

**IGI FINEX SECURITIES
LIMITED**

Financial Statements

for the Year Ended June 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **IGI Finex Securities Limited** (the Company) as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our qualified opinion and, after due verification, we report that:

- a) The Company has recognized net deferred tax asset of Rs.303,993,830 on deductible temporary differences and the carry forward of unused tax losses. As stated in note 9.2, in the opinion of management based on projections of future taxable profits there would be sufficient profits to absorb the deductible temporary differences and unused tax losses. International Accounting Standard (IAS) 12 'Income Taxes' requires that a deferred tax asset shall be recognized to the extent that it is probable that future taxable profits and / or sufficient taxable temporary differences will be available against which the deductible temporary differences and unused tax losses can be utilized. In the absence of certainty of future taxable profits, we are unable to determine if any adjustment is required to the carrying amount of net deferred tax asset.
- b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- c) in our opinion:
 - i) except for the possible effects of the matter described in paragraph 'a' above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984;
 - ii) the balance sheet and profit and loss account together with the notes thereon are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - iii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iv) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- d) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraph 'a' above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profits, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- e) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

M. Yousuf Adil Saleem

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Date: September 29, 2014

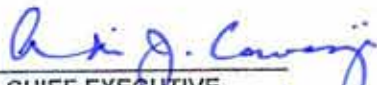
Place: Karachi

IGI FINEX SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

| | Note | 2014 Rupees | 2013 Rupees |
|--|------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Property and equipment | 4 | 12,987,248 | 14,521,335 |
| - Intangible assets | 5 | 15,297,536 | 15,380,518 |
| Investment property | 6 | 7,848,215 | 8,248,219 |
| Long-term investments | 7 | 16,001,000 | 16,001,000 |
| Long-term deposits | 8 | 4,534,664 | 5,784,664 |
| Deferred tax asset - net | 9 | 303,993,830 | 309,265,899 |
| | | <u>360,662,493</u> | <u>369,201,635</u> |
| Current assets | | | |
| Trade debts | 10 | 121,422,877 | 299,295,531 |
| Loans and advances | 11 | 555,759 | 546,907 |
| Trade deposits and short-term prepayments | 12 | 117,921,597 | 129,927,513 |
| Accrued mark-up | 13 | 3,925,884 | 2,482,640 |
| Other receivables | 14 | 65,691,499 | 53,339,120 |
| Taxation recoverable | | 29,992,785 | 27,484,605 |
| Short-term investment | 15 | - | 70,000,000 |
| Cash and bank balances | 16 | 70,871,490 | 23,716,981 |
| | | <u>410,381,891</u> | <u>606,793,297</u> |
| TOTAL ASSETS | | <u>771,044,384</u> | <u>975,994,932</u> |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital | | | |
| 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 | 17 | 520,000,000 | 520,000,000 |
| Accumulated loss | | (658,087,532) | (665,808,703) |
| Advance against issue of preference shares | 18 | 650,000,000 | 650,000,000 |
| | | <u>511,912,468</u> | <u>504,191,297</u> |
| Current liabilities | | | |
| Trade and other payables | 19 | 259,131,916 | 471,803,635 |
| Contingencies | | | |
| | 20 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>771,044,384</u> | <u>975,994,932</u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

IGI FINEX SECURITIES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 Rupees | 2013 Rupees |
|---|------|--------------------|-------------------|
| Operating revenue | 21 | 80,270,822 | 66,507,740 |
| Other income | 22 | 21,172,496 | 22,431,856 |
| | | <u>101,443,318</u> | <u>88,939,596</u> |
| Administrative and operating expenses | 23 | (92,221,744) | (75,978,133) |
| Financial charges | | (426,537) | (466,418) |
| | | <u>8,795,037</u> | <u>12,495,045</u> |
| Reversal of provision for doubtful debts: | | | |
| - Trade debts | 10.2 | 2,909,567 | 9,993,785 |
| - Other receivables | 14.1 | 4,055,568 | 9,924,007 |
| | | 6,965,135 | 19,917,792 |
| Gain on sale of investments | | 96,941 | - |
| Profit before taxation | | <u>15,857,113</u> | <u>32,412,837</u> |
| Taxation | | | |
| - current | | (2,863,873) | (1,039,919) |
| - deferred | | (5,272,069) | (13,539,099) |
| | 24 | (8,135,942) | (14,579,018) |
| Profit for the year | | <u>7,721,171</u> | <u>17,833,819</u> |
| Earnings per share - basic and diluted | 25 | <u>0.15</u> | <u>0.34</u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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 CHIEF EXECUTIVE

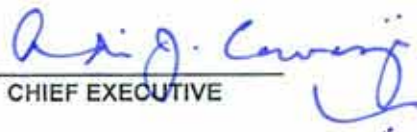

 DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

| | 2014 Rupees | 2013 Rupees |
|---|------------------|-------------------|
| Profit for the year | 7,721,171 | 17,833,819 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Total comprehensive income for the year | <u>7,721,171</u> | <u>17,833,819</u> |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

IGI FINEX SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 Rupees | 2013 Rupees |
|---|------|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 15,857,113 | 32,412,837 |
| Adjustments: | | | |
| Depreciation | | 3,307,896 | 3,092,800 |
| Amortisation | | 82,982 | 131,826 |
| Gain on disposal of property and equipment | | (72,833) | (2,866,442) |
| Gain on sale of investments | | (96,941) | - |
| Amortisation of discount on market treasury bills | | (2,689,707) | - |
| Reversal of provision for doubtful debts | | | |
| - Trade debts | | (2,909,567) | (9,993,785) |
| - Other receivables | | (4,055,568) | (9,924,007) |
| Dividend income | | (952,360) | (210,994) |
| | | (7,386,098) | (19,770,602) |
| Cash generated from operating activities | | 8,471,015 | 12,642,235 |
| Changes in working capital | | | |
| (Increase) / decrease in current assets | | | |
| Trade debts | | 180,782,221 | (230,339,857) |
| Loans and advances | | (8,852) | 104,330 |
| Trade deposits and short-term prepayments | | 12,005,916 | (95,429,847) |
| Accrued mark-up | | (1,443,244) | (1,862,201) |
| Other receivables | | (8,296,811) | 51,155,752 |
| | | 183,039,230 | (276,371,823) |
| (Decrease) / Increase in current liabilities | | | |
| Trade and other payables | | (212,671,719) | 304,353,851 |
| | | (21,161,474) | 40,624,263 |
| Income tax paid | | (5,372,053) | (4,610,611) |
| Net cash (used in) / generated from operating activities | | (26,533,527) | 36,013,652 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of property and equipment | | (2,369,032) | (269,436) |
| Proceeds from disposal of property and equipment | | 1,068,058 | 3,667,114 |
| Payment for purchase of market treasury bills | | (358,817,587) | - |
| Proceeds from disposal / maturity of market treasury bills | | 361,604,237 | - |
| Long-term deposits | | 1,250,000 | - |
| Dividend received | | 952,360 | 210,994 |
| Net cash generated from investing activities | | 3,688,036 | 3,608,672 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash generated from financing activities | | - | - |
| Net (decrease) / increase in cash and cash equivalents | | (22,845,491) | 39,622,324 |
| Cash and cash equivalents at the beginning of the year | | 93,716,981 | 54,094,657 |
| Cash and cash equivalents at the end of the year | 26 | 70,871,490 | 93,716,981 |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE

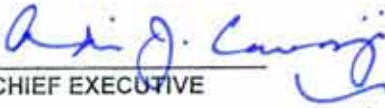

DIRECTOR

IGI FINEX SECURITIES LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2014

| | Issued, subscribed and paid-up share capital | Advance against issue of preference shares | Accumulated loss | Total |
|---|---|---|---------------------|-------------|
| | ----- (Rupees) ----- | | | |
| Balance as at July 01, 2012 | 520,000,000 | 650,000,000 | (683,642,522) | 486,357,478 |
| Comprehensive income for the year | | | | |
| Profit for the year ended June 30, 2013 | - | - | 17,833,819 | 17,833,819 |
| Other comprehensive income | - | - | - | - |
| | - | - | 17,833,819 | 17,833,819 |
| Balance as at June 30, 2013 | 520,000,000 | 650,000,000 | (665,808,703) | 504,191,297 |
| Comprehensive income for the year | | | | |
| Profit for the year ended June 30, 2014 | - | - | 7,721,171 | 7,721,171 |
| Other comprehensive income | - | - | - | - |
| | - | - | 7,721,171 | 7,721,171 |
| Balance as at June 30, 2014 | 520,000,000 | 650,000,000 | (658,087,532) | 511,912,468 |

The annexed notes from 1 to 34 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR