

**First Quarter Report**  
**September 30, 2014**  
**(Un-Audited)**

**TSBL**

**Trust Securities & Brokerage Limited**

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**COMPANY INFORMATION**

**Board of Directors**

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Abdul Basit	Chief Executive
Mr. Syed Javed Hussain	Director
Mr. Syed Mahmood Ali Shah	Director
Mr. Muhammad Naeem Baig	Director
Mr. Shibli Muhammad Khan	Director
Mr. Munim Mahmood	Director

**Audit Committee**

Mr. Muhammad Naeem Baig	Chairman
Mr. Munim Mahmood	Member
Mr. Syed Javed Hussain	Member

**HR & Remuneration**

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Muhammad Naeem Baig	Member
Mr. Abdul Basit	Member

**Company Secretary**

Ms. Nadia Haider

**Auditors**

Haroon Zakaria & Company  
Chartered Accountants

**Legal Advisor**

Mr. Abdul Majid  
Advocate

**Share Registrar**

Hameed Majeed Associates (Pvt.) Ltd.

**Bankers**

Bank Alfalah Limited  
MCB Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Habib Metropolitan Bank Limited

**Registered Office**

3rd Floor, Associated House, Building # 1& 2,  
7-Kashmir Road, Lahore-Pakistan.  
Telephone : (042) 3637 3041-43  
Fax : (042) 3637 3040

**Lahore Stock Exchange Office**

Room # 607, Lahore Stock Exchange Building,  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore - Pakistan.  
Telephone : (042) 3637 4710, 3630 0181

**Website:** www.trustsecu.com **E-mail:** info@trustsecu.com & tsbl@brain.net.pk

## DIRECTORS' REVIEW

The Board of Directors presenting the brief overview of operational and financial performance of the company for the first quarter Un-audited Condensed Interim Financial Statement for the period ended September 30, 2014.

## Financial Results

	<b>September 30, 2014</b>
	<b>Rupees</b>
The summarized financial results are as follows:	
Operating revenue	1,556,312
Gain on sale of securities	140,051
Loss on re-measurement of investments	(28,250)
	<u>1,668,112</u>
Operating and administrative expenses	(2,084,839)
Finance cost	(2,563)
	<u>(2,087,402)</u>
<b>Operating Loss</b>	<b>(419,290)</b>
Other operating income	336,449
<b>Loss before taxation</b>	<b>(82,841)</b>
Taxation	(30,000)
<b>Loss after taxation</b>	<b>(112,841)</b>
<b>Loss per share-basic and diluted</b>	<b>(0.01)</b>

During the first quarter of current financial year, benchmark KSE-100 index falls 269 points to close at 29,383 on September 30, 2014 from 29,652 levels on June 30, 2014. The KSE market witnessed a downward trend due to political instability attributed to the ongoing political uncertainty in the country. Progressively rising political tensions translated into by far the highest ever single day decline of 1,310 points (4.5%) at the bourse.

During the quarter under review, the company recorded revenue of Rs. 2,004,561/- as compared to Rs.1,843,421 in the corresponding period of the last year. On the expenditure side, the operating expenses were Rs. 2,084,839 in comparison to Rs. 2,052,908 in the previous period. The company reported a net loss of Rs.112,841 for the first quarter ended September 30, 2014.

In the end, we are grateful to our valued clients for their continuing support and patronage. We record our appreciation to Securities and Exchange Commission of Pakistan, Karachi and Lahore Stock Exchanges for their continuing support and guidance.

**For and on behalf of the Board**

**ABDUL BASIT  
CHIEF EXECUTIVE**

**Lahore: October 25, 2014**

# Trust Securities & Brokerage Limited

# TSBL

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2014

	Note	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
----- Rupees -----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	5	1,392,611	1,444,679
Intangibles	6	1,542,600	1,542,600
Long term investments	7	3,008,847	3,113,568
Long term deposits	8	2,828,587	2,395,136
		8,772,645	8,495,983
<b>Current Assets</b>			
Short term investments	9	2,632,600	2,660,850
Trade debts	10	28,552,977	30,752,239
Advances, prepayments and other receivables		856,674	507,585
Tax refunds due from government		643,632	624,904
Cash and bank balances		10,819,886	18,175,516
		43,505,769	52,721,094
<b>Total Assets</b>		52,278,414	61,217,077
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
10,000,000 ordinary shares of Rs.10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital		100,000,000	100,000,000
<b>Reserves</b>			
General Reserve		3,500,000	3,500,000
Capital Reserve		234,513	288,903
Accumulated losses		(80,353,533)	(80,240,692)
		(76,619,020)	(76,451,789)
<b>Shareholders' Equity</b>		23,380,980	23,548,211
<b>Current Liabilities</b>			
Retirement benefits		1,999,004	1,999,004
Trade and other payables	11	26,898,430	35,669,862
		28,897,434	37,668,866
<b>Contingency and Commitments</b>		-	-
<b>Total Equity and Liabilities</b>		52,278,414	61,217,077

The annexed notes form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	<i>(Un-Audited) First quarter ended September 30, 2014</i>	<i>(Un-Audited) First quarter ended September 30, 2013</i>
	----- Rupees -----	
Operating revenue	1,556,312	1,627,039
Gain on sale of securities	140,051	-
Loss on re-measurement of investments	(28,250)	(1,000)
	<hr/>	<hr/>
	1,668,112	1,626,039
Operating and administrative expenses	<b>(2,084,839)</b>	(2,052,908)
Finance cost	<b>(2,563)</b>	(3,650)
	<hr/>	<hr/>
	<b>(2,087,402)</b>	(2,056,558)
<b>Operating loss</b>	<hr/> <b>(419,290)</b>	<hr/> (430,519)
Other operating income	336,449	216,382
	<hr/>	<hr/>
<b>Loss before taxation</b>	<b>(82,841)</b>	(214,137)
Taxation	(30,000)	(35,000)
	<hr/>	<hr/>
<b>Loss after taxation</b>	<b>(112,841)</b>	(249,137)
	<hr/>	<hr/>
<b>Loss per share - basic and diluted</b>	<b>(0.01)</b>	(0.02)

The annexed notes form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	<i>(Un-Audited)</i> <b>First quarter ended September 30, 2014</b>	<i>(Un-Audited)</i> <b>First quarter ended September 30, 2013</b>
	----- Rupees -----	
Loss for the first quarter	<b>(112,841)</b>	(249,137)
<b>Other comprehensive income :</b>		
<b>Available-for-sale financial assets</b>		
Gain arising due to remeasurement	<b>43,250</b>	38,309
<b>Total comprehensive loss for the first quarter</b>	<b><u>(69,591)</u></b>	<b><u>(210,828)</u></b>

The annexed notes form an integral part of these financial statements.

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	<i>(Un-Audited) First quarter ended September 30, 2014</i>	<i>(Un-Audited) First quarter ended September 30, 2013</i>
----- Rupees -----		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(82,841)	(214,137)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	52,068	63,614
Profit on saving account	(336,449)	(216,382)
Finance cost	2,563	3,650
Unrealised loss on remeasurement of investments	28,250	1,000
	(243,079)	(148,117)
<b>Operating loss before working capital changes</b>	(325,920)	(362,254)
<b>Changes in Working Capital :</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts	2,199,262	(6,916,381)
Advances, prepayments and other receivables	(349,089)	(180,837)
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(8,771,432)	9,222,465
	(6,921,259)	2,125,247
Cash (used in) / generated from operations	(7,247,179)	1,762,993
Finance cost paid	(2,563)	(3,650)
Taxes paid	(48,728)	(39,646)
Long term deposits - net	(433,451)	(755,634)
	(484,742)	(798,930)
<b>Net cash (used in) / generated from operating activities</b>	(7,731,921)	964,062
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long term investments	179,893	-
Investments-net	(140,051)	-
Profit received on saving account	336,449	216,426
<b>Net cash generated from investing activities</b>	376,291	216,426
<b>Net increase in cash and cash equivalents (A+B)</b>	(7,355,630)	1,180,487
Cash and cash equivalents at the beginning of the period	18,175,516	16,761,845
<b>Cash and cash equivalents at the end of the period</b>	10,819,886	17,942,332

The annexed notes form an integral part of these financial statements.

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Share Capital	Reserves			Grand Total	Shareholders' Equity
		Capital Fair Value Reserve	General Reserve	Revenue Accumulated Losses		
----- Rupees -----						
<b>Balance as at June 30, 2013</b>	100,000,000	187,326	3,500,000	(74,888,183)	(71,200,857)	28,799,143
<b>Total comprehensive loss for the first quarter</b>						
Loss for the first quarter ended September 30, 2013	-	-	-	(249,137)	(249,137)	(249,137)
<b>Other Comprehensive Income</b>						
Gain arises due to remeasurement of investments	-	38,309	-	-	38,309	38,309
Total comprehensive loss for the first quarter ended September 30, 2013	-	38,309	-	(249,137)	(210,828)	(210,828)
<b>Balance as at September 30, 2013</b>	100,000,000	225,635	3,500,000	(75,137,320)	(71,637,320)	28,588,315
<b>Balance as at June 30, 2014</b>	100,000,000	288,903	3,500,000	(80,240,692)	(76,451,789)	23,548,211
<b>Total comprehensive loss for the first quarter</b>						
Loss for the first quarter ended September 30, 2014	-	-	-	(112,841)	(112,841)	(112,841)
<b>Other Comprehensive Income</b>						
Gain recognized in profit & loss due to disposal of investments	-	(97,640)	-	-	(97,640)	(97,640)
Gain arises due to remeasurement of investments	-	43,250	-	-	43,250	43,250
Total comprehensive loss for the first quarter ended September 30, 2014	-	(54,390)	-	(112,841)	(167,231)	(167,231)
<b>Balance as at September 30, 2014</b>	100,000,000	234,513	3,500,000	(80,353,533)	(76,619,020)	23,380,980

The annexed notes form an integral part of these financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
AS AT SEPTEMBER 30, 2014**

**1 THE COMPANY AND ITS OPERATION**

The Company was incorporated as a Public Limited Company on October 19, 1993 in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is the Trading Right Entitlement Certificate holder of the Lahore Stock Exchange Limited. The registered office of the Company is situated at 3rd Floor, Associated House, Building 1 & 2, 7 - Kashmir Road, Lahore. The Company is principally engaged in shares brokerage, investments, consultancy and underwriting services.

**2 BASIS OF PREPARATION****2.1 Statement of Compliance**

These condensed interim financial statements of the Company for the first quarter ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements are unaudited do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

**2.2 Functional and Presentation Currency**

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operation or did not have any impact on the accounting policies of the Company.

**4 ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2014.

		(Un-Audited) First quarter ended September 30, 2014	(Audited) Year ended June 30, 2014
----- Rupees -----			
<b>5 PROPERTY AND EQUIPMENTS</b>			
Opening written down value		1,444,679	1,699,139
Depreciation charge for the period		(52,068)	(254,460)
<b>Closing written down value</b>		<b>1,392,611</b>	<b>1,444,679</b>
		(Un-Audited) First quarter ended September 30, 2014	(Audited) Year ended June 30, 2014
		----- Rupees -----	
<b>6 INTANGIBLES</b>			
<b>Trading Rights Entitlement Certificate (TREC)</b>	6.1	1,280,000	1,280,000
<b>Offices</b>			
At Lahore Stock Exchange	6.2	262,600	262,600
		<b>1,542,600</b>	<b>1,542,600</b>

- 6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of Lahore Stock Exchange Limited (LSEL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSEL's shares is determined on the basis of valuation of assets and liabilities of LSEL as approved by the SECP and the company has been allotted 843,975 shares of the face value of Rupees 10 each, 60% of which i.e. 506,385 shares are kept in the blocked account of and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of demutualization. 40% of total ordinary shares i.e. 337,590 for Rs.10 each have been credited to the Company's CDC sub-account.

The allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible assets) has been made by the company on the proportionate basis of the face value of the ordinary shares and TREC value assigned by the LSEL for Base Minimum Capital requirement purposes applicable to the stock exchange brokers currently.

- 6.2 This represent cost of offices given by Lahore Stock Exchange Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

6.3 The company has pledged / hypothecated Trading Right Entitlement Certificate (TREC) and 337,590 ordinary shares of LSE in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of Lahore Stock Exchange Limited. The Board of Directors of LSE, through its notice No. 1320 dated March 06, 2014 has assigned a nominal value of Rs. 4.1 million to TRE Certificate and Rs. 3.8 million to LSE shares aggregating to the total BMC of Rs. 7.9 million.

## 7 LONG TERM INVESTMENTS

September 30, 2014	June 30, 2014	Name of Securities	Note	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
Number of Shares				----- Rupees -----	
<b>At cost - In shares of Un-quoted company</b>					
843,975	843,975	Lahore Stock Exchange Ltd.	6.1	2,720,000	2,720,000
<b>Available for sale - In shares of quoted companies</b>					
25,000	43,705	Standard Chartered Leasing Limited		227,000	321,232
36,168	36,168	Invest Capital Investment Bank Limited		61,847	72,336
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
				290,497	395,218
		Provision for impairment		(1,650)	(1,650)
				<b>3,008,847</b>	<b>3,113,568</b>
<b>(Un-Audited) (Audited)</b>					
<b>September 30, June 30,</b>					
<b>2014 2014</b>					
<b>----- Rupees -----</b>					

## 8 LONG TERM DEPOSITS

### Unsecured - Considered good

Lahore Stock Exchange Limited	650,000	450,000
National Clearing Company of Pakistan Limited	300,000	300,000
Utility deposits	89,149	89,149
Against office of Lahore Stock Exchange Limited	1,789,438	1,555,987
	<b>2,828,587</b>	<b>2,395,136</b>

## 9 SHORT TERM INVESTMENTS

### At fair value through profit or loss - Initially designated

September 30, 2014	June 30, 2014	Name of Securities	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
Number of Shares			----- Rupees -----	
<b>In shares of unquoted company - Related party</b>				
505,000	505,000	Takaful Pakistan Limited	2,408,850	2,408,850
<b>In shares of quoted company - Others</b>				
25,000	25,000	Dewan Salman Fibre Limited	46,500	51,750
25,000	25,000	Quice Foods Industries Limited	177,250	200,250
			<b>2,632,600</b>	<b>2,660,850</b>

# Trust Securities & Brokerage Limited

# TSBL

	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
	----- Rupees -----	
<b>10 TRADE DEBTS</b>		
Considered good	28,552,977	30,752,239
Considered doubtful	48,526,088	48,526,088
Considered bad	-	957,838
	<u>77,079,065</u>	<u>80,236,165</u>
Provision for doubtful debts	(48,526,088)	(48,526,088)
Considered bad written-off	-	(957,838)
	<u>28,552,977</u>	<u>30,752,239</u>

	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
	----- Rupees -----	
<b>11 TRADE AND OTHER PAYABLES</b>		
Trade creditors	25,129,180	33,873,591
Accrued & other liabilities	1,769,250	1,796,271
	<u>26,898,430</u>	<u>35,669,862</u>

## 12 CONTINGENCY AND COMMITMENTS

### CONTINGENCIES

There were no change in contingencies since the last audited financial statements for the year ended June 30, 2014.

	(Un-Audited) September 30, 2014	(Audited) June 30, 2014
	----- Rupees -----	
<b>COMMITMENTS</b>		
For purchase of shares	<u>5,878,419</u>	<u>33,543,746</u>
For sale of shares	<u>5,805,600</u>	<u>33,640,336</u>
Against purchased of office at South Tower of LSE Plaza	<u>778,170</u>	<u>1,011,621</u>

## 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and staff retirement benefits. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Transactions with associated undertakings and key management personnels under the term of their employment, are as follows:

	<b>(Un-Audited) September 30, 2014</b>	<b>(Un-Audited) September 30, 2013</b>
	----- Rupees -----	
<b>Transactions with other related parties</b>		
Commission paid to Chief Executive	<b>45,618</b>	48,519
Commission paid to Director	<b>94,717</b>	-
Commission received from Chief Executive	-	10,550
Commission received from Director	<b>10,960</b>	-
Salary drawn by Chief Executive	<b>328,135</b>	298,400
Expenses incurred by the Chief Executive	<b>69,114</b>	57,775
For attending meeting to Director	<b>5,000</b>	5,000

**14 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on October 25, 2014.

**15 GENERAL**

Figures have been rounded off to the nearest rupee.

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**Chief Executive**

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**Director**