

**IGI FINEX SECURITIES LIMITED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**A.F. FERGUSON & CO.**  
*Chartered Accountants  
a member firm of the PwC network*





A.F. FERGUSON & CO.

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **IGI Finex Securities Limited** (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The comparative information for the condensed interim balance sheet is based on the audited financial statements as at June 30, 2016. The comparative information for the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year ended December 31, 2015 has not been audited or reviewed.

*Affirmation*

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: May 31, 2017

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



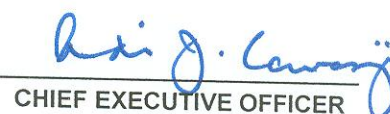
IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2016

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
ASSETS	Note	Rupees	
<b>Non-current assets</b>			
Fixed assets			
- Property and equipment	4	16,320,162	19,284,232
- Intangible assets	5	15,328,976	15,275,554
Long-term investments	6	60,264,036	9,883,822
Long-term loan	7	69,859,738	69,859,738
Long-term deposits		4,451,473	4,439,473
Deferred tax asset-net		62,501,061	83,046,053
		228,725,446	201,788,872
<b>Current assets</b>			
Trade debts	8	106,141,811	57,679,145
Short-term investments	6	40,722,016	-
Loans and advances		3,976,566	1,919,468
Trade deposits and short-term prepayments	9	176,599,313	148,263,686
Accrued mark-up		19,235,542	12,726,474
Other receivables		661,368	793,734
Taxation recoverable		45,686,828	39,522,327
Cash and bank balances	10	459,091,115	209,091,186
		852,114,559	469,996,020
<b>TOTAL ASSETS</b>		<u>1,080,840,005</u>	<u>671,784,892</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		<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up share capital	11	520,000,000	520,000,000
Accumulated losses		(835,200,383)	(851,295,360)
Unrealised gain on revaluation of available-for-sale investments-net		80,333,756	-
Advance against issue of preference shares	12	650,000,000	650,000,000
		415,133,373	318,704,640
<b>Current liabilities</b>			
Trade and other payables	13	665,706,632	353,080,252
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,080,840,005</u>	<u>671,784,892</u>
<b>CONTINGENCIES</b>	14		

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

*Affto*

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

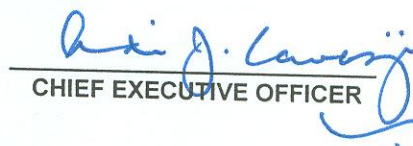
IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

		For the half year ended December 31, 2016	For the half year ended December 31, 2015
	Note	Rupees	
Operating revenue	15	84,194,734	62,561,852
Other operating revenue income	16	12,866,502	11,917,719
Gain on sale of investments		1,764,033	-
		<u>98,825,269</u>	<u>74,479,571</u>
Administrative and operating expenses	17	(76,078,709)	(62,644,485)
Financial charges		<u>(346,353)</u>	<u>(380,154)</u>
		<u>22,400,207</u>	<u>11,454,932</u>
Other income		<u>218,570</u>	<u>1,118,481</u>
		<u>22,618,777</u>	<u>12,573,413</u>
(Provision for) / reversal of doubtful debts:			
- Trade debts			
- Other receivables	8.2	<u>(2,964,615)</u>	<u>4,783,943</u>
		<u>(2,964,615)</u>	<u>4,783,943</u>
Profit before taxation		<u>19,654,162</u>	<u>17,357,356</u>
Taxation - current	18	<u>(3,665,489)</u>	<u>(2,542,448)</u>
- deferred		<u>106,304</u>	<u>-</u>
Profit after taxation		<u>(3,559,185)</u>	<u>(2,542,448)</u>
		<u>16,094,977</u>	<u>14,814,908</u>
Earnings per share - basic and diluted	19	<u>0.31</u>	<u>0.29</u>

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

Attest

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER


IGI FINEX SECURITIES LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	For the half year ended December 31, 2016	For the half year ended December 31, 2015
	-----Rupees-----	
Profit after taxation	16,094,977	14,814,908
Other comprehensive income for the period		
Items that may be reclassified to profit and loss account subsequently		
Surplus on revaluation of investments - available for sale	100,985,052	-
Less: Related tax impact	(20,651,296)	-
	80,333,756	-
Total comprehensive income for the period	<u>96,428,733</u>	<u>14,814,908</u>

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

*Affix*

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER



IGI FINEX SECURITIES LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

		For the half year ended December 31, 2016	For the half year ended December 31, 2015
Note	Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		19,654,162	17,357,356
<b>Profit before taxation</b>			
<b>Adjustments for :</b>			
Depreciation	4	2,878,443	2,394,731
Amortisation	5	16,578	6,576
Financial charges		346,353	380,154
Gain on disposal of property and equipment		(199,654)	(1,118,481)
Gain on disposal of investment		(1,764,033)	-
Provision / (reversal of provision) against doubtful debts	8.2	2,964,615	(4,783,943)
Profit on savings accounts	16	(4,633,926)	(3,096,150)
Income on deposit with Pakistan Stock Exchange Limited	16	(2,744,762)	(2,343,399)
Income on term loan	16	(2,894,797)	(3,078,536)
Dividend income	16	(200,369)	(1,514,606)
		(6,231,552)	(13,153,654)
		13,422,610	4,203,702
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		(51,427,281)	(49,070,322)
Loans and advances		(2,057,098)	(6,202,474)
Trade deposits and short-term prepayments		(28,335,627)	26,530,020
Other receivables		132,366	58,109
		(81,687,640)	(28,684,667)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		312,626,380	25,547,068
Finance charges paid		(346,353)	(380,154)
Income tax paid		(9,829,990)	(3,669,878)
		302,450,037	21,497,036
<b>Net cash generated from / (used in) operating activities</b>		234,185,007	(2,983,929)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition of property, plant and equipment	4.1	(2,001,399)	(107,352)
Addition of intangible assets		(70,000)	-
Proceeds on disposal of property, plant and equipment		2,286,680	2,180,134
Long-term deposits		(12,000)	(100,000)
Interest received		3,764,417	4,170,327
Proceeds from disposal of investment		11,646,855	-
Dividend received		200,369	1,514,606
<b>Net cash generated from investing activities</b>		15,814,922	7,657,715
<b>Net increase in cash and cash equivalents</b>			
		249,999,929	4,673,786
Cash and cash equivalent at beginning of the period		209,091,186	184,606,599
<b>Cash and cash equivalents at end of the period</b>		459,091,115	189,280,385

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

*Signature*

*Signature*  
CHAIRMAN

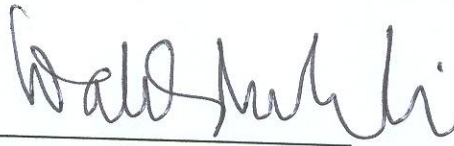
*Signature*  
CHIEF EXECUTIVE OFFICER

**IGI FINEX SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Share capital	Advance against issue of preference shares	Reserves		Total
			Unrealised gain on revaluation of available-for-sale investments-net	Accumulated losses	
	----- (Rupees) -----				
Balance as at June 30, 2015 (audited)	520,000,000	650,000,000	-	(871,092,591)	298,907,409
<b>Total Comprehensive Income</b>					
Profit after taxation for the half year ended December 31, 2015	-	-	-	14,814,908	14,814,908
Other comprehensive income for the half year ended December 31, 2015	-	-	-	-	-
	-	-	-	14,814,908	14,814,908
Balance as at December 31, 2015 (un-audited)	520,000,000	650,000,000	-	(856,277,683)	313,722,317
<b>Total Comprehensive Income</b>					
Profit after taxation for the half year ended June 30, 2016	-	-	-	4,982,323	4,982,323
Other comprehensive income for the half year ended June 30, 2016	-	-	-	-	-
	-	-	-	4,982,323	4,982,323
Balance as at June 30, 2016 (audited)	520,000,000	650,000,000	-	(851,295,360)	318,704,640
<b>Total Comprehensive Income</b>					
Profit after taxation for the half year ended December 31, 2016	-	-	-	16,094,977	16,094,977
Other comprehensive income for the half year ended December 31, 2016	-	-	80,333,756	-	80,333,756
	-	-	80,333,756	16,094,977	96,428,733
Balance as at December 31, 2016 (un-audited)	520,000,000	650,000,000	80,333,756	(835,200,383)	415,133,373

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

*Affix*

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**



**IGI FINEX SECURITIES LIMITED**  
**NOTES TO AND FORMING PART OF CONDENSED INTERM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**1 LEGAL 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 (formerly: Karachi 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 (2) 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 subsequent to year-end 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 BASIS OF PREPARATION AND MEASUREMENT**

**2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 prevail.

The disclosures in this condensed interim financial information does not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2016.

**3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

- 3.1** The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2016.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2016.

The financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements for the year ended June 30, 2016.

*After*



**3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

**3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2017 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

		As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
	Note	Rupees	
<b>4 PROPERTY AND EQUIPMENT</b>			
Opening book value		19,284,232	18,217,328
Additions during the period	4.1	2,001,399	7,362,433
Disposals during the period	4.2	(2,087,026)	(1,225,324)
Depreciation for the period		(2,878,443)	(5,070,205)
Closing book value	4.3	<u>16,320,162</u>	<u>19,284,232</u>
<b>4.1 Cost of additions during the period</b>			
Renovation of office premises		178,943	34,847
Furniture and fixtures		132,200	15,000
Office equipment		138,000	81,000
Communication equipment		82,800	168,722
Computer equipment		1,469,456	407,360
Motor vehicles		-	6,655,504
		<u>2,001,399</u>	<u>7,362,433</u>
<b>4.2 Book value of disposals during the period</b>			
Furniture and fixtures		41,632	-
Communication equipment		-	87,670
Computer equipment		11,894	-
Motor vehicles		<u>2,033,500</u>	<u>1,137,654</u>
		<u>2,087,026</u>	<u>1,225,324</u>

**4.3** Cost and accumulated depreciation at the end of the period include Rs. 28,347,021 (June 30, 2016: Rs.28,291,263) in respect of fully depreciated assets still in use.

		As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
	Note	Rupees	
<b>5 INTANGIBLE ASSETS</b>			
Opening book value	5.1	15,275,554	15,282,331
Additions during the period		70,000	-
Amortisation for the period		(16,578)	(6,777)
Closing book value	5.3	<u>15,328,976</u>	<u>15,275,554</u>

**5.1** These includes TRECs received in financial year ended June 30, 2013 pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (the Act).

*Atta*



- 5.2 During the year 2016, the Securities and Exchange Commission of Pakistan (SECP) approved the scheme of integration of Karachi Stock Exchange (KSE) with Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) w.e.f January 11, 2016. Consequent to the afore-mentioned approval LSE and ISE have been merged into KSE and the name KSE has been changed to Pakistan Stock Exchange Limited (PSX). Prior to integration of stock exchanges into PSX, the Company had Trading Right Entitlement Certificates (TRECs) of KSE and LSE. Accordingly, after the integration process, the Company has two TRECs of PSX. There is no impact of this integration on the carrying values of these TRECs.
- 5.3 Cost and accumulated amortisation at the end of the period include Rs. 12,828,659 (June 30, 2016: Rs.12,828,659) in respect of fully amortised intangible assets still in use.

6	LONG-TERM INVESTMENTS	Note	As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
			Rupees	
	Available for sale - Unquoted			
	<b>Pakistan Stock Exchange Limited</b> <b>(formerly: Karachi Stock Exchange Limited)</b>			
	4,007,383 (June 30, 2016: 4,007,383) ordinary shares of Rs. 10 each	6.1	100,986,052	1,000
	<b>LSE Financial Services Limited</b> <b>(formerly: Lahore Stock Exchange Limited)</b>			
	Nil (June 30, 2016: 843,975) ordinary shares of Rs. 10 each	6.2	-	9,882,822
			100,986,052	9,883,822
	Amount classified under short-term investments		(40,722,016)	-
			60,264,036	9,883,822

- 6.1 Pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) during financial year ended June 30, 2013, the Company was allotted 4,007,383 shares of Karachi Stock Exchange Limited (KSE). 40% of the allotted shares were received by the Company and remaining 60% were kept in a blocked CDC account maintained by KSE. Pursuant to the integration, the name of KSE had been changed to Pakistan Stock Exchange Limited (PSX).

During the half year ended December 31, 2016, Divestment Committee of the PSX had issued an invitation for Expression of Interest for acquiring upto 40% equity stake in PSX held blocked CDC Account. Thereafter bids were submitted by interested parties and as a result of bidding process, share price of Rs 28 per share has been offered by the anchor investor / successful investor. Sale proceeds of the shares sold, after retaining 10% of the sale price for one year to settle any outstanding liabilities of PSX in terms of Share Purchase Agreement (SPA), shall be remitted to PSX's designated bank account by the anchor investor whereby, PSX shall transfer the same to the respective TRE Certificate holders.

The SPA between PSX, Divestment Committee of PSX and the anchor investor has been signed. However the SPA is subject to fulfilment / completion of certain conditions and formalities and until these conditions are fulfilled, the SPA shall not be considered as consummated. As per the SPA executed with the successful investor, the Divestment Committee had to transfer the entire 40% shares of PSX in March 2017. However, due to freezing orders by courts, NAB and FBR, shares of certain initial shareholders held in blocked accounts were not available for the purpose. Therefore, in order to resolve this matter and to ensure that the sale transaction is successfully concluded without any delay, the Divestment Committee proposed that all initial shareholders to contribute 13,000 PSX shares equally out of their freely held shares to bridge this shortfall.

Based on the above, the Company has revalued its entire shareholding in PSX at Rs. 25.2 per share [i.e. the share price of Rs. 2.8 per share after deducting 10% retention (i.e. Rs. 2.8 per share) as stated above] resulting in surplus on revaluation of investment of Rs 100.985 million which has been recognised in other comprehensive income for the period ended December 31, 2016. Since the transaction is expected to complete within one year, 1.616 million shares have been classified under short term investments in the condensed interim financial information.

- 6.2 Pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) during financial year ended June 30, 2013, the Company was allotted 843,075 shares of Lahore Stock Exchange (LSE). 40% of the allotted shares were received by the Company and remaining 60% were kept in a blocked CDC account maintained by KSE. Pursuant to the integration, the name of LSE has been changed to LSE Financial Services Limited (LSEFSL) and the said blocked shares were made available to the Company

During the period, all shares of LSEFSL were sold at a consideration of Rs. 11.647 million to IGI Insurance Limited (a related party).

*Alfa*



		As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
	Note	Rupees	
<b>7 LONG-TERM LOAN</b>			
IGI Investment Bank Limited	7.1	69,859,738	69,859,738

- 7.1 During the financial year 2015, the Company had entered into a long term loan agreement with IGI Investment Bank Limited (the Parent Company) for Rs. 85 million. Under the terms of the Loan Agreement, the loan was to be disbursed in multiple tranches, on various dates and amounts as mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and is repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Parent Company or the board of directors of the Parent Company that would result in change of control of the Parent Company from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Parent Company may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at December 31, 2016, the Company has an outstanding balance of Rs. 69.860 million.

		As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
	Note	Rupees	
<b>8 TRADE DEBTS</b>			
Receivable from clients against purchase of marketable securities and commodity contracts		627,068,714	643,065,586
Clearing balance with National Clearing Company of Pakistan Limited		67,424,153	-
Provision for doubtful receivables	8.2.1 & 8.2.2	(588,351,056)	(585,386,441)
		<u>106,141,811</u>	<u>57,679,145</u>

- 8.1 This includes amounts due from related parties as under:

Parent company - IGI Investment Bank Limited	52,148	52,148
Key management personnel	-	-
Other related parties and associated undertakings	4,554,528	4,605,678
	<u>4,606,676</u>	<u>4,657,826</u>

**8.2 Provision against doubtful debts**

Balance as at July 01	585,386,441	589,008,424
Charge for the period / year	2,964,615	1,161,960
Reversal during the period / year	-	(4,783,943)
	<u>2,964,615</u>	<u>(3,621,983)</u>
Balance as at June 30	<u>588,351,056</u>	<u>585,386,441</u>

- 8.2.1 This includes provisions of Rs. 4,455,275 (June 30, 2016: Rs. 4,455,275) in respect of other related parties.

- 8.2.2 Provision against doubtful debts has been made in accordance with the time based criteria prescribed under regulation 34(h) of Securities Broker(licensing and operations) Regulations 2016, which requires provision after taking into account value of eligible securities(net of haircut) for receivables outstanding for more than five days.

	Gross Amount	Provision held	Net amount
	Rupees		
<b>8.3 Aging analysis</b>			
Upto 5 days	88,116,674	-	88,116,674
More than 5 but upto 14 days	1,315,160	642,400	672,760
More than 14 but upto 30 days	834,615	805,430	29,185
More than 30 but upto 60 days	1,104,690	1,001,006	103,684
More than 60 but upto 90 days	201,582	70,450	131,132
More than 90 days	602,920,146	585,831,770	17,088,376
	<u>694,492,867</u>	<u>588,351,056</u>	<u>106,141,811</u>

Attn



8.4	Customer assets		As at December 31, 2016	As at June 30, 2016
			-----Number of Shares-----	
	Central Depository System		<u>369,697,494</u>	<u>344,121,566</u>

9	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	As at December 31, 2016	As at June 30, 2016
			-----Rupees-----	
	Exposure deposit with Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)	9.1	165,750,000	139,750,000
	Pakistan Mercantile Exchange Limited-margin deposit		4,612,706	4,617,006
	Security deposits		3,006,063	2,967,223
	Prepayments		<u>3,230,544</u>	<u>929,457</u>
			<u>176,599,313</u>	<u>148,263,686</u>

9.1 This represents the deposit held against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited). Interest is earned on the deposit at rates as determined by the Exchange. These deposits carry interest / mark-up at 4% (June 30, 2016: 4%) per annum.

10	CASH AND BANK BALANCES	Note	As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
			-----Rupees-----	
	Cash in hand		14,145	29,296
	<b>Bank balances pertaining to brokerage house</b>			
	- current accounts - non interest bearing	10.1	29,204,512	33,485,284
	- savings accounts		<u>956,848</u>	<u>148,818</u>
			30,161,360	33,634,102
	<b>Bank balances pertaining to clients</b>			
	- current accounts - non interest bearing	10.1	2,314,180	46,940,293
	- savings accounts		<u>426,601,430</u>	<u>128,487,495</u>
			428,915,610	175,427,788
			<u>459,091,115</u>	<u>209,091,186</u>

10.1 The savings accounts carry interest / mark-up ranging from 3.7% to 4.5% (June 30, 2016: 4% to 6%) per annum.

#### 11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)		As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
-----Number of shares-----			-----Rupees-----	
52,000,000	52,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	<u>520,000,000</u>	<u>520,000,000</u>

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

#### 12 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.

Affto



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.

13	TRADE AND OTHER PAYABLES	Note	As at December 31, 2016 (Unaudited)	As at June 30, 2016 (Audited)
			-----Rupees-----	
	Payable against sale of marketable securities	13.1	614,437,757	281,033,176
	Payable to National Clearing Company of Pakistan Limited (NCCPL)		-	33,709,086
	Payable against profit on unutilised funds	13.2	7,337,863	4,622,946
	Payable to IGI Insurance Limited - related party	13.3	11,761,368	9,134,762
	Accrued expenses	13.4	5,855,542	3,707,110
	Provision for leave encashment		2,935,226	3,346,458
	Bonus Payable		3,083,389	3,486,252
	Commission payable	13.5	3,938,222	2,781,106
	Withholding tax payable		1,856,329	2,650,699
	Other payables		14,500,936	8,608,657
			<u>665,706,632</u>	<u>353,080,252</u>

13.1 This includes an amount due to key management personnel of Rs. 96,927 (June 30, 2016: 875,035).

13.2 With effect from March 2015, the Company had been mandated by the Stock Exchange to pass on profit earned on unutilised funds of clients to the respective clients out of total profit accrued on such funds as may be mutually agreed in writing between the Company and its clients. The Company has revised its account opening forms which includes an agreement on the profit earned on unutilised funds on clients' assets from new clients. Further, the Company is in process of agreeing the same with its existing clients. The Company has recorded a liability based on management's best estimate of amount that may be eventually passed on to its clients.

13.3 This represents payables to related parties in relation to sharing of common expenses under Group Shared Services (GSS) agreement.

13.4 This includes insurance expense payable to a related party of Rs. 0.680 million (June 30, 2016: Rs. 0.760 million).

13.5 This includes commission withheld payable to key management personnel of Rs. 0.146 million (June 30, 2016: Rs. 0.130 million).

#### 14 CONTINGENCIES

14.1 During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The Company has filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, Commissioner (Appeals) passed an order under which the Company has been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. Management has also filed second appeal before Appellate Tribunal Inland Revenue which is pending. Management and tax advisor of the Company are of the view that there is a reasonable probability that outcome of appeal shall be in favour of the Company.

Atto



- 14.2 During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against the Company in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the Company had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, the Company filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by the Company. The Company has also filed a lawsuit against the same brokerage house and an ex-official of the Company in the High Court of Sindh to recover the outstanding balance appearing in the Company's books of account before provision. The court has issued notices to the defendants. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.
- 14.3 During the financial year ended June 30, 2010, one of the customers of the company filed a lawsuit against the company before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The said lawsuit is counterblast to Company's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on company's a civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.
- 14.4 During the financial year ended June 30, 2010, one of the customers of the company had filed a lawsuit against the company in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honourable High Court of Sindh. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.
- 14.5 During the year ended June 30, 2009, a brokerage house filed suit before the Honourable Civil Judge, Lahore for declaration and permanent injunction against the Company. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against the Company before the Honourable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honourable Lahore High Court, Lahore Bench against order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. Further, the Company has filed a suit for recovery for Rs. 53.062 million along with liquidated damages and a petition before National Accountability Bureau (NAB) against the brokerage house. Both the management and legal counsel are of the view that there is a reasonable probability of Company's success in the lawsuit.

		For the half year ended December 31, 2016	For the half year ended December 31, 2015
	Note	-----Rupees-----	
<b>15 OPERATING REVENUE</b>			
Brokerage from equity operations	15.1	79,539,369	55,440,276
Brokerage from commodity operations		4,655,365	3,337,220
Advisory and consulting fee		-	3,741,356
Commission		-	43,000
		<u>84,194,734</u>	<u>62,561,852</u>
<b>15.1 Brokerage from equity operations</b>			
Retail		57,141,178	38,687,802
Institution		22,398,191	16,752,474
		<u>79,539,369</u>	<u>55,440,276</u>
<b>16 OTHER OPERATING INCOME</b>			
Profit on saving accounts		4,633,926	3,096,150
Income on deposit with Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)		2,744,762	2,343,399
Income on deposit with Pakistan Mercantile Exchange Limited		-	24,896
Dividend Income		200,369	1,514,606
CDC conversion charges and commission		2,392,648	1,860,132
Mark-up on long-term loan		2,894,797	3,078,536
		<u>12,866,502</u>	<u>11,917,719</u>

*Atto*



**17 ADMINISTRATIVE AND OPERATING EXPENSES**

	For the half year ended December 31, 2016	For the half year ended December 31, 2015
	-----Rupees-----	
Salaries, allowances and other benefits	41,884,945	31,571,502
Staff training	197,230	908,729
Commission expense	3,373,065	3,628,487
Insurance	899,147	724,304
Repairs and maintenance	177,247	192,549
Auditors' remuneration	745,500	290,194
Rent and rates	3,889,391	3,029,814
Legal and professional charges	2,606,229	1,917,700
Printing and stationery	491,420	726,370
Postage and telephone	2,098,828	2,037,739
Travelling and conveyance	597,964	391,835
Computer expenses	3,282,372	3,582,885
Utilities	1,747,376	1,412,792
Fees and subscription including stock exchange, clearing house and CDC charges	8,085,456	7,736,732
Advertisement	33,675	77,450
Entertainment	1,399,891	1,361,314
Depreciation - tangible assets	2,878,443	2,394,731
Amortisation - intangible assets	16,578	6,576
Others	1,673,952	652,782
	<u>76,078,709</u>	<u>62,644,485</u>

- 17.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and computer expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts; in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company, IGI Investment Bank Limited (Parent company) and IGI Insurance Limited (Associated company).

**18 TAXATION - NET**

	For the half year ended December 31, 2016	For the half year ended December 31, 2015
	-----Rupees-----	
Current - for the year	3,665,489	2,542,448
Prior	-	-
Deferred	(106,304)	-
	<u>3,559,185</u>	<u>2,542,448</u>

**19 EARNINGS PER SHARE - BASIC AND DILUTED**

	Note	For the half year ended December 31, 2016	For the half year ended December 31, 2015
Profit for the year (Rupees)		<u>16,094,977</u>	<u>14,814,908</u>
Weighted average number of ordinary shares outstanding	19.1	<u>52,000,000</u>	<u>52,000,000</u>
Earnings per share (Rupees)		<u>0.31</u>	<u>0.29</u>

- 19.1 There were no convertible dilutive potential ordinary shares in issue as at December 31, 2016 and 2015.

**20 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

**20.2** Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

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

	For the half year ended December 31, 2016			For the half year ended December 31, 2015		
	Parent	Key management personnel	Other related parties and associated undertakings	Parent	Key management personnel	Other related parties and associated undertakings
-----Rupees-----						
<b>Transaction during the period</b>						
Purchase of marketable securities for and on behalf of	-	56,593,699	250,957,881	-	12,883,811	952,810,840
Sale of marketable securities for and on behalf of	-	57,362,772	-	4,226,973	12,689,532	129,002,643
Brokerage income	-	183,484	297,450	120,011	27,304	2,707,009
Commission Expense	142,633	-	-	129,000	-	-
Advisory and consulting fee	-	-	-	-	-	3,500,000
Insurance expense	-	-	899,146	-	-	724,304
Remuneration paid to	-	8,660,748	2,094,023	-	6,057,539	1,823,200
Group shared services - reimbursement to	9,025,303	-	3,056,581	6,784,062	-	2,553,204
Group shared services - reimbursement from	1,062,900	-	3,290,577	884,135	-	1,475,471
Mark-up on long-term loan	2,894,797	-	-	3,078,536	-	-
Rent expense	-	-	1,892,436	-	-	1,716,330
-----Rupees-----						
<b>Balances</b>						
Accrued markup on loan	9,466,255	-	-	6,571,458	-	-
Other receivable	-	-	-	132,000	-	-

**21 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

Fair value of investments is determined as follows:

- The carrying amount of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

**21.1 Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities. The Company has no items to report in this category.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs). The Company has no items to report in this category.

*Alfaro*



As at December 31, 2016, the Company held the following financial instruments measured at fair value:

As at December 31, 2016			
Level 1	Level 2	Level 3	Total
(Rupees)			
<b>Investments classified as 'Available for sale'</b>			
Equity securities - Unquoted	-	100,986,052	-
	-	100,986,052	-
			100,986,052

As at June 30, 2016 Company did not account for any financial assets and liabilities at fair value and its investment in the shares of Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited) and LSE Financial Services Limited (formerly: Lahore Stock Exchange Limited) classified as available for sale had been carried at cost less accumulated impairment loss as they did not had a quoted market price and their fair value couldn't be reliably measured. Therefore, analysis of financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised was not presented.

## 22 GENERAL


22.1 Figures have been rounded off to the nearest rupee.

22.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

## 23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 03 MAY 2017 by the Board of Directors of the Company.

Atto

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER