



# Grant Thornton

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Global Securities Pakistan Limited** (the Company) as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as 'the financial statements'), 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 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 accounts 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 accounts and are further in accordance with accounting policies stated in note 3 of the financial statements;
  - (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 flows 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 profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

The financial statements of the Company for the year ended June 30, 2013 were audited by another firm of chartered accountants, who through their report dated October 09, 2013 expressed an unmodified opinion thereon.

Karachi  
Date: September 15, 2014

  
Asim Shahid Rahman  
Chartered Accountants  
Muhammad Shaukat Naseeb

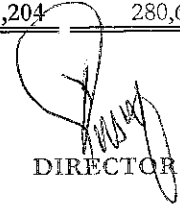
**Global Securities Pakistan Limited**  
**Financial statements – audited**  
For the year ended June 30, 2014

GLOBAL SECURITIES PAKISTAN LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2014

	Note	2014 ----- Rupees -----	2013
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 7,500,000 (2013: 7,500,000) ordinary shares of Rs 10 each	4.1	75,000,000	75,000,000
Issued, subscribed and paid-up share capital	4.2	69,030,620	69,030,620
Share premium		43,345,839	43,345,839
Accumulated profit / (loss)		36,822,413	(9,454,458)
<b>Shareholders' equity</b>		<b>149,198,872</b>	<b>102,922,001</b>
Unrealized gain on remeasurement of available-for-sale investments		-	13,589,365
		<b>149,198,872</b>	<b>116,511,366</b>
<b>Non-current liabilities</b>			
Long term loan - secured	5	40,000,000	40,000,000
<b>Total non-current liabilities</b>		<b>40,000,000</b>	<b>40,000,000</b>
<b>Current liabilities</b>			
Trade and other payables	6	26,424,583	33,439,158
Mark-up accrued	7	5,711,138	11,249,654
Short term running finance - secured	8	94,849,611	75,726,359
Provision for taxation	9	4,598,000	3,675,000
<b>Total current liabilities</b>		<b>131,583,332</b>	<b>124,090,171</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>320,782,204</b>	<b>280,601,537</b>
<b>Contingencies and commitments</b>	10		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	11	36,098,951	34,484,918
Intangible assets	12	4,824,772	2,964,999
Long term investment	13	7,272,727	10,000,000
Loans to employees	14	3,994,473	4,582,794
Long term deposits		3,435,950	2,057,150
Deferred taxation	15	781,711	4,768,155
<b>Total non-current assets</b>		<b>56,408,584</b>	<b>58,858,016</b>
<b>Current assets</b>			
Trade debts	16	134,891,182	113,844,053
Loan and advances	17	4,307,450	3,882,699
Deposits and prepayments	18	44,184,674	7,168,790
Investments	19	10,961,849	44,423,270
Lending in margin finance - secured	20	26,783,801	-
Markup accrued		182,483	184,648
Other receivables	21	1,634,095	232,736
Income tax refundable		15,476,728	18,396,592
Advance income tax		8,644,151	7,430,482
Cash and bank balances	22	17,307,207	26,180,251
<b>Total current assets</b>		<b>264,373,620</b>	<b>221,743,521</b>
<b>TOTAL ASSETS</b>		<b>320,782,204</b>	<b>280,601,537</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**GLOBAL SECURITIES PAKISTAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 ----- Rupees -----	2013
Operating revenues	23	102,180,168	80,864,673
Net gain / (loss) from sale of securities		27,871,367	(178,068)
Unrealized gain on remeasurment of investments	19	467,707	65,283
		<u>130,519,242</u>	<u>80,751,888</u>
Operating expenses	24	(88,786,803)	(77,676,430)
<b>Operating profit</b>		<b>41,732,439</b>	<b>3,075,458</b>
Other income	27	31,110,053	62,617,347
		<u>72,842,492</u>	<u>65,692,805</u>
Finance cost	25	(16,807,748)	(14,892,169)
Provision for worker's welfare fund		(1,159,803)	(1,016,013)
<b>Profit before taxation</b>		<b>54,874,941</b>	<b>49,784,623</b>
Taxation	26	(8,598,070)	(12,223,731)
<b>Profit for the year</b>		<b>46,276,871</b>	<b>37,560,892</b>
<b>Earning per share - basic and diluted</b>	28	<b>6.70</b>	<b>5.44</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

GLOBAL SECURITIES PAKISTAN LIMITED  
 STATEMENT OF OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- Rupees -----	
Profit for the year	46,276,871	37,560,892
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified subsequently to profit or loss account</b>		
<i>Items that will be reclassified subsequently to profit or loss account</i>		
Reclassification adjustment relating to available for sale financial assets disposed off during the period	(13,589,365)	13,589,365
<i>Items that may be reclassified subsequently to profit or loss</i>		
Taxation relating to components of other comprehensive income		
<b>Total comprehensive income for the year</b>	<u><u>32,687,506</u></u>	<u><u>51,150,257</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**GLOBAL SECURITIES PAKISTAN LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Capital reserves	Revenue reserves	Unrealized gain on remeasurement of available for sale investment	Total	
	Share premium	Accumulated (loss) / profit			
----- Rupees -----					
Balance as at July 1, 2012	69,030,620	43,345,839	(47,015,350)	-	65,361,109
<b>Changes in equity in 2012</b>					
<i>Transactions with the owners, recorded directly in equity</i>					
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	37,560,892	-	37,560,892
Unrealized gain on remeasurement of available for sale investments	-	-	-	13,589,365	13,589,365
Balance as at June 30, 2013	69,030,620	43,345,839	(9,454,458)	13,589,365	116,511,366
<b>Changes in equity in 2013</b>					
<i>Transactions with the owners, recorded directly in equity</i>					
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	46,276,871	-	46,276,871
Reclassification adjustment relating to available for sale (as mentioned in SOCI)	-	-	-	(13,589,365)	(13,589,365)
	-	-	46,276,871	(13,589,365)	32,687,506
Balance as at June 30, 2014	69,030,620	43,345,839	36,822,413	-	149,198,872

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**GLOBAL SECURITIES PAKISTAN LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

		2014	2013
		----- Rupees -----	
<b>Cash flows from operating activities</b>	<b>Note</b>	<b>54,874,941</b>	<b>49,784,623</b>
Profit before taxation			
<i>Adjustment for:</i>			
Depreciation	11	2,703,647	2,465,983
Amortization	12.1	917,500	971,576
Unrealized gain on initial recognition		-	(29,745,604)
Gain on disposal of fixed assets	27	(1,409,529)	(79,838)
Profit on bank deposits	27	(3,419,858)	(2,891,372)
(Gain) / Loss on sale of listed shares / units		(27,871,367)	178,068
Unrealized gain on remeasurment of investments	19.1	(467,707)	(65,283)
Provision for doubtful debts	24	328,580	-
Dividend income	27	(1,619,654)	(11,974,324)
Finance cost	25	16,430,005	14,520,852
		<u>(14,408,383)</u>	<u>(26,619,942)</u>
<b>Profit before working capital changes</b>		<b>40,466,558</b>	<b>23,164,681</b>
<i>Working capital changes</i>			
Trade debts		(21,375,709)	(926,289)
Loans and advances		(424,751)	988,089
Deposits and prepayments		(37,015,884)	19,060,885
Other receivables		(1,401,359)	288,196
Trade and other payables		(7,014,575)	(14,363,635)
		<u>(67,232,278)</u>	<u>5,047,246</u>
<b>Cash (used in) / generated from operations</b>		<b>(26,765,720)</b>	<b>28,211,927</b>
Finance cost paid		(21,968,521)	(10,121,102)
Taxes paid		(1,982,432)	(7,601,436)
<b>Net cash (used in) / generated from operating activities</b>		<b>(50,716,673)</b>	<b>10,489,389</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	11	(5,438,651)	(2,189,680)
Purchase of intangible assets	12.1	(50,000)	-
Proceeds from disposal of intangible assets	12.1	-	59,000
Payment of loan to employees		588,321	-
Lending in margin finance	20	(26,783,801)	-
Proceeds from sale of fixed assets		2,530,500	112,003
Purchase of investments		(415,770,893)	(254,422,433)
Proceeds from sale of investments		463,982,025	254,164,193
Dividends received		1,619,654	11,974,324
Payment for long-term deposits		(1,378,800)	(4,000)
Profit on bank deposits received		3,422,023	2,724,876
<b>Net cash generated from investing activities</b>		<b>22,720,378</b>	<b>12,418,283</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(27,996,295)</b>	<b>22,907,672</b>
Cash and cash equivalents at the beginning of the year	30	(49,546,108)	(72,453,780)
<b>Cash and cash equivalents at the end of the year</b>	<b>30</b>	<b>(77,542,404)</b>	<b>(49,546,108)</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**