GROWTH SECURITIES (PRIVATE) LIMITED
UNAUDITED HALF YEARLY FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

GROWTH SECURITIES (PVT) LTD.

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Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE HALF YEAR ENDED December 31, 2019

Your Directors are pleased to place before you half yearly Report along with the un audited accounts of the company for the half year ended December 31, 2019. The working results of the company for the said period are given as under:

Total Income	Rs. 67,634,057
Operating expenses	Rs (22,326,632)
Profit before taxation	Rs. 45,307,425
Taxation	Rs (1,194,580)
Profit after taxation	Rs. 44,112,846

On behalf of the board
For Growth Securities (Private) Ltd.

Chief Executive Officer
Mohammad Shahid

Karachi
January 15, 2020

GROWTH SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2019

	Note	2019 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVE		
Authorized Share Capital		
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000
Issued, Subscribed and Paid up Share Capital		
10,000,000 (2016: 10,000,000) Ordinary shares of Rs. 10/- each	3	100,000,000
Unappropriated profit		235,036,444
		335,036,444
Capital reserves		-
		335,036,444
Non - Current Liabilities		
Loan from director		92,800,000
Current Liabilities		
Creditors, accrued and other liabilities	4	10,154,553
Short term loan from director		78,000,000
Bank overdraft	12.1	178,741,378
		694,732,375
ASSETS		
Non - Current Assets		
Property, plant and equipment		9,571,200
Intangible	5	2,500,000
Investment in PIBs	6	899,146
Long term deposits	7	1,500,000
Current Assets		
Trade debts (including Margin Finance Amount)	8	26,925,746
Advances, deposits, prepayments and other receivables	9	225,758,724
Loans and advances	10	547,500
Investment	11	398,684,317
Investment in MCB Cash Management		20,000,000
Cash and bank balances	12	8,345,742
		694,732,375

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 Rupees
Commission income		3,804,989
Operating expenses	13	(21,458,474)
Operating (loss)		**(17,653,485)**
Financial and other charges	14	(868,158)
Other income	15	63,829,068
Profit before taxation		**45,307,426**
Taxation		
- Current		(1,275,116)
- Prior		80,536
		(1,194,580)
Profit for the year		**44,112,846**
Earnings per share	16	4.41

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND OPERATIONS

1.1 The Company was incorporated in Pakistan on February 24, 2005 as a Private Company limited by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 82 to 83, 2nd Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the company is to carry on the business of stock, brokerage, underwriting and investment etc.

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 **Accounting Convention**

These financial statements have been prepared under the ' **historical cost convention'.**

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates / judgments and associated assumptions used in the preparation are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates / judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

2.2 **Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Company Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Company Ordinance, 1984. Wherever the requirements of the Company Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Company Ordinance, 1984 or the requirements of the said directives shall prevail.

2.3 **Taxation**

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

2.4 **Trade and other Debts**

Trade and other debts are carried at original invoice amount. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

2.5 **Trade and Other Payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.6 **Provisions**

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7 **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

2.8 **Revenue Recognition**

Sales and purchases of securities are recognized on the date of contract. Capital gain or loss on sale of marketable securities is taken to income in the period in which it arises.

Brokerage and other income is accrued as and when due.

2.9 **Investments**

Investment at fair value through profit or loss

Investment classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investment are measured at fair value with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investment is determined on the basis of prevailing market prices.

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

2.10 **Financial Instruments**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account, currently.

3. SHARE CAPITAL

Authorized Share Capital

Number of Shares 2019		2019 Rupees
10,000,000	Ordinary shares of Rs.10/- each	100,000,000

Issued, Subscribed and Paid-up Share Capital

3.1 Pattern of shareholding

Name of Shares holders	Percentage	Number of Shares
- Muhamamd Shahid	51.000%	5,100,000
- Muhamamd Iqbal	48.995%	4,899,500
Zeeshan	0.005%	500
	100%	10,000,000

4. **CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors	7,215,456
Accrued expenses and other payable	2,734,063
Other Liabilities:	
- Sindh sales tax and withholding tax	205,034
	10,154,553

5. **INTANGIBLE**

	Note	2019 Rupees
Trading rights entitlement certificates	5	2,500,000
		2,500,000

5 Pakistan Stock Exchange Limited vide their letter dated 08 August 2017 has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs. 2.5 million.

6. **INVESTMENT IN PIBS**

	Note	2019 Rupees
Investment in Pakistan Investment Bond securities		899,146
		899,146

7. **LONG TERM DEPOSITS**

	Note	2019 Rupees
CDC deposit		100,000
NCCPL deposit		1,200,000
PSX deposit		200,000
		1,500,000

8. **TRADE DEBTS**

Debtors Unsecured - considered good	14,385,388
Receivables against margin finance	12,540,358
	26,925,746

9. **ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advance tax	166,670,178
Deposit into NCCPL against exposure	55,988,461
Deposit against sale of PSX Shares	-
PSX deposit BMC maintenance	-
Prepayments	75,000
Dividend receivable	-
Receivable from PSX/NCCPL	3,025,085
Other receivables	-
	225,758,724

10. LOANS AND ADVANCES

Staff loan	547,500
	547,500

11. INVESTMENT - fair value through profit and loss

Investment in listed securities	359,834,317
Subscription Right Shares MLCF	38,850,000
	398,684,317

12. CASH AND BANK BALANCES

Cash in hand	12,760
Cash at banks:	
- Current accounts	316,898
- Saving accounts	8,016,084
	8,345,742

12.1 This include Rs. 7,902,970/- kept in designated bank accounts maintained on behalf of clients

12.2 Bank Overdraft	**178,741,378**

13. OPERATING EXPENSES

	Note	2019 Rupees
Salaries, wages and benefits	*13.1*	13,217,600
Repair and maintenance		92,380
Travelling and conveyance		5,155,651
Utility charges		488,485
Entertainment		356,110
KSE charges		199,840
Printing and stationery		112,715
Professional charges		93,700
Computer and software expenses		1,212,183
Annual Membership and other Fees		85,000
Miscellaneous expenses		207,968
Laga Charges		236,842
		21,458,474

13.1 Salaries, wages and benefits includes amount of Rs. 1800000/- paid to two directors.

14. FINANCIAL AND OTHER CHARGES

Bank charges	90,395
Mark-up on bank overdraft	777,763
	868,158

15. OTHER INCOME

Realized gain on investment in shares	60,616,937
Unrealized (loss) / gain on revaluation of investment	(4,689,242)
Interest on bank deposits	718,527

Dividend income	5,345,896
Gain on future exposure	1,616,000
Premium on MF	220,950
	63,829,068

16. EARNINGS PER SHARE

Profit after taxation	44,112,846
Number of ordinary shares	10,000,000
Earnings per share	4.41

17. CASH AND CASH EQUIVILENT

	2018 Rupees
Cash and bank balances	8,345,742
Bank overdraft	(178,741,378)
	(170,395,636)

18. PLEDGE SECURITIES

	No. of Shares	Value
Pledged to financial institutions on behalf of brokerage house		-
Pledged to financial institutions on behalf of Directors	-	-
	-	-

19. CAPITAL ADEQUACY LEVEL

Total Assets	694,732,375
Less: Total Liabilities	(359,695,931)
Revaluation reserves (created upon revaluation of fixed assets)	-
Capital Adequacy Level	335,036,444

Chief Executive Officer

Director