

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of M/s. GMI Capital Securities (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of M/s. GMI Capital Securities (Private) Limited and notes to the Statement of Net Capital Balance as at June 30, 2018 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2018 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis for 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 Securities Broker 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

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the M/s. GMI Capital Securities (Private) Limited to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for M/s. GMI Capital Securities (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than M/s. GMI Capital Securities (Private) Limited or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations and the SEC Rules 1971, 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.

Those charged with governance is responsible for overseeing the Securities Broker'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 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.

As part of an audit in accordance with ISAs, 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 Securities Broker's internal control.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Farhan Ahmed Memon.

Reanda Haroon Zakaria, Chartered Accountant
Reanda Haroon Zakaria & Company
Chartered Accountants



Place: Karachi

Dated: 13 SEP 2018

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT JUNE 30, 2018

	<i>Note</i>	<i>2018 Rupees</i>
<u>CURRENT ASSET</u>		
Cash and cash equivalent		
Cash in hand		18,190
Cash at bank		
Bank balance pertaining to brokerage house		115,989,032
Bank balance pertaining to clients		20,019,780
	2	136,008,813
Deposit against Exposure	3	38,841,315
Trade Receivables		
Book value		10,372,427
Less: Over due for more than 14 days		(7,441,111)
Balance generated within 14 days and/or not yet due	4	2,931,316
Securities held on behalf of client where payment has not been received in 14 days	5	5,927,844
Investment in listed securities		
Securities on the exposure list marked to market		32,298,825
Less: 15% discount		(4,844,824)
	6	27,454,001
Total Current Assets	A	211,181,479
<u>CURRENT LIABILITIES</u>		
Trade Payable		
Book values		20,019,781
Less: Over due for more than 30 days		(13,257,220)
	7	6,762,561
Other liabilities	8	15,538,745
Total Current Liabilities	B	22,301,306
NET CAPITAL BALANCE	A minus B	188,880,173




 Chief Executive Officer


 Chief Financial Officer

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT JUNE 30, 2018

1 BASIS OF ACCOUNTING

This net capital has been prepared under the historical cost convention except for investments that are valued at market value. Further, accrual basis of accounting is followed.

Rupees

2 CASH AND CASH EQUIVALENT

Cash in hand	18,190
Balance pertaining to brokerage house	
Current Accounts	115,989,032
Saving Accounts	-
	<u>115,989,032</u>
Balance pertaining to Clients	
Current Accounts	20,019,780
Saving Accounts	-
	<u>20,019,780</u>
	<u><u>136,008,813</u></u>

3 DEPOSIT AGAINST EXPOSURE

Ready Market Exposure	17,500,000
Future Market Exposure & loss	21,341,315
	<u><u>38,841,315</u></u>

4 TRADE RECEIVABLE

This amount is based on 14 days Net capital aging of trade receivables.

**5 SECURITIES HELD ON BEHALF OF CLIENT WHERE
PAYMENT HAS NOT BEEN RECEIVED IN 14 DAYS**

The amount represents lower of securities held and receivable above 14 days from clients.



6 INVESTMENT IN LISTED SECURITIES

Symbol	Security Name	Qty of shares	Rate	Amount
ATRL	Attock Refinery Limited	14,000	215.31	3,014,340
DGKC	D.G. Khan Cement Co. Limited	40,000	114.49	4,579,600
EFERT	Engro Fertilizers Limited	15,000	74.91	1,123,650
EFOODS	Engro Foods Limited	10,000	89.06	890,600
FCCL	Fauji Cement Company Limited.	100,000	22.85	2,285,000
FFBL	Fauji Fertilizer Bin Qasim Limited	12,500	38.60	482,500
FFC	Fauji Fertilizer Company Limited	12,500	98.89	1,236,125
GATM	Gul Ahmed Textile Mills Limited	10,000	42.93	429,300
GHNL	Ghandhara Nissan Limited	7,000	179.67	1,257,690
GTJR	The General Tyre & Rubber Company of Pakistan Limited	7,000	166.20	1,163,400
HCAR	Honda Atlas Cars Pakistan Limited	2,000	316.39	632,780
HTL	Hi-Tech Lubricants Limited	10,000	101.32	1,013,200
KEL	K-Electric Limited	250,000	5.68	1,420,000
NRL	National Refinery Limited	10,000	443.01	4,430,100
OGDC	Oil & Gas Development Company Limited	10,000	155.62	1,556,200
TRG	TRG Pakistan Limited Class "A"	15,000	28.64	429,600
PSX	Pakistan Stock Exchange Limited	321,759	19.75	6,354,740
				<u>32,298,825</u>
	Less: 15% discount			<u>(4,844,824)</u>
				<u>27,454,001</u>

7 TRADE PAYABLE

This amount is based on 30 days Net capital aging of trade payables.

8 OTHER LIABILITIES

Trade payable over due for more than 30 days	13,257,220
Accrued expenses & other liabilities	295,555
Other liabilities	1,985,970
	<u>15,538,745</u>

Mariya

Chief Executive Officer

Mariam

Chief Financial Officer

