



SHAFIQ & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of "M/S MGM SECURITIES (PRIVATE) LIMITED" at JUNE 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 auditing standards as 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion—
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year 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, profits and loss account, cash flow statement and statement of changes in equity together with the notes forming



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part thereof 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 the state of the company's affairs as at **June 30, 2012** and of the loss, its cash flows and changes in equity for the year then ended; and

- (d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore.
Dated: September 15, 2012



SHAFIQ & CO.
Chartered Accountants

M/S. MGM SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012

CAPITAL & LIABILITIES	Note	<u>2012</u> <u>Rupees</u>	<u>2011</u> <u>Rupees</u>
<u>Authorized Capital:</u>			
600,000 Ordinary Shares of Rs. 100/-each		<u>60,000,000</u>	<u>60,000,000</u>
<u>Issued, Subscribed & Paid Up Capital:</u>			
185,000 Ordinary Shares of Rs. 100/- each		18,500,000	18,500,000
Un-appropriated Profit		<u>13,734,475</u>	<u>14,804,556</u>
		32,234,475	33,304,556
 CURRENT LIABILITIES			
Trade Creditors		18,531,992	20,653,495
Other Payables	3	480,967	483,453
Provision for Taxation		31,291	52,417
		<u>19,044,250</u>	<u>21,189,365</u>
		<u>51,278,725</u>	<u>54,493,921</u>
 PROPERTY & ASSETS			
Fixed Assets	4	8,416,102	8,901,094
Capital Work in Process		1,261,600	1,261,600
Membership Card		1,000,000	1,000,000
 CURRENT ASSETS			
Trade Debtors		20,454,734	25,491,333
Short Term Investment		3,059,219	-
Advances, Deposit & Prepayments	5	1,390,815	1,781,859
Cash and Bank Balance	6	<u>15,696,255</u>	<u>16,058,035</u>
		40,601,023	43,331,227
		<u>51,278,725</u>	<u>54,493,921</u>

W. S. T.
CHIEF EXECUTIVE

[Signature]
DIRECTOR



M/S. MGM SECURITIES (PRIVATE) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Note</u>	<u>2012</u> <u>Rupees</u>	<u>2011</u> <u>Rupees</u>
Commission Income		6,258,267	5,241,704
LESS: OPERATING EXPENSES			
Administrative, Marketing & General Expenses	7	8,231,567	7,447,407
Financial Expenses	8	19,409	18,294
		8,250,976	7,465,701
Operating Profit		(1,992,709)	(2,223,997)
Add: Other Income	9	953,919	694,591
Net Profit Before Taxation		(1,038,790)	(1,529,406)
Less: Taxation	10	31,291	52,417
Net Profit After Taxation		(1,070,081)	(1,581,823)
Add:			
Un-appropriated Profit B/F		14,804,556	16,366,831
Prior Year Adjustment		-	19,548
		14,804,556	16,386,379
Un-appropriated Profit Carried to Balance Sheet		13,734,475	14,804,556
Basic earning /Loss per share	11	(5.78)	(8.55)

Moh. F.
CHIEF EXECUTIVE



[Signature]
DIRECTOR

M/S. MGM SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	<u>2012</u> <u>RUPEES</u>
<u>Operating Activities</u>	
Net Profit Before Taxation	(1,038,790)
<u>Adjustments</u>	
Financial Expenses	19,409
Depreciation	484,992
Operating profit before working capital change	(534,389)
<u>Change in working capital</u>	
(Increase)/Decrease in Trade Debtors	6,760,097
(Increase)/Decrease in Advances, Deposits & Prepayments	391,044
Increase/(Decrease) in Trade Creditors	(3,845,001)
Increase/(Decrease) in Other Payables	(2,486)
Increase/(Decrease) in Provision for Taxation	(21,126)
	<u>3,282,528</u>
Cash Generated form Operating Activities	2,748,139
Taxation	(31,291)
Cash Inflow from Operating Activities	2,716,848
<u>Investing Activities</u>	
Short Term Investment	(3,059,219)
Cash Outflow From Investing Activities	(3,059,219)
<u>Financing Activities</u>	
Financial Expenses	(19,409)
Cash Outflow From Financing Activities	(19,409)
Net Cash inflow	(361,780)
Opening balance of Cash & Bank	16,058,035
Cash and Bank Balance at end of Year	<u>15,696,255</u>


CHIEF EXECUTIVE




DIRECTOR

M/S. MGM SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Un-appropriated Profit / (Loss)	Total
Balance as at July 01, 2010	18,500,000	16,366,831	34,866,831
Profit / (Loss) For The Year Ended June 30, 2011	-	(1,581,823)	(1,581,823)
Prior Year Adjustment	-	19,548	19,548
Balance as at June 30, 2011	18,500,000	14,804,556	33,304,556
Profit / (Loss) For The Year Ended June 30, 2012	-	(1,070,081)	(1,070,081)
Balance as at June 30, 2012	18,500,000	13,734,475	32,234,475


CHIEF EXECUTIVE




DIRECTOR

M/S. MGM SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

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 show 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 exceed 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.



	<u>2012</u> <u>Rupees</u>	<u>2011</u> <u>Rupees</u>
3 ACCRUED & OTHER PAYABLES:		
Staff Welfare Fund	161,321	-
Other Payables	243,407	410,812
Tax Payable	76,239	72,641
	<u>480,967</u>	<u>483,453</u>
4 FIXED ASSETS:		
As per annexure "A" attached.	<u>8,416,102</u>	<u>8,901,094</u>
5 ADVANCES, DEPOSITS & PREPAYMENTS:		
Securities with NCCPL Etc.	665,000	865,000
Loans & Advances	411,480	743,344
Income Tax Refundable	314,335	156,524
Other Receivables	-	16,991
	<u>1,390,815</u>	<u>1,781,859</u>
6 CASH AND BANK BALANCES:		
Cash in Hand	18,285	44,789
Cash at Bank	15,677,970	16,013,246
	<u>15,696,255</u>	<u>16,058,035</u>
7 ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:		
Director's Remuneration	1,920,000	1,920,000
Staff Salaries and Allowances	1,716,690	2,547,590
Rent	249,559	457,728
Printing & Stationery	67,670	79,770
Internet Charges	-	16,306
Postage & Telegram	170,929	149,723
Telephone Charges	216,009	295,960
Fee & Subscription	208,422	244,922
Electricity Charges	176,303	174,852
Entertainment	297,751	229,054
Travelling & Conveyance	11,080	7,820
Software Inst. & Maint.	31,800	17,000
Audit Fee	73,000	55,500
Repair & Maintenance	126,990	151,332
Commission Expenses	2,325,508	398,084
N.C.C.S Charges	72,094	60,513
M.C.F Charges	9,597	20,943
Newspapers & Priodicals	15,737	14,823
Vehicle Maintenance	11,700	8,400
Miscellaneous Exp.	45,736	81,900
Depreciation	484,992	515,187
	<u>8,231,567</u>	<u>7,447,407</u>



	<u>2012</u> <u>Rupees</u>	<u>2011</u> <u>Rupees</u>
8 <u>FINANCIAL EXPENSES:</u>		
Bank Charges	19,409	18,294
	<u>19,409</u>	<u>18,294</u>
9 <u>OTHER INCOME:</u>		
Other Income	1,528,276	694,591
Capital Gain / (Loss)	(574,357)	-
	<u>953,919</u>	<u>694,591</u>
10 <u>TAXATION:</u>		
Current - Provision For Taxation	31,291	52,417
	<u>31,291</u>	<u>52,417</u>
11 <u>BASIC EARNINGS / (LOSS) PER SHARE:</u>		
Profit / (Loss) After Taxation Attributable to Ordinary Shareholders	<u>(1,070,081)</u>	<u>(1,581,823)</u>
Number of Ordinary Shares Issued & Subscribed At The Year End	<u>185,000</u>	<u>185,000</u>
Basic Earnings / (Loss) Per Share	<u>(5.78)</u>	<u>(8.55)</u>

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

12 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, 2012

PARTICULARS	COST		Rate %	DEPRECIATION		W.D.V. As At 30-06-12
	As At 01-07-11	Addition / (Deletion) 30-06-12		As At 01-07-11	For The Year	
Office Building	11,500,000	-	5%	3,397,634	405,118	7,697,248
Tools & Equipment	297,650	-	10%	169,082	12,857	115,711
Computer & Softwares	509,300	-	10%	287,025	22,228	200,047
Furniture & Fixture	1,028,586	-	10%	580,701	44,789	403,096
Total - 2012	13,335,536	-		4,434,442	484,992	8,416,102
Total - 2011	13,335,536	-		3,919,254	515,187	8,901,094

