

**M/S. MGM SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2014**

**CAPITAL & LIABILITIES**

**Authorized Capital:**

600,000 Ordinary Shares of Rs. 100/-each

**Issued, Subscribed & Paid Up Capital:**

185,000 Ordinary Shares of Rs. 100/- each

Un-appropriated Profit

<u>Note</u>	<u>2014</u> <u>Rupees</u>
	<u>60,000,000</u>
	<u>18,500,000</u>
	<u>18,697,863</u>
	<u>37,197,863</u>

**CURRENT LIABILITIES**

Trade Creditors

Other Payables

Provision for Taxation

	<u>15,612,521</u>
4	<u>668,193</u>
	<u>285,292</u>
	<u>16,566,006</u>
	<u>53,763,869</u>

**PROPERTY & ASSETS**

**NON-CURRENT ASSETS**

Fixed Assets - *Tangibles*

Capital Work in Process

Trading Rights Entitlement Certificate - TREC

Long Term Investments

5	<u>7,445,297</u>
6	<u>1,732,838</u>
7	<u>321,550</u>
8	<u>678,450</u>
	<u>10,178,135</u>

**CURRENT ASSETS**

Trade Debtors

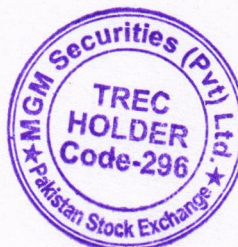
Short Term Investment

Advances, Deposit & Prepayments

Cash and Bank Balance

	<u>12,177,158</u>
9	<u>-</u>
10	<u>4,005,789</u>
11	<u>27,402,787</u>
	<u>43,585,734</u>
	<u>53,763,869</u>

  
**CHIEF EXECUTIVE**

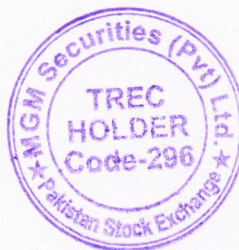


  
**DIRECTOR**

**M/S. MGM SECURITIES (PRIVATE) LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

	<u>Note</u>	<u>2014</u> <u>Rupees</u>
Income	12	2,038,824
<b>LESS: OPERATING EXPENSES</b>		
Administrative, Marketing & General Expenses	13	1,988,158
Financial Expenses	14	2,771
		1,990,929
<b>Operating Profit / (Loss)</b>		<u>47,895</u>
Add: Other Income	15	<u>378,298</u>
<b>Net Profit / (Loss) Before Taxation</b>		426,193
Less: Taxation	16	-
<b>Net Profit / (Loss) After Taxation</b>		<u><u>426,193</u></u>
Basic Earning /(Loss) per share	17	<u><u>2.30</u></u>

  
**CHIEF EXECUTIVE**



  
**DIRECTOR**

**2014**  
**Rupees**

**4 ACCRUED & OTHER PAYABLES:**

Staff Welfare Fund	161,699
Other Payables	348,595
Tax Payable	157,899
	<u>668,193</u>

**5 FIXED ASSETS - TANGIBLES:**

As per annexure "A" attached.	<u>7,445,297</u>
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**6 CAPITAL WORK IN PROGRESS:**

LSE South Tower	<u>1,732,838</u>
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The current balance of the head represents the company's investment in the South Tower of LSE where it has purchased an office to establish a branch for the promotion of company's business.

**7 TRADING RIGHTS ENTITLEMENT CERTIFICATE - TREC:**

Lahore Stock Exchange Limited	<u>321,550</u>
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- 7.1 This represents trading rights in Lahore Stock Exchange Limited which have replaced membership cards of stock exchange pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 act). Before demutualization the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore, the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and Trading Rights Entitlements Certificates (TREC) representing rights to trade in the exchange. As result 843,975 shares of Rs. 10/- each have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however, once sold it would not be sellable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).



The above mentioned face value (Rs. 8,439,750/-) of the shares issued by the LSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 8,439,750/- received by the Company represent its share in the fair value of the net assets of the LSE. Under the current circumstances where active market is not available for such shares, this net asset valued based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the LSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 4,000,000/- as per the decision of the BOD of the LSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 4,000,000/- has been considered as the closest estimate of the fair value of the TREC.

The value of the TREC and shares have thus been measured at the value of the membership card with which they have been exchanged. For this purpose value of the membership card has been allocated between TREC and shares on proportionate basis at ratio of 32:68 which has been determined on the basis of the above estimates of fair value of LSE Shares (Rs. 8,439,750/-) and TREC (Rs. 4,000,000/-). Recently the shares have been recognized at Rs. 678,450/- and TREC at Rs. 321,550/-

**2014**  
**Rupees**

**8 LONG TERM INVESTMENTS:**

LSE Shares - *available for sale*

- Blocked

407,070

- Unblocked

271,380

(refer note 7.1)

678,450

**9 SHORT TERM INVESTMENTS:**

Investment in Listed Securities

-

**10 ADVANCES, DEPOSITS & PREPAYMENTS:**

Securities

1,636,000

Loans & Advances

1,704,644

Income Tax Refundable

665,145

4,005,789

**11 CASH AND BANK BALANCES:**

Cash in Hand

13,429

Cash at Bank

27,389,358

27,402,787

**2014**  
**Rupees**

**12 INCOME:**

Brokerage Income

2,038,824

2,038,824

**13 ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:**

Director's Remuneration

13.1 690,000

Staff Salaries and Allowances

725,220

Rent

57,000

Printing & Stationery

9,361

Charity & Donations

12,500

EOBI Contribution

2,400

Postage & Telegram

40,535

Telephone Charges

57,237

Fee & Subscription

59,067

Electricity Charges

57,026

Entertainment

68,090

Software Inst. & Maint.

3,000

Auditor's Remuneration

13.2 3,200

Repair & Maintenance

47,152

Commission Expenses

3,737

N.C.C.S Charges

28,428

M.C.F Charges

874

Newspapers & Periodicals

3,032

Vehicle Maintenance

4,000

Miscellaneous Exp.

14,455

Depreciation

101,844

1,988,158

**13.1 Director's Remuneration:**

Salaries

690,000

690,000

**13.2 Auditor's Remuneration:**

Out of pocket expenses

3,200

3,200

**14 FINANCIAL EXPENSES:**

Bank Charges

2,771

2,771

**15 OTHER INCOME:**

Other Income

378,298

378,298

**2014**  
**Rupees**

**16 TAXATION:**

Capital Gain Tax

Current - Provision For Taxation

-

-

-

**17 BASIC EARNINGS / (LOSS) PER SHARE:**

Profit / (Loss) After Taxation Attributable to Ordinary Shareholders

426,193

Number of Ordinary Shares Issued & Subscribed At The Year End

185,000

**Basic Earnings / (Loss) Per Share**

2.30

There is no dilutive effect on the basic earnings per share.

**18 RELATED PARTY TRANSACTIONS:**

The related parties of the company comprise of the directors of the company who are also the major shareholders and key management personnel of the company.

The related party transactions of the company mainly comprise of the remunerations paid to its directors as per note 13.1 to the financial statements.

Other related party transaction include an interest free loan of Rs. 1,500,000/- provided to Mr. Hassan Iqbal (Director / Company Secretary). The said loan shall be refunded through monthly installments of and is included in the loans and advances note 10 to the financial statements. Other particulars regarding the transaction are:

Balance b/f

1,455,000

Received / adjusted during the year

20,000

**Balance receivable**

1,435,000

**19 NUMBER OF EMPLOYEES:**

Annual number of employees at the year end

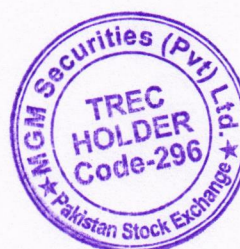
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**20 FIGURES:**

- in the accounts have been rounded-off to the nearest of rupees.

- of the previous year have been re-arranged wherever necessary for the purpose of comparison.

  
**CHIEF EXECUTIVE**



  
**DIRECTOR**

**M/S. MGM SECURITIES (PRIVATE) LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
**AS AT SEPTEMBER 30, 2014**

**A**

PARTICULARS	COST			DEPRECIATION				W.D.V.
	As At 01-07-14	Addition / (Deletion)	As At 30-09-14	Rate %	As At 01-07-14	For The Year	As At 30-09-14	As At 30-09-14
Office Building	11,500,000	-	11,500,000	5%	4,553,233	86,835	4,640,068	6,859,932
Tools & Equipment	302,500	-	302,500	10%	204,846	2,441	207,287	95,213
Computer & Softwares	526,800	-	526,800	10%	350,587	4,405	354,992	171,808
Furniture & Fixture	1,028,586	-	1,028,586	10%	702,079	8,163	710,242	318,344
<b>Total</b>	<b>13,357,886</b>	<b>-</b>	<b>13,357,886</b>		<b>5,810,745</b>	<b>101,844</b>	<b>5,912,589</b>	<b>7,445,297</b>