



A.F. FERGUSON & CO.

**INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE OF
IGI FINEX SECURITIES LIMITED**

To the Board of Directors of IGI Finex Securities Limited

We have audited the accompanying Statement of Net Capital Balance of IGI Finex Securities Limited (Company) as at December 31, 2016 ("the statement"). The statement has been prepared by the management based on the requirements of the Third Schedule read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 and the Securities Brokers (licensing and Operations) Regulations 2016 (Regulations).

Management's Responsibility for the Statement

Management is responsible for the preparation of the statement in accordance with the SEC Rules 1971 and Regulations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the statement of Net Capital Balance of IGI Finex Securities Limited as at December 31, 2016 is prepared, in all material respects, in accordance with the SEC Rules 1971 and Regulations.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of preparation. The statement is prepared to assist IGI Finex Securities Limited to meet the requirements of SECP in accordance with the SEC Rules 1971 and Regulations. As a result, the statement may not be suitable for another purpose. Our report is intended solely for IGI Finex Securities Limited and SECP and should not be distributed to parties other than IGI Finex Securities Limited or SECP.

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Chartered Accountants

Dated: February 9, 2017

Karachi

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IGI FINEX SECURITIES LIMITED
STATEMENT OF NET CAPITAL BALANCE
FOR THE PURPOSE OF RULE 2 (D)
THE THIRD SCHEDULE
SECURITIES AND EXCHANGE RULES, 1971
AS AT DECEMBER 31, 2016

A- Current Assets

	Note	Rupees	Rupees
1. Cash in hand			14,145
2. Cash deposit as margin with Pakistan Stock Exchange	2		164,900,000
3. Cash at bank	3		
Bank balance pertaining to brokerage house		30,161,361	
Bank balance pertaining to clients		427,868,576	
Total bank balances			458,029,937
4. Trade Receivables	4		
Total receivables		105,246,856	
Outstanding for more than fourteen days		(16,457,422)	
Balance generated within fourteen days and not yet due			88,789,434
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			-
8. FIBs (Marked to market less 10% discount)			-
9. Treasury Bill (At market value)			-
			711,733,515

B- Current Liabilities

1. Trade Payables			
Book Value	5	614,437,757	
Less: Overdue for more than 30 days		(138,511,170)	475,926,588
2. Other liabilities (including trade payables overdue for more than 30 days)	5		189,780,045
			665,706,632

NET CAPITAL BALANCE (A-B)

46,026,883

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

CHIEF EXECUTIVE OFFICER



IGI FINEX SECURITIES LIMITED
EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL BALANCE
FOR PURPOSES OF RULE 2 (d) OF SECURITIES AND EXCHANGE RULES, 1971
AS AT DECEMBER 31, 2016

1 BASIS OF PREPARATION

This statement is prepared in accordance with the Rule 2(d) and the Third Schedule of the Securities and Exchange Rules, 1971 and guidelines / clarifications issued by the Securities and Exchange Commission of Pakistan.

2 CASH DEPOSIT AS MARGIN WITH PAKISTAN STOCK EXCHANGE (PSX)

Amount in
Rupees

Initial deposit with PSX
Deposit with PSX - Ready Exposure
Deposit with PSX - Future Exposure

-
146,400,000
18,500,000
164,900,000

3 CASH AT BANK

Bank balances pertaining to brokerage house

- current accounts - non interest bearing
- savings accounts

29,204,512
956,849
30,161,361

Bank balances pertaining to clients

- current accounts - non interest bearing
- savings accounts

1,514,255
426,354,321
427,868,576

Total cash at bank

458,029,937

4 TRADE RECEIVABLES

Receivable from clients against purchase of marketable securities
Clearing balance with National Clearing Company of Pakistan Limited
Provision for doubtful receivables - note 4.1

618,482,741
67,424,152
(580,660,037)
105,246,856

- 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 after applying haircuts on the basis of value at risk (VAR) as notified by the Securities and Exchange Commission of Pakistan from time to time.

5 TRADE AND OTHER PAYABLES

Amount in
Rupees

Other liabilities

Trade payables over due for more than 30 days
Others - note 5.1

138,511,170
51,268,875

Trade Payables over due within 30 days

189,780,045

Total Trade and other payables

475,926,588
665,706,632

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

Asif J. Cawsey
CHIEF EXECUTIVE OFFICER

