

MGM SECURITIES PRIVATE LIMITED

**Un-Audited Financial Statements
For the Year Ended on 31 December, 2014**

M/S. MGM SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2014

CAPITAL & LIABILITIES	Note	2014 Rupees
<u>Authorized Capital:</u>		
600,000 Ordinary Shares of Rs. 100/-each		<u>60,000,000</u>
<u>Issued, Subscribed & Paid Up Capital:</u>		
185,000 Ordinary Shares of Rs. 100/- each		18,500,000
Un-appropriated Profit		20,333,082
		38,833,082
 CURRENT LIABILITIES		
Trade Creditors		23,486,519
Other Payables	4	718,459
Provision for Taxation		-
		24,204,978
		<u>63,038,060</u>
 PROPERTY & ASSETS		
NON-CURRENT ASSETS		
Fixed Assets - <i>Tangibles</i>	5	7,343,453
Capital Work in Process	6	1,975,589
Trading Rights Entitlement Certificate - TREC	7	321,550
Long Term Investments	8	678,450
		10,319,042
 CURRENT ASSETS		
Trade Debtors		19,150,171
Short Term Investment	9	2,500,000
Advances, Deposit & Prepayments	10	3,748,536
Cash and Bank Balance	11	27,320,311
		52,719,018
		<u>63,038,060</u>

Mohd
CHIEF EXECUTIVE



[Signature]
DIRECTOR

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

	<u>Note</u>	<u>2014</u> <u>Rupees</u>
Income	12	6,473,492
LESS: OPERATING EXPENSES		
Administrative, Marketing & General Expenses	13	4,405,129
Financial Expenses	14	6,951
		4,412,080
Operating Profit / (Loss)		2,061,412
Add: Other Income	15	-
Net Profit / (Loss) Before Taxation		2,061,412
Less: Taxation	16	-
Net Profit / (Loss) After Taxation		2,061,412
Basic Earning /(Loss) per share	17	11.14


CHIEF EXECUTIVE




DIRECTOR

	<u>2014</u>
	<u>Rupees</u>
4 <u>ACCRUED & OTHER PAYABLES:</u>	
Staff Welfare Fund	170,787
Other Payables	317,395
Tax Payable	<u>230,277</u>
	<u><u>718,459</u></u>
5 <u>FIXED ASSETS - TANGIBLES:</u>	
As per annexure "A" attached.	<u><u>7,343,453</u></u>
6 <u>CAPITAL WORK IN PROGRESS:</u>	
LSE South Tower	<u><u>1,975,589</u></u>
<p>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.</p>	
7 <u>TRADING RIGHTS ENTITLEMENT CERTIFICATE - TREC:</u>	
Lahore Stock Exchange Limited	<u><u>321,550</u></u>

- 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/-

	<u>2014</u>
	<u>Rupees</u>
8 <u>LONG TERM INVESTMENTS:</u>	
LSE Shares - <i>available for sale</i>	
- Blocked	407,070
- Unblocked	271,380
<i>(refer note 7.1)</i>	<u>678,450</u>
9 <u>SHORT TERM INVESTMENTS:</u>	
Investment in Listed Securities	<u>2,500,000</u>
10 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>	
Securities	1,636,000
Loans & Advances	1,632,019
Income Tax Refundable	480,517
	<u>3,748,536</u>
11 <u>CASH AND BANK BALANCES:</u>	
Cash in Hand	13,429
Cash at Bank	27,306,882
	<u>27,320,311</u>
12 <u>INCOME:</u>	
Brokerage Income	5,328,805
Bank Profit	1,144,687
	<u>6,473,492</u>



		<u>2014</u> <u>Rupees</u>
13 ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:		
Director's Remuneration	13.1	1,440,000
Staff Salaries and Allowances		1,555,585
Rent		114,000
Printing & Stationery		28,957
Charity & Donations		22,500
EOBI Contribution		6,000
Postage & Telegram		100,528
Telephone Charges		113,560
Fee & Subscription		173,935
Electricity Charges		124,188
Entertainment		153,254
Travelling & Conveyance		-
Software Inst. & Maint.		20,000
Auditor's Remuneration	13.2	3,200
Repair & Maintenance		109,433
Commission Expenses		93,041
N.C.C.S Charges		96,047
M.C.F Charges		3,485
Newspapers & Priodicals		5,980
Vehicle Maintenance		6,000
Miscellaneous Exp.		31,748
Depreciation		203,688
		<u>4,405,129</u>
13.1 Director's Remuneration:		1,440,000
Salaries		<u>1,440,000</u>
13.2 Auditor's Remuneration:		-
Statutory Audit Fee		-
System Audit Fee		3,200
Out of pocket expenses		<u>3,200</u>
14 FINANCIAL EXPENSES:		6,951
Bank Charges		<u>6,951</u>
15 OTHER INCOME:		-
Gain on Disposal of Capital Work in Progress		-
Capital Gain / (Loss)		<u>-</u>



	<u>2014</u> <u>Rupees</u>
16 TAXATION:	
Capital Gain Tax	-
Current - Provision For Taxation	-
	<hr/> <hr/>
17 BASIC EARNINGS / (LOSS) PER SHARE:	
Profit / (Loss) After Taxation Attributable to Ordinary Shareholders	<u>2,061,412</u>
Number of Ordinary Shares Issued & Subscribed At The Year End	<u>185,000</u>
Basic Earnings / (Loss) Per Share	<u>11.14</u>

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 Rs. 25,000/- and is included in the loans and advances note 10 to the financial statements. Other particulars regarding the transaction are:

Loan provided	1,455,000
Received / adjusted during the year	35,000
Balance receivable	<u>1,420,000</u>

19 NUMBER OF EMPLOYEES:

Annual number of employees at the period end

18

20 AUTHORIZATION FOR ISSUE:

The above financial statements have been authorized for issue by the board of directors of the company on January 26, 2014.

21 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 DECEMBER 31, 2014

A

PARTICULARS	COST		DEPRECIATION			W.D.V. As At 31-12-14		
	As At 01-07-14	Addition / (Deletion)	As At 31-12-14	Rate %	As At 01-07-14		For The Year	As At 31-12-14
Office Building	11,500,000	-	11,500,000	5%	4,553,233	173,669	4,726,902	6,773,098
Tools & Equipment	302,500	-	302,500	10%	204,846	4,883	209,729	92,771
Computer & Softwares	526,800	-	526,800	10%	350,587	8,811	359,398	167,402
Furniture & Fixture	1,028,586	-	1,028,586	10%	702,079	16,325	718,404	310,182
Total - 2014	13,357,886	-	13,357,886		5,810,745	203,688	6,014,433	7,343,453

