

AUDITOR'S REPORT TO MEMBERS

We have audited the annexed Balance Sheet of "M/S. MGM SECURITIES (PRIVATE) LIMITED" as at June 30, 2011 and the related Profit & Loss Account for the year ended along with Notes to the Accounts attached thereon. We state that we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose 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 International Standards on Auditing 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 said 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 account have been kept by the company as required by The Companies Ordinance, 1984.
- b) In our opinion:
 - I) The Balance Sheet and Profit & Loss Account have been drawn in conformity with The Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - II) The expenditure incurred during the period was for the purpose of the Company's business; and
 - III) The business conducted, investment made and the expenditure incurred during the period 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 and Profit & Loss Account 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 state of the Company's affairs as at June 30, 2011.
- d) In our opinion no Zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE
October 04, 2011

SHAFIQ & CO.
Chartered Accountants



SHAFIQ & CO.
CHARTERED ACCOUNTANTS

M/S. MGM SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2011

CAPITAL & LIABILITIES

Authorized Capital:

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

Issued, Subscribed & Paid Up Capital:

185,000 (2010:120,000) Ordinary Shares of Rs. 100/- each

Un-appropriated Profit

Note	<u>2011</u> <u>Rupees</u>	<u>2010</u> <u>Rupees</u>
	60,000,000	60,000,000
	18,500,000	12,000,000
	14,804,556	16,366,831
	33,304,556	28,366,831

CURRENT LIABILITIES

Trade Creditors

Other Payables

Provision for Taxation

3	20,653,495	21,029,037
	483,453	551,005
	52,417	-
	21,189,365	21,580,042
	54,493,921	49,946,873

PROPERTY & ASSETS

Fixed Assets

Capital Work in Process

Membership Card

4	8,901,094	9,416,282
	1,261,600	1,261,600
	1,000,000	1,000,000

CURRENT ASSETS

Trade Debtors

Advances, Deposit & Prepayments

Cash and Bank Balance

5	25,491,333	22,543,958
	1,781,859	1,825,595
6	16,058,035	13,899,437
	43,331,227	38,268,990
	54,493,921	49,946,873

CHIEF EXECUTIVE

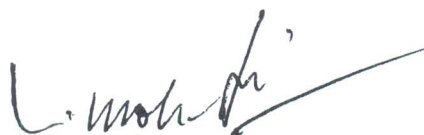


DIRECTOR

SHAFIQ & CO.
CHARTERED ACCOUNTANTS

M/S. MGM SECURITIES (PRIVATE) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Note</u>	<u>2011</u> <u>Rupees</u>	<u>2010</u> <u>Rupees</u>
Commission Income		5,241,704	11,293,332
LESS: OPERATING EXPENSES			
Administrative, Marketing & General Expenses	7	7,447,407	9,859,958
Financial Expenses	8	18,294	31,158
		7,465,701	9,891,116
Operating Profit		(2,223,997)	1,402,216
Add: Other Income		694,591	74,829
Net Profit Before Taxation		(1,529,406)	1,477,045
Less: Taxation	9	52,417	369,451
Net Profit After Taxation		(1,581,823)	1,107,594
Add:			
Un-appropriated Profit B/F		16,366,831	15,259,237
Prior Year Adjustment		19,548	-
		16,386,379	15,259,237
Un-appropriated Profit Carried to Balance Sheet		14,804,556	16,366,831


CHIEF EXECUTIVE




DIRECTOR

8758

M/S. MGM SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

1 COMPANY AND ITS OPERATIONS:

The Company has been incorporated on October 27, 2003 as Private Limited Company under the Companies Ordinance, 1984 in Pakistan and is engaged in the business of Stock Exchange Brokerage and related businesses.

2 ACCOUNTING POLICIES:

2.1 Accounting Convention:

These accounts have been prepared under the historical Cost Convention.

2.2 Taxation:

Current Taxation:

Current Taxation is provided on the basis of sales receipts / taxable income, after taking into account exemptions, rebates if any.

Deferred Taxation:

The Company does not provide deferred taxation because company expects no timing differences of any major items to be reversed in future period.

2.3 Fixed Assets:

Fixed Assets are shown at cost less accumulated depreciation.

Depreciation is provided using the reducing balance method at the rates shown in the Schedule of Fixed Assets.

Full years depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal of a Fixed Asset.

Maintenance and normal repairs are charged to income as and when incurred, while major repairs and improvements are capitalized.

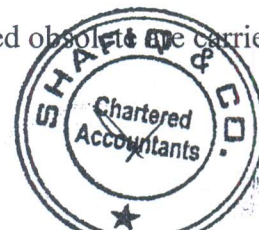
Gains and losses on disposal of Fixed Assets are included in the current year income.

2.4 Impairment of Fixed Assets:

The Company assesses at each balance sheet date whether there is any indication that a tangible fixed asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Whether carrying value exceeds recoverable amount, assets are written down to the recoverable amount the difference is charged to income of that year.

2.5 Stores, Spares & Loose Tools:

These are valued at moving average cost while items considered obsolete are carried at nil



2.6 **Revenue:**

Revenue is recognised on the execution of transaction of the client as per order.

2.7 **Financial Instrument:**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.8 **Trade Debts:**

Trade Debts are carried at original invoice amount less any estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off as and when identified.

2.9 **Cash and Cash Equivalents:**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance charges are accounted for on an accrual basis and are included in creditors, accrued and other liabilities to the extent of the amount remaining unpaid.

2.10 **Creditors, Accrued & Other Liabilities:**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.11 **Provisions:**

Provisions are recorded when the company has a present obligation as a result of past event which is probable to result in an outflow of resources embodying economic benefits and a reliable estimate can be made of the obligation.

2.12 **Financial and Other Charges:**

All financial and other charges are charged to income for the current year.



SHAFIQ & CO.

CHARTERED ACCOUNTANTS

	<u>2011</u>	<u>2010</u>
	<u>Rupees</u>	<u>Rupees</u>
3 ACCRUED & OTHER PAYABLES:		
Other Payables	410,812	428,318
Tax Payable	72,641	122,687
	483,453	551,005
4 FIXED ASSETS:		
As per annexure "A" attached.	8,901,094	9,416,281
5 ADVANCES, DEPOSITS & PREPAYMENTS:		
Securities with NCCPL Etc.	865,000	715,000
Loans & Advances	743,344	1,110,595
Income Tax Refundable	156,524	-
Other Receivables	16,991	-
	1,781,859	1,825,595
6 CASH AND BANK BALANCES:		
Cash in Hand	44,789	44,869
Cash at Bank	16,013,246	13,854,568
	16,058,035	13,899,437
7 ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:		
Director's Remuneration	1,920,000	1,920,000
Staff Salaries and Allowances	2,547,590	3,265,705
Rent	457,728	555,750
Printing & Stationery	79,770	149,634
Internet Charges	16,306	17,464
Postage & Telegram	149,723	272,393
Telephone Charges	295,960	303,900
Fee & Subscription	244,922	480,342
Electricity Charges	174,852	192,527
Entertainment	229,054	357,647
Travelling & Conveyance	7,820	-
Software Inst. & Maint.	17,000	56,500
Audit Fee	55,500	46,000
Repair & Maintenance	151,332	127,384
Commission Expenses	398,084	1,162,163
N.C.C.S Charges	60,513	42,298
M.C.F Charges	20,943	156,852
Newspapers & Priodicals	14,823	20,517
Vehicle Maintenance	8,400	9,900
Miscellaneous Exp.	81,900	175,488
Depriciation	515,187	547,494
	7,447,407	9,859,958



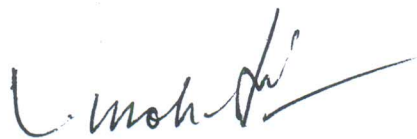
SHAFIQ & CO.
CHARTERED ACCOUNTANTS

	<u>2011</u> <u>Rupees</u>	<u>2010</u> <u>Rupees</u>
8 <u>FINANCIAL EXPENSES:</u>		
Bank Charges	18,294	31,158
	<u>18,294</u>	<u>31,158</u>
9 <u>TAXATION:</u>		
Provision For Taxation	52,417	-
WHTP-Purchase	-	180,034
WHTS-Sales	-	189,417
	<u>52,417</u>	<u>369,451</u>

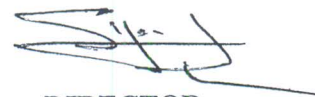
10 GENERAL:

Figures have been rounded off to the nearest rupee.

Figures have been re-arranged also for the purpose of comparison.



CHIEF EXECUTIVE



DIRECTOR

M/S. MGM SECURITIES (PRIVATE) LIMITED
SCHEDULE OF FIXED ASSETS
AS AT JUNE 30, 2011

PARTICULARS	COST		DEPRECIATION				W.D.V.	
	As At 01-07-10	Addition/ (Deletion)	As At 30-06-11	Rate %	As At 01-07-10	For The Year	As At 30-06-11	As At 30-06-11
Office Building	11,500,000	-	11,500,000	5%	2,971,194	426,440	3,397,634	8,102,366
Tools & Equipments	297,650	-	297,650	10%	154,797	14,285	169,082	128,568
Computer & Softwares	509,300	-	509,300	10%	262,328	24,697	287,025	222,275
Furniture & Fixture	1,028,586	-	1,028,586	10%	530,936	49,765	580,701	447,885
Total - 2011	13,335,536	-	13,335,536		3,919,254	515,187	4,434,442	8,901,094

Total - 2010	13,335,536	-	13,335,536		3,371,761	547,493	3,919,254	9,416,282
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SHAFIQ & CO.
CHARTERED ACCOUNTANTS

