

M/S. MGM SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT MARCH 31, 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

Note

Mar 2014

Rupees

60,000,000

18,500,000

18,852,516

37,352,516

CURRENT LIABILITIES

Trade Creditors

Other Payables

Provision for Taxation

4

30,943,489

565,118

59,196

31,567,803

68,920,319

PROPERTY & ASSETS

NON-CURRENT ASSETS

Fixed Assets - *Tangibles*

Capital Work in Process

Trading Rights Entitlement Certificate - TREC

Long Term Investments

5

6

7

7,655,224

1,247,336

321,550

678,450

9,902,560

CURRENT ASSETS

Trade Debtors

Short Term Investment

Advances, Deposit & Prepayments

Cash and Bank Balance

8

9

10

16,983,958

3,385,371

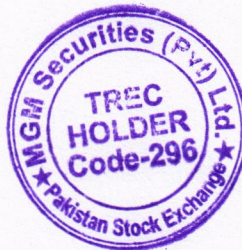
3,982,171

34,666,259

59,017,759

68,920,319

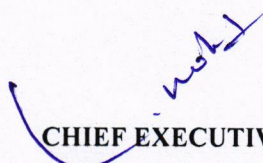
CHIEF EXECUTIVE

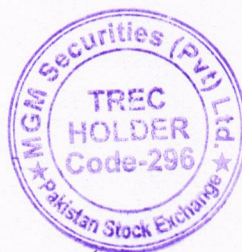


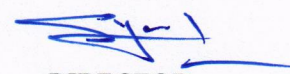
DIRECTOR

M/S. MGM SECURITIES (PRIVATE) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2014

	<u>Note</u>	<u>Mar 2014</u> <u>Rupees</u>
Income	11	7,020,422
LESS: OPERATING EXPENSES		
Administrative, Marketing & General Expenses	12	6,434,751
Financial Expenses	13	10,859
		6,445,609
Operating Profit / (Loss)		574,813
Add: Other Income	14	1,423,633
Net Profit / (Loss) Before Taxation		1,998,445
Less: Taxation	15	-
Un-appropriated Profit Carried to Balance Sheet		1,998,445
Basic Earning /(Loss) per share	16	10.80


CHIEF EXECUTIVE




DIRECTOR

Mar 2014

Rupees

4 ACCRUED & OTHER PAYABLES:

Staff Welfare Fund	108,772
Other Payables	273,795
Tax Payable	182,551
	<u>565,118</u>

5 FIXED ASSETS - TANGIBLES:

As per annexure "A" attached.	<u>7,655,224</u>
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6 TRADING RIGHTS ENTITLEMENT CERTIFICATE - TREC:

Lahore Stock Exchange Limited	<u>321,550</u>
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- 6.1 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. 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/-

7 LONG TERM INVESTMENTS:

LSE Shares - *available for sale*

- Blocked	407,070
- Unblocked	271,380
(refer note 6.1)	<u>678,450</u>

8 SHORT TERM INVESTMENTS:

Investment in Listed Securities	<u>3,385,371</u>
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The above value of shares represents their historical cost whereas, the market value of the shares as at June 30, 2013 was Rs. 2,754,750/-.

9 ADVANCES, DEPOSITS & PREPAYMENTS:

Securities with NCCPL Etc.	1,635,000
Loans & Advances	235,164
Hassan Iqbal - Advance	1,500,000
Income Tax Refundable	612,007
	<u>3,982,171</u>

10 CASH AND BANK BALANCES:

Cash in Hand	13,430
Cash at Bank	34,652,829
	<u>34,666,259</u>

11 INCOME:

Brokerage Income	7,020,422
Bank Profit	<u>7,020,422</u>

Mar 2014
Rupees

12 ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:

Director's Remuneration	12.1	1,620,000
Staff Salaries and Allowances		2,245,169
Rent		183,000
Printing & Stationery		73,270
Charity & Donations		5,000
EOBI Contribution		10,828
Postage & Telegram		164,560
Telephone Charges		157,240
Fee & Subscription		257,181
Electricity Charges		127,112
Entertainment		242,170
Travelling & Conveyance		25,811
Software Inst. & Maint.		37,000
Auditor's Remuneration		78,000
Repair & Maintenance		67,638
Commission Expenses		623,362
N.C.C.S Charges		122,088
M.C.F Charges		6,378
Newspapers & Priodicals		10,276
Vehicle Maintenance		10,000
Miscellaneous Exp.		44,423
Depreciation		324,245
		<u><u>6,434,751</u></u>

12.1 Director's Remuneration:

Salaries	1,620,000
	<u><u>1,620,000</u></u>

13 FINANCIAL EXPENSES:

Bank Charges	10,859
	<u><u>10,859</u></u>

14 OTHER INCOME:

Other Income	1,185,233
Capital Gain / (Loss)	238,400
	<u><u>1,423,633</u></u>

15 TAXATION:

Capital Gain Tax	-
Current - Provision For Taxation	59,196
	<u><u>59,196</u></u>

Mar 2014
Rupees

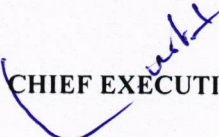
16 BASIC EARNINGS / (LOSS) PER SHARE:

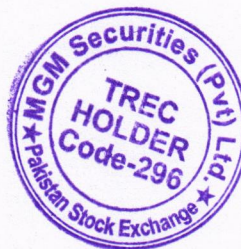
Profit / (Loss) After Taxation Attributable to Ordinary	<u>1,998,445</u>
Number of Ordinary Shares Issued & Subscribed At The	<u>185,000</u>
Basic Earnings / (Loss) Per Share	<u>10.80</u>

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

17 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 MARCH 31, 2014

A

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V.
	As At 01-07-13	Addition / (Deletion)	As At 31-03-14		As At 01-07-13	For The Period	As At 31-03-14	As At 31-03-14
Office Building	11,500,000	-	11,500,000	5%	4,187,614	274,214	4,461,828	7,038,172
Tools & Equipment	302,500	-	302,500	10%	193,995	8,138	202,133	100,367
Computer & Softwares	526,800	-	526,800	10%	331,008	14,684	345,692	181,108
Furniture & Fixture	1,028,586	-	1,028,586	10%	665,800	27,209	693,009	335,577
Total - 2013	13,357,886	-	13,357,886		5,378,417	324,245	5,702,662	7,655,224