to IGI Bank	-	(69,859,738)
Long-term deposits	(100,000)	(104,809)
Dividend Received	1,915,344	1,556,684
<b>Net cash (used in) / generated from investing activities</b>	(2,435,536)	(51,168,470)
<b>Net (decrease) / increase in cash and cash equivalents</b>	55,568,646	4,704,200
Cash and cash equivalent at beginning of the period	184,606,599	70,871,490
<b>Cash and cash equivalents at end of the period</b>	240,175,245	75,575,690

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

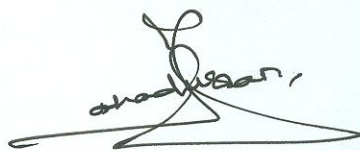
  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Share capital	Advance against issue of preference shares	Unappropriated loss	Total
	----- (Rupees) -----			
Balance as at June 30, 2014	520,000,000	650,000,000	(871,092,591)	298,907,409
<b>Changes in equity for the nine months ended March 31, 2015</b>				
Profit for the period	-	-	6,819,997	6,819,997
Balance as at March 31, 2015	<u>520,000,000</u>	<u>650,000,000</u>	<u>(864,272,594)</u>	<u>305,727,406</u>
Balance as at June 30, 2015	520,000,000	650,000,000	(871,092,591)	298,907,409
<b>Changes in equity for the nine months ended March 31, 2016</b>				
Profit for the period	-	-	12,045,126	12,045,126
Balance as at March 31, 2016	<u>520,000,000</u>	<u>650,000,000</u>	<u>(859,047,465)</u>	<u>310,952,535</u>

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



DIRECTOR



CHIEF EXECUTIVE OFFICER



**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

**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 merged entity will benefit from cost reduction, revenue and human resource synergies. 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

	March 31, 2016						
	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
Nine months ended March 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	15,000	81,000	99,000	317,900	6,638,164	7,162,911
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Depreciation	-	-	-	99,000	-	3,802,758	3,901,758
Disposals	-	-	-	11,330	-	2,675,507	2,686,837
Depreciation charge for the period	1,256,031	218,274	201,289	87,670	-	1,127,251	1,214,921
Closing net book value	4,594,449	752,222	617,972	60,471	511,838	1,476,417	3,724,319
As at March 31, 2016							
Cost	18,160,655	2,998,966	3,170,139	4,022,985	26,210,853	17,295,926	71,859,524
Accumulated depreciation	13,566,206	2,246,744	2,552,167	3,869,749	25,035,907	4,147,753	51,418,525
Net book value	4,594,449	752,222	617,972	153,236	1,174,946	13,148,173	20,440,999
Depreciation rate % per annum	10	10	10	20	33	20	

	March 31, 2015						
	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
Nine months ended March 31, 2015							
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	38,334	22,890	19,130	1,444,035	4,302,425	7,537,224
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	(327,969)	-	-	-	(55,259,696)	(242,462)	(55,830,127)
Closing net book value	7,747,896	1,296,016	1,092,570	247,945	57,239,791	8,222,005	75,846,223
As at March 31, 2015							
Cost	18,202,858	3,048,623	3,096,249	3,923,985	25,855,658	12,560,770	66,688,143
Accumulated depreciation	10,454,962	1,752,607	2,003,679	3,676,040	(31,384,133)	4,338,765	(9,158,080)
Net book value	7,747,896	1,296,016	1,092,570	247,945	57,239,791	8,222,005	75,846,223
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 NINE MONTHS ENDED MARCH 31, 2016**

	Note	UN-AUDITED March 31 2016	AUDITED June 30 2015
		Rupees	
<b>6</b>	<b>TRADE DEBTS</b>		
	<b>Considered good</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	26,281,176	25,753,029
	Commission receivable	414,265	334,289
	Clearing balance with National Clearing Company of Pakistan Limited	19,735,446	14,370,515
		<u>46,430,887</u>	<u>40,457,833</u>
	<b>Considered doubtful</b>		
	Receivable from clients against purchase of marketable securities and commodity contracts	589,091,111	594,272,867
	Provision for doubtful debts	(584,207,648)	(589,008,424)
		<u>4,883,463</u>	<u>5,264,443</u>
		<u><b>51,314,350</b></u>	<u><b>45,722,276</b></u>
<b>7</b>	<b>ADVANCE AGAINST ISSUE OF PREFERENCE SHARES</b>		
	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.		
<b>8</b>	<b>CONTINGENCIES</b>		
	There are no changes in contingencies as disclosed in the financial statements for the year ended June 30, 2015.		



IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016

9 OPERATING REVENUE

Brokerage from equity operations  
Brokerage from commodity operations  
Advisory and consulting fee  
Commission

Nine Months Ended March 31		Third Quarter Ended March 31	
2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
72,546,480	55,502,158	17,106,204	21,331,867
6,618,730	3,493,850	3,281,510	1,299,390
3,741,356	3,515,582	-	1,624,953
81,500	452,746	38,500	45,000
<u>82,988,066</u>	<u>62,964,336</u>	<u>20,426,214</u>	<u>24,301,210</u>

10 OTHER INCOME

From financial assets

Profit on saving accounts  
Return on Government securities  
Income on deposit with Pakistan Stock Exchange Limited  
Income on deposit with Pakistan Mercantile Exchange Limited  
Mark-up on long-term loan  
Liquidated damages

4,638,281	8,443,523	1,542,131	2,415,237
-	3,275,829	-	1,294,784
3,147,587	3,217,931	804,188	1,180,052
31,138	84,107	6,242	18,245
4,558,950	2,516,266	1,480,414	1,971,409
-	4,110,105	-	569,089
<u>12,375,956</u>	<u>21,647,761</u>	<u>3,832,975</u>	<u>7,448,816</u>

From other than financial assets

Gain / (loss) on disposal of operating fixed assets  
Dividend Income  
Rental income from investment property  
CDC conversion charges and commission

1,697,110	11,122,722	578,629	-
1,915,344	1,556,684	400,738	601,107
-	182,105	-	-
3,874,583	1,474,026	2,014,451	720,914
7,487,037	14,384,386	2,993,818	1,322,021
<u>19,862,993</u>	<u>36,032,147</u>	<u>6,826,793</u>	<u>8,770,837</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.

	March 31, 2016			March 31, 2015		
	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	-	24,500,210	1,684,662,687	-	7,918,932	23,167,805
Sale of marketable securities for and on behalf of	4,226,973	19,283,362	129,002,643	-	5,258,035	-
Brokerage income earned	120,011	46,571	4,629,667	-	14,820	39,369
Advisory and consulting fee	-	-	3,500,000	-	-	-
Insurance expense	-	-	1,278,972	-	-	667,125
Rent Expense	-	-	2,838,699	-	-	3,114,594
Rent Expense - reimbursements	313,600	-	-	256,000	-	-
Group shared services	9,408,879	-	3,795,642	4,499,122	-	7,828,670
Group shared services - reimbursement	947,725	-	2,464,674	597,024	-	973,431
Long-term loan	-	-	-	69,859,738	-	-
Mark-up on long-term loan	4,558,950	-	-	2,516,266	-	-
Purchase of fixed assets	-	-	-	-	-	-
Commission expense	154,789	-	-	-	-	583,834

12 GENERAL

Figures have been rounded off to the nearest rupee.

  
DIRECTOR

  
CHIEF EXECUTIVE OFFICER