



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Global Securities Pakistan Limited**

**Financial Statements**  
For the year ended  
30 June 2010



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
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Karachi, 75530 Pakistan

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### **Auditors' Report to the Members**

We have audited the annexed balance sheet of **Global Securities Pakistan Limited** ("the Company") as at 30 June 2010 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 opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as described in note 2.5 to the financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, 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 30 June 2010 and of the loss, its cash flows and changes in equity for the year then ended; and



KPMG Taseer Hadi & Co.

- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 23 SEP 2010

Karachi

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**Muhammad Taufiq**

# Global Securities Pakistan Limited

## Balance Sheet

As at 30 June 2010

|   | Note | 30 June<br>2010    | 30 June<br>2009    |
|---|------|--------------------|--------------------|
| ------(Rupees)-----   |      |                    |                    |
| <b>EQUITY AND LIABILITIES</b>   |      |                    |                    |
| <b>Share capital and reserves</b>   |      |                    |                    |
| Authorised capital<br>7,500,000 (2009: 7,500,000) ordinary shares of Rs 10 each |      | <u>75,000,000</u>  | <u>75,000,000</u>  |
| Issued, subscribed and paid-up share capital                                    | 4    | 69,030,620         | 69,030,620         |
| Reserves  | 5    | <u>4,068,695</u>   | <u>9,110,438</u>   |
| <b>Shareholders' equity</b>   |      | <u>73,099,315</u>  | <u>78,141,058</u>  |
| <b>LIABILITIES</b>  |      |                    |                    |
| <b>Non-current liabilities</b>  |      |                    |                    |
| Long term loan - secured  | 6    | 20,000,000         | 150,000,000        |
| Term loan - secured   | 7    | 40,000,000         | -                  |
| <b>Total non-current liabilities</b>  |      | 60,000,000         | 150,000,000        |
| <b>Current liabilities</b>  |      |                    |                    |
| Current portion of long term loan - secured                                     | 6.1  | 80,000,000         | -                  |
| Trade and other payables  | 8    | 22,040,109         | 86,115,690         |
| Accrued mark-up   | 9    | 766,531            | 1,481,071          |
| Running finance under mark-up arrangements - secured                            | 10   | -                  | 12,917,372         |
| Provision for taxation  | 11   | <u>5,895,000</u>   | <u>4,400,000</u>   |
| <b>Total current liabilities</b>  |      | 108,701,640        | 104,914,133        |
| <b>CONTINGENCIES AND COMMITMENTS</b>  |      |                    |                    |
|   | 12   |                    |                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <u>241,800,955</u> | <u>333,055,191</u> |
| <b>ASSETS</b>   |      |                    |                    |
| <b>Non-Current Assets</b>   |      |                    |                    |
| Property and equipment  | 13   | 38,473,874         | 27,925,642         |
| Membership cards and rooms  | 14   | 11,000,000         | 41,000,000         |
| Computer software   | 15   | 4,541,575          | 4,716,575          |
| Long term deposits  |      | 2,240,860          | 2,561,500          |
| Deferred taxation   | 16   | <u>12,702,197</u>  | <u>10,402,197</u>  |
| <b>Total non-current assets</b>   |      | 68,958,506         | 86,605,914         |
| <b>Current assets</b>   |      |                    |                    |
| Investments at fair value through profit and loss - held for trading            | 17   | 522,885            | 555,425            |
| Trade debts   | 18   | 52,304,800         | 214,072,210        |
| Interest accrued  |      | 868,724            | 962,848            |
| Advances, deposits, prepayments and other receivables                           | 19   | 37,408,067         | 22,744,960         |
| Cash and bank balances  | 20   | <u>81,737,973</u>  | <u>8,113,834</u>   |
| <b>Total current assets</b>   |      | 172,842,449        | 246,449,277        |
| <b>TOTAL ASSETS</b>   |      | <u>241,800,955</u> | <u>333,055,191</u> |

The annexed notes 1 to 30 form an integral part of these financial statements.

  
Director

  
Chief Executive

# Global Securities Pakistan Limited


## Profit and Loss Account


For the year ended 30 June 2010

|   | Note | 2010                | 2009                |
|---|------|---------------------|---------------------|
|   |      | ------(Rupees)----- |                     |
| Operating revenues  | 21   | 74,394,037          | 61,783,617          |
| Unrealized gain / (loss) on remeasurement of investment carried at fair value through profit & loss | 17   | 112,238             | (113,845)           |
|   |      | <u>74,506,275</u>   | <u>61,669,772</u>   |
| Administrative and operating expenses   | 22   | <u>(78,585,455)</u> | <u>(99,522,906)</u> |
| <b>Operating loss</b>   |      | <b>(4,079,180)</b>  | <b>(37,853,134)</b> |
| Finance cost  | 23   | (22,184,465)        | (33,576,975)        |
| Other operating income  | 24   | <u>24,730,202</u>   | <u>14,928,279</u>   |
| <b>Loss before taxation</b>   |      | <b>(1,533,443)</b>  | <b>(56,501,830)</b> |
| Provision for taxation - Current year   |      | <u>5,895,000</u>    | <u>4,400,000</u>    |
| - Prior year  |      | <u>(86,700)</u>     | <u>(495,174)</u>    |
| - Deferred  |      | <u>(2,300,000)</u>  | <u>(11,656,817)</u> |
|   |      | <u>3,508,300</u>    | <u>(7,751,991)</u>  |
| <b>Loss after taxation</b>  |      | <b>(5,041,743)</b>  | <b>(48,749,839)</b> |
| Loss per share- basic and diluted   | 25   | <u>(0.73)</u>       | <u>(7.06)</u>       |

The annexed notes 1 to 30 form an integral part of these financial statements.

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 Director

  
 Chief Executive

Global Securities Pakistan Limited  
Statement of Comprehensive Income  
For the year ended 30 June 2010

|                                       | 30 June<br>2010      | 30 June<br>2009     |
|---------------------------------------|----------------------|---------------------|
|                                       | ----- (Rupees) ----- |                     |
| Net loss for the year                 | (5,041,743)          | (48,749,839)        |
| Other comprehensive income            | -                    | -                   |
| Total comprehensive loss for the year | <u>(5,041,743)</u>   | <u>(48,749,839)</u> |

The annexed notes 1 to 30 form an integral part of these financial statements.

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Chief Executive



Director

# Global Securities Pakistan Limited

## Cash Flow Statement

For the year ended 30 June 2010

| Note   | 2010                 | 2009                |
|--|----------------------|---------------------|
|  | ----- (Rupees) ----- |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                      |                     |
| Loss before taxation                                     | (1,533,443)          | (56,501,830)        |
| Adjustment for:  |                      |                     |
| Depreciation   | 5,992,200            | 7,551,312           |
| Amortization of intangibles                              | 300,000              | 233,425             |
| (Gain) / loss on disposal of property and equipment      | (7,699,828)          | 1,657,875           |
| Provision for bad debts                                  | 2,463,619            | 12,483,341          |
| Trade debts written off directly                         | 100,808              | 90,378              |
| Reversal of provision for other receivables              | (150,182)            | -                   |
| Net capital gain on sale of listed securities            | (46,272)             | (893,703)           |
| Profit on bank deposits                                  | (5,953,800)          | (7,872,429)         |
| Unrealised (gain) / loss on held for trading investments | (112,238)            | 113,845             |
| Mark-up on long term loan and short term running finance | 21,291,761           | 33,434,133          |
|  | <u>16,186,068</u>    | <u>46,798,177</u>   |
| Profit before working capital changes                    | 14,652,625           | (9,703,653)         |
| <i>Working capital changes</i>                           |                      |                     |
| (Increase) / decrease in current assets                  |                      |                     |
| Trade debts  | 159,202,983          | (27,098,325)        |
| Advances, deposits, prepayments and other receivables    | (11,115,911)         | 93,686,816          |
|  | <u>148,087,072</u>   | <u>66,588,491</u>   |
| Increase / (decrease) in current liabilities             |                      |                     |
| Trade and other payables                                 | (64,075,581)         | (32,116,257)        |
|  | <u>84,011,491</u>    | <u>34,472,234</u>   |
| Cash generated from operation                            | 98,664,116           | 24,768,581          |
| Mark-up paid   | (22,006,301)         | (34,790,712)        |
| Taxes paid   | (7,710,312)          | (6,364,963)         |
| Net cash inflow from / (used in) operating activities    | <u>68,947,503</u>    | <u>(16,387,094)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                      |                     |
| Additions to property and equipment                      | (577,778)            | (2,095,880)         |
| Intangible assets  | -                    | (1,762,500)         |
| Capital work in progress                                 | (125,000)            | -                   |
| Proceeds from sale of property and equipment             | 21,737,174           | 3,282,862           |
| Purchase of investments                                  | (26,545,855)         | (42,035,006)        |
| Proceeds from sale of investments                        | 26,736,907           | 42,259,439          |
| Long-term deposits                                       | 320,640              | -                   |
| Profit on bank deposits received                         | 6,047,919            | 11,667,988          |
| Net cash inflow from investing activities                | <u>27,594,007</u>    | <u>11,316,903</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                      |                     |
| Repayment of long term loan - secured                    | (10,000,000)         | (50,000,000)        |
| Repayment of running finance                             | (12,917,372)         | 12,917,372          |
|  | <u>(22,917,372)</u>  | <u>(37,082,628)</u> |
| Net increase / (decrease) in cash and cash equivalents   | 73,624,139           | (42,152,819)        |
| Cash and cash equivalents at beginning of the year       | 8,113,834            | 50,266,653          |
| Cash and cash equivalents at end of the year             | <u>81,737,973</u>    | <u>8,113,834</u>    |

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The annexed notes 1 to 30 form an integral part of these financial statements.

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Director

Rahat S...  
Chief Executive

Global Securities Pakistan Limited  
Statement of Changes in Equity  
For the year ended 30 June 2010

|   | Issued, subscribed<br>and paid-up share<br>capital | Capital<br>reserves<br>Share<br>premium | Revenue<br>reserves<br>* Accumulated<br>profit / (loss) | Total             |
|---|--|---|---|-------------------|
| ------(Rupees)-----   |  |   |   |                   |
| Balance as at 1 July 2008   | 69,030,620   | 43,345,839                              | 14,514,438  | 126,890,897       |
| <i>Total comprehensive loss for the year</i>                      | -  | -                                       | (48,749,839)  | (48,749,839)      |
| <i>Transactions with owners directly<br/>recognized in equity</i> | -  | -                                       | -   | -                 |
| Balance as at 30 June 2009  | 69,030,620   | 43,345,839                              | (34,235,401)  | 78,141,058        |
| <i>Total comprehensive loss for the year</i>                      | -  | -                                       | (5,041,743)   | (5,041,743)       |
| <i>Transactions with owners directly<br/>recognized in equity</i> | -  | -                                       | -   | -                 |
| <b>Balance as at 30 June 2010</b>                                 | <b>69,030,620</b>                                  | <b>43,345,839</b>                       | <b>(39,277,144)</b>                                     | <b>73,099,315</b> |

The annexed notes 1 to 30 form an integral part of these financial statements.

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Rohat S. I. K.  
CHIEF EXECUTIVE

M. M. M.  
DIRECTOR