



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sethi Securities (SMC-Pvt.) Limited** as at June 30, 2015 and the related profit and loss account, Cash flow statement and Statement of changes in equity together with 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 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 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 account 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, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming 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, 2015 and of the profit, its cash flows and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Muhammad Kaleem Rathor
Lahore
Dated: September 14, 2015

**KALEEM AND COMPANY
CHARTERED ACCOUNTANTS**



SETHI SECURITIES (SMC-PVT) LIMITED
BALANCE SHEET AS AT JUNE 30, 2015

<u>CAPITAL & LIABILITIES</u>	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>	<u>PROPERTY & ASSETS</u>	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
Share Capital and Reserves							
Authorized Capital		70,000,000	70,000,000	Tangible Fixed Assets	6	11,234,717	11,533,057
Issued, Subscribed & Paid-up Capital	3	70,000,000	70,000,000	Intangible Fixed Assets (Membership Cards & Licenses)	7	4,000,000	4,000,000
Un-appropriated Loss		(9,303,960)	(23,983,010)	Long Term Investment	8	5,874,066	5,063,850
		60,696,040	46,016,990	Long Term Deposits	9	2,872,720	2,872,720

not worth

CURRENT LIABILITIES

Trade Creditors, Accrued Expenses	4	17,464,521	20,341,337
Provision for Taxation		154,082	154,082
		17,618,603	20,495,419
Contingencies & Commitment	5		
		78,314,643	66,512,409

CURRENT ASSETS

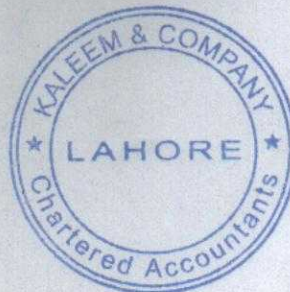
Trade Debtors (Un-secured considered Good)		2,124,285	2,056,560
Loans & Advances	10	228,364	152,706
Short Term Investments	11	34,073,324	20,108,927
Advance Income Tax		443,764	214,106
Cash & Bank Balances	12	17,463,403	20,510,483
		54,333,140	43,042,782
		78,314,643	66,512,409

The annexed notes form an integral part of these accounts.

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CHIEF EXECUTIVE / DIRECTOR

Kaleem



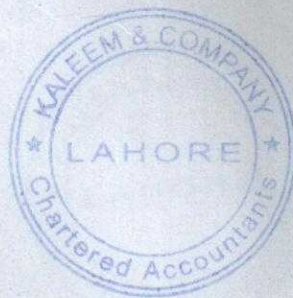
SETHI SECURITIES (SMC-PVT) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
Brokerage Income	13	2,666,477	3,966,284
Gain / (Deficit) on Re-measurement of Investments		13,962,491	4,696,968
Unrealized Gain / (Deficit) on Exchange of assets		810,216	5,063,850
		17,439,184	13,727,102
Administrative and Selling Expenses	14	4,663,014	4,329,909
		4,663,014	4,329,909
		12,776,170	9,397,193
Other Income	15	1,902,880	1,372,605
Profit Before Taxation		14,679,050	10,769,798
Provision for Taxation		-	-
Profit After Taxation		14,679,050	10,769,798
Earning Per Share		2.10	1.54

The annexed notes form an integral part of these accounts.

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 CHIEF EXECUTIVE / DIRECTOR



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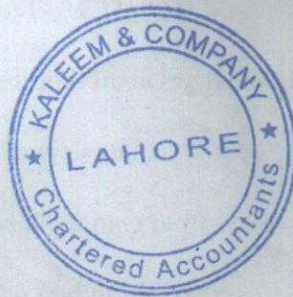
SETHI SECURITIES (SMC-PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

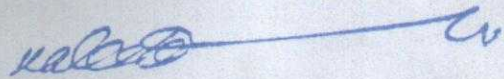
	<u>Share Capital RUPEES</u>	<u>Accumulated (Loss) RUPEES</u>	<u>Total RUPEES</u>
Balance as on 30th June, 2013	70,000,000	(34,752,808)	35,247,192
Net Profit for the year		10,769,798	10,769,798
Balance as on 30th June, 2014	70,000,000	(23,983,010)	46,016,990
Net Profit for the year		14,679,050	14,679,050
Balance as on 30th June, 2015	70,000,000	(9,303,960)	60,696,040

The annexed notes form an integral part of these accounts.



 CHIEF EXECUTIVE / DIRECTOR





SETHI SECURITIES (SMC-PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
Profit Before Taxation	14,679,050	10,769,798
Adjustments for Non Cash Items:		
Depreciation	298,340	309,734
(Gain) on Sale of Fixed Assets	-	(217,861)
Unrealized (Gain)	(810,216)	-(5,063,850)
(Gain)/ Deficit on the Remeasurement of Investment	(13,962,491)	(4,696,968)
	(14,474,367)	(9,668,945)
Cash Flow before changes in working capital	204,683	1,100,853
Working Capital Changes:		
(Increase) / Decrease in Current Assets:		
Trade Debts - Considered Good	(67,725)	5,112,334
Loan & Advances	(75,658)	(60,531)
Short Term Investment	(1,906)	(31,559)
	(145,289)	5,020,244
Increase / (Decrease) in Current Liabilities:		
Trade & Other Payables	(2,876,816)	8,600,124
	(2,876,816)	8,600,124
Net Cash Generated from/ (used in) Operations	(2,817,422)	14,721,221
Income Tax Paid	(229,658)	(130,340)
	(229,658)	(130,340)
Net Cash Generated from / (used in) Operating Activities	(3,047,080)	14,590,882
 <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Long Term Deposits	-	(2,142,720)
Proceeds from Sale of Fixed Assets	-	2,800,000
Purchase of Fixed Assets	-	(3,015,000)
Net Cash Generated from / (used in) Investing Activities	-	(2,357,720)
 <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net Cash Generated from / (used in) Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	(3,047,080)	12,233,162
Cash and Cash Equivalents at the Beginning of the Year	20,510,483	8,277,321
Cash and Cash Equivalents at the End of the Year	17,463,403	20,510,483

The annexed notes form an integral part of these accounts





 CHIEF EXECUTIVE / DIRECTOR



SETHI SECURITIES (SMC-PVT) LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30,2015

1 STATUS AND ACTIVITIES

Sethi Securities (SMC-Pvt.) Limited was incorporated in Pakistan at Lahore under Companies Ordinance 1984 on July 26, 2007. Principal office of the Company is situated at Room No.107, 1st floor, Lahore Stock Exchange, Lahore. The Company is a corporate member of Lahore Stock Exchange Limited. Principal activities of the company are acting as broker and trading in stock and securities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1) Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such international accounting standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with requirements of these standards, the requirements of the Companies Ordinance, 1984 or the said directives take precedence.

2.2) Accounting Convention

These accounts have been prepared under the historical cost convention except for securities available for sale and held for trading which are stated at fair values.

2.3) Taxation

The charge for current taxation is based on taxable income all the current rate of taxation after taking into account applicable credit, rebates and exemption available if any or minimum taxation at the rate of one percent of the turnover whichever higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

2.4) Provisions

Provisions are recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of any past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amount of obligation can be made.

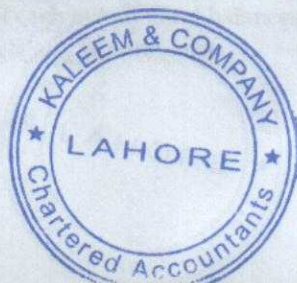
2.5) Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivable based on review of outstanding amounts at the year end. Balance considered bad and irrecoverable are written off when identified.

2.6) Tangible Fixed Assets and Depreciation

These are stated at cost less accumulated depreciation. Cost of operating fixed assets consist of historical cost and attributable expenses in bringing the assets to its working condition.

The depreciation on Property, Plant & Equipment is charged on reducing balance method. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of tangible fixed assets is recognized in current year's income statement.



2.7) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the instruments and de-recognized when the Company loses control of the contractual right that comprise the financial assets and in case of financial liability when obligation specified in the contract is discharged, cancelled or expired. A financial assets and financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off transaction.

2.8) Investments

Investments available for sale

As per IAS 39 investment which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investment where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently.

Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end, impairment loss, if any, is taken to income currently.

Held for trading

Investment, which are acquired principally for the purpose of generating a profit from short term fluctuations in prices or dealer margin, are classified as held for trading. These are stated at their fair value with any resulting gains or losses directly in the profit and loss account.

For investment in listed securities, closing quotation of stock exchange on last working day of the accounting year is used for determining fair value. While in case of unquoted securities, break up value calculated on the basis of latest audited financial statements is considered.

All investment are de-recognized when the rights to receive cash flows from the investment have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

2.9) Revenue Recognition

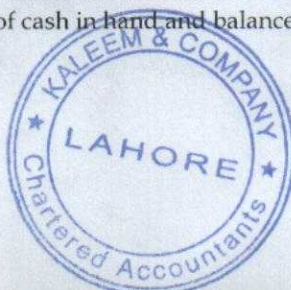
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Brokerage, consultancy and advisory fee, are recognized as and when services are provided. Income from deposits with financial institutions is recognized on a time proportion basis that takes into account an effective yield on the deposits. Dividend income is recognized when the right to receive payment is established. Income from trading activities of securities is recognized on the date of transaction.

2.10) Underwriting commission

Underwriting commission is recognized when the agreement is executed.

2.11) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.



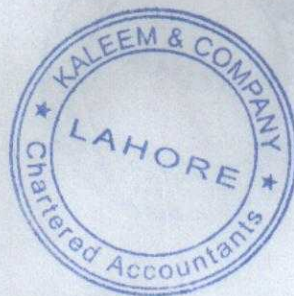
TANGIBLE ASSETS

Particulars	COST		Rate %	DEPRECIATION			W.D.V. As At 30-06-2015
	As At 1/7/2014	Additions/ (Deletions) 30-06-2015		As At 1/7/2014	For The Year 30-06-2015	As On 30-06-2015	
Rooms and Booths	8,500,000	-	-	-	-	-	8,500,000
Vehicles	3,000,000	-	10	148,125	274,670	422,795	2,577,205
Office Equipments	231,014	-	10	96,751	12,931	109,682	121,332
Furniture & Fixtures	20,000	-	10	9,327	1,028	10,355	9,645
Computers	159,920	-	30	123,674	9,711	133,385	26,535
Rupees 2015	11,910,934	-		377,877	298,340	676,217	11,234,717
Rupees 2014	13,495,934	3,015,000 (4,600,000)		2,086,004	309,734 (2,017,861)	377,877	11,533,057



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	<u>2015</u>	<u>2014</u>
	<u>RUPEES</u>	<u>RUPEES</u>
7 TRE CERTIFICATES & LICENSES		
Lahore Stock Exchange	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
8 LONG TERM INVESTMENT		
Quoted Long Term Investment	8.1 5,874,066	5,063,850
8.1 Quoted Long Term Investment	5,063,850	-
Add: Unrealized gain on Re-measurement of Investments:		
Opening	-	-
(Gain) For the Year	(810,216)	-
	<u>(810,216)</u>	<u>-</u>
	<u>5,874,066</u>	<u>5,063,850</u>
<p>The company has received 506,385 shares valuing Rs. 10/- each held by LSE against the membership. The unrealised gain has been recorded during the current year against the unrealized loss of same transaction that has been charged in the previous year.</p>		
9 LONG TERM DEPOSITS		
Advance Against Building	2,242,720	2,242,720
Deposit with Lahore Stock Exchange	100,000	200,000
Deposit with Central Depository Company	200,000	100,000
Deposit with National Clearing Company Limited	200,000	200,000
Deposit for Future Trading	100,000	100,000
Clearing House Deposit	30,000	30,000
	<u>2,872,720</u>	<u>2,872,720</u>
10 ADVANCES & OTHER RECEIVABLES		
Advances to Staff	19,000	4,000
Sales Tax Refundable	209,364	148,706
	<u>228,364</u>	<u>152,706</u>



	<u>2015</u>	<u>2014</u>
	<u>RUPEES</u>	<u>RUPEES</u>
11 SHORT TERM INVESTMENTS		
Quoted Short Term Investment	11.1 30,157,280	16,287,408
Investments-Available for sale (Shares of LSE)	11.2 3,916,044	3,821,519
	<u>34,073,324</u>	<u>20,108,927</u>
11.1 Quoted Short Term Investment	9,551,460	9,549,554
Add: Gain on Re-measurement of Investments:		
Opening	(6,737,854)	(2,052,206)
(Gain) For the Year	(13,867,966)	(4,685,648)
	<u>(20,605,820)</u>	<u>(6,737,854)</u>
	<u>30,157,280</u>	<u>16,287,408</u>
11.2 Investments-Available for sale (Shares of LSE)	3,375,900	3,365,900
Addition of 1000 shares	-	10,000
	<u>3,375,900</u>	<u>3,375,900</u>
Add: Gain on Re-measurement of Investments:		
Opening	(445,619)	(444,299)
(Gain) For the Year	(94,525)	(1,320)
	<u>(540,144)</u>	<u>(445,619)</u>
	<u>3,916,044</u>	<u>3,821,519</u>
12 CASH AND BANK BALANCES		
Cash in Hand	11,746	7,106
Cash at Banks	17,451,657	20,503,377
	<u>17,463,403</u>	<u>20,510,483</u>
13 BROKERAGE INCOME		
Commission Income	<u>2,666,477</u>	<u>3,966,284</u>

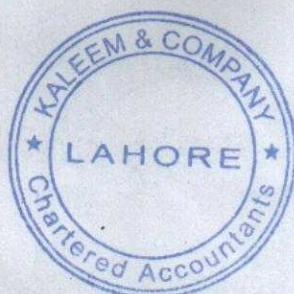


	<u>2015</u>	<u>2014</u>
	<u>RUPEES</u>	<u>RUPEES</u>
14 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries, Wages & Benefits	2,018,795	1,774,386
Utilities	344,591	321,434
Medical Expenses	13,655	26,025
Printing & Stationery	18,651	12,870
Entertainment	321,656	278,538
Central Depository Company Charges	386,693	292,704
SECP	823	1,192
Telephone, Postage & Telegrams Expenses	116,787	95,510
Cable Charges & Newspaper	7,899	6,348
Legal and Professional	152,280	127,500
Charity & Donation	71,450	112,900
Repair & Maintenance	127,498	206,285
Auditors' Remuneration	-	75,000
Misc. or Sundry Expenses	2,400	2,500
Travelling Expenses	504,050	252,380
Vehicle Running Expenses	276,796	432,803
Bank Charges	650	1,800
Depreciation	298,340	309,734
	<u>4,663,014</u>	<u>4,329,909</u>
15 OTHER INCOME		
Dividend Income	1,902,880	1,154,744
Gain on Disposal of Fixed Assets	-	217,861
	<u>1,902,880</u>	<u>1,372,605</u>
16 GENERAL		

- Figures have been rounded off to the nearest rupee.
- Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.

17 DATE OF AUTHORIZATION AND ISSUE

These financial statements were authorized for issue on September 14, 2015 by the board of directors of the company.



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