

IGI

Securities

SERVING YOU SINCE 1994

Ref: FIN/059/2017

May 22, 2017

Head of Operations
National Clearing Company of Pakistan Limited
Karachi Stock Exchange Building
Karachi

Dear Sir

Subject: Allocation of Net Capital Balance

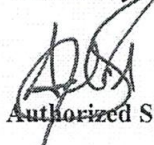
We are enclosing original Net Capital Balance (NCB) Certificate for Rs. 84,105,971/- as at March 31, 2017 duly audited by M/s A. F. Ferguson & Co., Chartered Accountants.

The details of the allocation of the utilization of the above mentioned NCB is given below:

S. No.	Net Capital Allocation	Allocated Amount
1	Pakistan Stock Exchange Limited	Rs. 84,105,971
2	National Clearing Company of Pakistan Limited (BATS)	-
	Total	Rs. 84,105,971

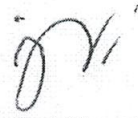
Kindly incorporate the above NCB figure in your record.

Yours Truly


Authorized Signatory

Copy to:

1. The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building, Karachi
- ✓ 2. Director (SM)
Securities & Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area, Islamabad


Authorized Signatory



IGI Finex Securities Limited
Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited
Corporate member of Pakistan Mercantile Exchange Limited (BRC-020)

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami, Block-09, Clifton, Karachi-75600
UAN : (+92-21) 111-444-001 111-234-234, Fax : (+92-21) 35309169, 35301780
Website : www.igisecurities.com.pk

Stock Exchange Office
Room # 719, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi
Tel : (+92 21) 32429613-4, 32462651-2, Fax : (+92-21) 32429607

Lahore Office
5-F.C.C. Ground Floor, Syed Maratib Ali Road,
Gulberg II, Lahore
Tel : (+92-42) 35777863-70, 35876075-76
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Faisalabad Office
Room #: 515-516, 5th Floor, State Life
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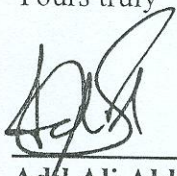
Dear Sir

Subject: Submission of Certificate of Net Capital Balance

We are enclosing original Net Capital Balance (NCB) Certificate amounting for Rs. 84,105,971/- as at March 31, 2017 duly audited by M/s A. F. Ferguson & Co., Chartered Accountants.

Kindly incorporate the above NCB figure in your record.

Yours truly



Adil Ali Abbasi
CFO & Company Secretary



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A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF IGI FINEX SECURITIES LIMITED ON STATEMENT OF NET CAPITAL BALANCE AS AT MARCH 31, 2017

Opinion

We have audited the accompanying Statement of Net Capital Balance ("the Statement") of IGI Finex Securities Limited ("the Company") as at March 31, 2017. 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 (herein referred to as 'the Framework').

In our opinion, the financial information in the Statement of the Company as at March 31, 2017 is prepared, in all material respects, in accordance with the Framework.

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 Company 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

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 Securities Brokers (Licensing and Operations) Regulations, 2016. 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.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Framework 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.

In preparing the Statement, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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.

Affix

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>



A.F. FERGUSON & CO.

As part of an audit in accordance with International Standards on Auditing (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 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 Company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in blue ink, appearing to read 'A. Ferguson & Co.'.

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Date: May 19, 2017

Karachi

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 MARCH 31, 2017

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.

	Amount in Rupees
2 CASH DEPOSIT AS MARGIN WITH PAKISTAN STOCK EXCHANGE (PSX)	
Initial deposit with PSX	-
Deposit with PSX - Ready Exposure	139,400,000
Deposit with PSX - Future Exposure	21,500,000
	<u>160,900,000</u>
3 CASH AT BANK	
Bank balances pertaining to brokerage house	
- current accounts - non interest bearing	78,371,225
- savings accounts	144,337
	<u>78,515,563</u>
Bank balances pertaining to clients	
- current accounts - non interest bearing	97,352,773
- savings accounts	426,261,065
	<u>523,613,837</u>
Total cash at bank	<u>602,129,400</u>
4 TRADE RECEIVABLES	
Receivable from clients against purchase of marketable securities	618,668,569
Clearing balance with National Clearing Company of Pakistan Limited	-
Provision for doubtful receivables - note 4.1	(580,929,185)
	<u>37,739,384</u>
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.	

	Amount in Rupees
5 TRADE AND OTHER PAYABLES	
Other liabilities	
Trade payables over due for more than 30 days	225,558,152
Others - note 5.1	51,598,997
	<u>277,157,149</u>
Trade Payables over due within 30 days	422,859,181
Total Trade and other payables	<u>700,016,330</u>
5.1 Others essentially include payable against profit on unutilised funds, accrued expenses, withholding tax payable, provision for leave encashment and other payables.	

CHIEF EXECUTIVE OFFICER



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 MARCH 31, 2017

A- Current Assets

	Note	Rupees	Rupees
1. Cash in hand			125,041
2. Cash deposit as margin with Pakistan Stock Exchange	2		160,900,000
3. Cash at bank	3		
Bank balance pertaining to brokerage house		78,515,563	
Bank balance pertaining to clients		523,613,837	
Total bank balances			602,129,400
4. Trade Receivables	4		
Total receivables		37,739,384	
Outstanding for more than fourteen days		(16,771,524)	
Balance generated within fourteen days and not yet due			20,967,860
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)			-
			784,122,301

B- Current Liabilities

1. Trade Payables			
Book Value	5	648,417,333	
Less: Overdue for more than 30 days		(225,558,152)	422,859,181
2. Other liabilities (including trade payables overdue for more than 30 days)	5		277,157,149
			700,016,330

NET CAPITAL BALANCE (A-B)

84,105,971

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

Axi J. Cawaji
CHIEF EXECUTIVE OFFICER

