

MGM SECURITEIS PVT. LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2015

CAPITAL & LIABILITIES	<u>Note</u>	<u>Sep-15</u> <u>Rupees</u>	<u>Sep 2014</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		22,622,868	18,697,863
		41,122,868	37,197,863
 CURRENT LIABILITIES			
Trade Creditors		26,414,875	15,612,521
Other Payables	4	764,114	668,193
Provision for Taxation		1,240,151	285,292
		28,419,140	16,566,006
		69,542,008	53,763,869
 PROPERTY & ASSETS			
NON-CURRENT ASSETS			
Fixed Assets - <i>Tangibles</i>	5	7,043,765	7,445,297
Capital Work in Process	6	2,542,008	1,732,838
Trading Rights Entitlement Certificate - TREC	7	321,550	321,550
Long Term Investments	8	678,450	678,450
		10,585,773	10,178,135
 CURRENT ASSETS			
Trade Debtors		11,867,668	12,177,158
Short Term Investment	9	2,500,000	-
Advances, Deposit & Prepayments	10	3,797,229	4,005,789
Cash and Bank Balance	11	40,791,338	27,402,787
		58,956,235	43,585,734
		69,542,008	53,763,869

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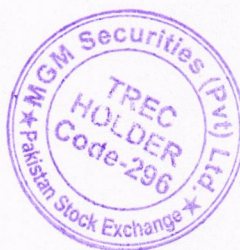


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DIRECTOR

MGM SECURITEIS PVT. LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Note</u>	<u>Sep-15</u> <u>Rupees</u>	<u>Sep-14</u> <u>Rupees</u>
Income	12	4,239,451	2,038,824
LESS: OPERATING EXPENSES			
Administrative, Marketing & General Expenses	13	2,617,303	1,988,158
Financial Expenses	14	2,533	2,771
		2,619,836	1,990,929
Operating Profit / (Loss)		1,619,615	47,895
Add: Other Income	15	260,689	378,298
Net Profit / (Loss) Before Taxation		1,880,304	426,193
Less: Taxation	16	-	-
Net Profit / (Loss) After Taxation		1,880,304	426,193
Basic Earning /(Loss) per share	17	10.16	2.30

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DIRECTOR

	<u>Sep-15</u> <u>Rupees</u>	<u>Sep-14</u> <u>Rupees</u>
4 <u>ACCRUED & OTHER PAYABLES:</u>		
Staff Welfare Fund	203,987	161,699
Other Payables	319,710	348,595
Tax Payable	240,417	157,899
	<u>764,114</u>	<u>668,193</u>
5 <u>FIXED ASSETS - TANGIBLES:</u>		
As per annexure "A" attached.	<u>7,043,765</u>	<u>7,445,297</u>
6 <u>CAPITAL WORK IN PROGRESS:</u>		
LSE South Tower	<u>2,542,008</u>	<u>1,732,838</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 ENTITLEMENTCERTIFICATE - TREC:</u>		
Lahore Stock Exchange Limited	<u>321,550</u>	<u>321,550</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

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. 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>Sep-15</u> <u>Rupees</u>	<u>Sep-14</u> <u>Rupees</u>
8 <u>LONG TERM INVESTMENTS:</u>		
LSE Shares - <i>available for sale</i>		
- Blocked	407,070	407,070
- Unblocked	271,380	271,380
<i>(refer note 7.1)</i>	<u>678,450</u>	<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	1,623,000	1,636,000
Loans & Advances	1,552,539	1,704,644
Income Tax Refundable	621,690	665,145
	<u>3,797,229</u>	<u>4,005,789</u>
11 <u>CASH AND BANK BALANCES:</u>		
Cash in Hand	13,429	13,429
Cash at Bank	40,777,909	27,389,358
	<u>40,791,338</u>	<u>27,402,787</u>

		<u>Sep-15</u> <u>Rupees</u>	<u>Sep-14</u> <u>Rupees</u>
12	<u>INCOME:</u>		
	Brokerage Income	4,239,451	2,038,824
	Other Income	-	
		<u>4,239,451</u>	<u>2,038,824</u>
13	<u>ADMINISTRATIVE, MARKETING & GENERAL EXPENSES:</u>		
	Director's Remuneration	13.1 750,000	690,000
	Staff Salaries and Allowances	911,402	725,220
	Rent	39,000	57,000
	Printing & Stationery	13,529	9,361
	Charity & Donations	3,000	12,500
	EOBI Contribution	3,600	2,400
	Postage & Telegram	37,398	40,535
	Telephone Charges	42,335	57,237
	Fee & Subscription	119,301	59,067
	Electricity Charges	22,344	57,026
	Entertainment	60,014	68,090
	Travelling & Conveyance	-	
	Software Inst. & Maint.	1,000	3,000
	Auditor's Remuneration	13.2 3,700	3,200
	Repair & Maintenance	29,328	47,152
	Commission Expenses	417,162	3,737
	N.C.C.S Charges	48,059	28,428
	M.C.F Charges	353	874
	Newspapers & Priodicals	2,980	3,032
	Vehicle Maintenance	2,000	4,000
	Miscellaneous Exp.	14,797	14,455
	Depreciation	96,001	101,844
		<u>2,617,303</u>	<u>1,988,158</u>
13.1	<u>Director's Remuneration:</u>		
	Salaries	750,000	690,000
		<u>750,000</u>	<u>690,000</u>
13.2	<u>Auditor's Remuneration:</u>		
	Statutory Audit Fee	-	-
	System Audit Fee	-	-
	Out of pocket expenses	3,700	3,200
		<u>3,700</u>	<u>3,200</u>
14	<u>FINANCIAL EXPENSES:</u>		
	Bank Charges	2,533	2,771
		<u>2,533</u>	<u>2,771</u>

	<u>Sep-15</u> <u>Rupees</u>	<u>Sep-14</u> <u>Rupees</u>
15 <u>OTHER INCOME:</u>		
Gain on Disposal of Capital Work in Progress	-	
Other Income	260,689	378,298
Capital Gain / (Loss)		
	<u>260,689</u>	<u>378,298</u>
16 <u>TAXATION:</u>		
Capital Gain Tax	39,007	-
Current - Provision For Taxation	1,240,151	-
	<u>1,279,158</u>	<u>-</u>
17 <u>BASIC EARNINGS / (LOSS) PER SHARE:</u>		
Profit / (Loss) After Taxation Attributable to Ordinary Shareholders	<u>1,880,304</u>	<u>426,193</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>10.16</u>	<u>2.30</u>

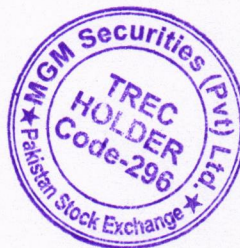
There is no dilutive effect on the basic earnings per share.

18 <u>NUMBER OF EMPLOYEES:</u>		
Annual number of employees at the year end	<u>18</u>	<u>18</u>

19 AUTHORIZATION FOR ISSUE:
The above financial statements have been authorized for issue by the board of directors of the company on August 28, 2015.

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

**SCHEDULE OF FIXED ASSETS
AS AT SEPTEMBER 30, 2015**

A

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V.
	As At 01-07-15	Addition / (Deletion)	As At 30-09-15		As At 01-07-15	For The Year	As At 30-09-15	As At 30-09-15
Office Building	11,500,000	-	11,500,000	5%	4,900,571	82,493	4,983,064	6,516,936
Tools & Equipment	302,500	-	302,500	10%	214,611	2,197	216,808	85,692
Computer & Softwares	526,800	-	526,800	10%	368,208	3,965	372,173	154,627
Furniture & Fixture	1,028,586	-	1,028,586	10%	734,730	7,346	742,076	286,510
Total - Sept 2015	13,357,886	-	13,357,886		6,218,120	96,001	6,314,121	7,043,765

**SCHEDULE OF FIXED ASSETS
AS AT SEPTEMBER 30, 2014**

A

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V.
	As At 01-07-14	Addition / (Deletion)	As At 30-09-14		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
Total	13,357,886	-	13,357,886		5,810,745	101,844	5,912,589	7,445,297