

First Quarter Report
September 30, 2016
(Un-Audited)

TSBL

Trust Securities & Brokerage Limited

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COMPANY INFORMATION

Board of Directors

Mr. Abdul Basit	Chief Executive
Mr. Muhammad Naeem Baig	Director
Mr. Syed Abdullah Bukhari	Director
Mr. Syed Nouman Ali Shah	Director
Mr. Shibli Muhammad Khan	Director
Mr. Syed Mahmood Ali Shah	Director
Mr. Syed Javed Hussain	Director

Audit Committee

Mr. Muhammad Naeem Baig	Chairman
Mr. Syed Javed Hussain	Member
Mr. Shibli Muhammad Khan	Member

HR & Remuneration

Mr. Muhammad Naeem Baig	Chairman
Mr. Shibli Muhammad Khan	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

2nd Floor, Associated House, Building # 1 & 2,
7-Kashmir Road, Lahore-Pakistan.
Telephone : (042) 3637 3041-44
Fax : (042) 3637 3040

Office at LSE Financial Services Limited (Formerly: Lahore Stock Exchange Limited)

Room # 607, 6th Floor, LSE Plaza
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 Statements for the period ended September 30, 2016.

Financial Results	September 2016	September 2015
The summarized financial results are as follows:	Rupees	Rupees
Operating revenue	1,859,887	1,128,861
Gain on sale of securities	67,915	-
(Loss) on re-measurement of investments	(33,298)	-
	1,894,504	1,128,861
Operating and administrative expenses	(2,276,656)	(2,154,092)
Finance cost	(3,510)	(3,050)
Operating (loss)	(2,280,166)	(2,157,142)
Other income	(385,662)	(1,028,281)
	423,308	246,172
Profit/(loss) before taxation	37,646	(782,109)
Taxation	(30,000)	(20,000)
Profit/(loss) after taxation	7,646	(802,109)
Earnings/(loss) per share- basic and diluted	0.001	(0.080)

The KSE-100 Index was at 40,542 points at the end of September 30, 2016, increased by approx. 7% from the beginning of this financial year.

During the quarter under review, the company recorded revenue of Rs.2,317,812/- including other income of Rs.423,308 during the quarter under review as compared to Rs.1,375,033/- in the corresponding period of the last year. The company recorded net profit of Rs.7,646/- for the first quarter ended September 30, 2016.

In the end, the Board is pleased with the continuous support of our valued clients and corporation received from Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange.

For and on behalf of the Board

Lahore
October 29, 2016

**ABDUL BASIT
CHIEF EXECUTIVE**

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2016**

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		----- Rupees -----	
ASSETS			
Non-Current Assets			
Property and equipment	5	3,558,373	3,603,295
Intangibles	6	1,542,600	1,542,600
Long term investments	7	2,786,549	2,759,423
Long term deposits		725,149	725,149
		8,612,671	8,630,467
Current Assets			
Short term investments	8	202,010	695,750
Trade debts	9	7,090,600	4,544,340
Advances, prepayments and other receivables	10	3,125,318	267,987
Tax refunds due from government		1,049,533	879,404
Cash and bank balances	11	30,364,027	18,374,515
		41,831,487	24,761,996
Total Assets		50,444,158	33,392,463
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
10,000,000 ordinary shares of Rs.10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
10,000,000 ordinary shares of Rs.10/- each		100,000,000	100,000,000
Reserves			
General Reserve		3,500,000	3,500,000
Capital Reserve		54,972	27,849
Accumulated losses		(88,872,312)	(88,879,958)
		(85,317,340)	(85,352,109)
Shareholders' Equity		14,682,660	14,647,891
Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Trade and other payables	12	33,762,494	16,745,568
		35,761,498	18,744,572
Contingency and Commitments	13	-	-
Total Equity and Liabilities		50,444,158	33,392,463

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

Chief Executive

S/d

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	(Un-audited) First quarter ended September 30, 2016	(Un-audited) First quarter ended September 30, 2015
Note	----- Rupees -----	
Operating revenue	14 1,859,887	1,128,861
Gain on sale of securities	67,915	-
(Loss) on re-measurement of investments	(33,298)	-
	<u>1,894,504</u>	<u>1,128,861</u>
Operating and administrative expenses	(2,276,656)	(2,154,092)
Finance cost	(3,510)	(3,050)
	<u>(2,280,166)</u>	<u>(2,157,142)</u>
Operating (loss)	(385,662)	(1,028,281)
Other income	15 423,308	246,172
Profit / (loss) before taxation	37,646	(782,109)
Taxation	(30,000)	(20,000)
Profit / (loss) after taxation	<u>7,646</u>	<u>(802,109)</u>
Earnings / (loss) per share - basic and diluted	<u>0.001</u>	<u>(0.080)</u>

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

Chief Executive

S/d

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	(Un-audited) First quarter ended September 30, 2016	(Un-audited) First quarter ended September 30, 2015
----- Rupees -----		
Profit / (loss) for the first quarter	7,646	(802,109)
Other comprehensive income :		
Items that will be reclassified to profit & loss account in subsequent period		
Available-for-sale financial assets		
Gain arising due to remeasurement	27,123	3,619
Total comprehensive income / (loss) for the first quarter	<u>34,769</u>	<u>(798,490)</u>

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

Chief Executive

S/d

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	(Un-audited) First quarter ended September 30, 2016	(Un-audited) First quarter ended September 30, 2015
	----- Rupees -----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	37,646	(782,109)
Adjustment for non-cash charges and other items		
Depreciation	34,926	45,299
Profit on saving account	(283,684)	(246,172)
Finance cost	3,510	3,050
(Gain) on disposal of property and equipment	(884)	-
Unrealised loss on remeasurement of investments	33,298	-
	<u>(212,834)</u>	<u>(197,823)</u>
Operating (loss) before working capital changes	(175,188)	(979,932)
Changes in Working Capital :		
(Increase) / decrease in current assets		
Trade debts	(2,546,261)	985,644
Advances, prepayments and other receivables	(2,857,331)	(30,301)
Increase / (decrease) in current liabilities		
Trade and other payables	17,016,926	(17,582,054)
	<u>11,613,334</u>	<u>(16,626,711)</u>
Cash generated from / (used in) operations after working capital changes	<u>11,438,146</u>	<u>(17,606,643)</u>
Finance cost paid	(3,510)	(3,050)
Taxes paid	(200,129)	(41,853)
Long term deposits - net	-	200,000
	<u>(203,639)</u>	<u>155,097</u>
Net cash generated from / (used in) operating activities	<u>11,234,507</u>	<u>(17,451,546)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital work in progress	-	(77,817)
Proceeds from sale of property and equipment	10,880	-
Investments-net	460,441	-
Profit received on saving account	283,684	246,172
Net cash generated from investing activities	<u>755,005</u>	<u>168,356</u>
Net increase / (decrease) in cash and cash equivalents (A+B)	<u>11,989,512</u>	<u>(17,283,190)</u>
Cash and cash equivalents at the beginning of the period	<u>18,374,515</u>	<u>25,332,606</u>
Cash and cash equivalents at the end of the period	<u>30,364,027</u>	<u>8,049,416</u>

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

Chief Executive

S/d

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	Reserves					Shareholders' Equity	
	Share Capital	Capital Fair Value Reserve	General Reserve	Revenue Accumulated Losses	Sub Total		Grand Total
Balance as at June 30, 2015	100,000,000	40,870	3,500,000	(96,693,731)	(93,193,731)	(93,152,861)	6,847,139
Total comprehensive (loss) for the first quarter (Loss) for the first quarter ended September 30, 2015	-	-	-	(802,109)	(802,109)	(802,109)	(802,109)
Other Comprehensive Income	-	3,619	-	-	-	3,619	3,619
Gain arises due to remeasurement of investments	-	3,619	-	(802,109)	(802,109)	(798,490)	(798,490)
Total comprehensive (loss) for the first quarter ended September 30, 2015	100,000,000	44,489	3,500,000	(97,495,840)	(93,995,840)	(93,951,351)	6,048,649
Balance as at September 30, 2015	100,000,000	27,849	3,500,000	(88,879,958)	(85,379,958)	(85,352,109)	14,647,891
Balance as at June 30, 2016	-	-	-	7,646	7,646	7,646	7,646
Total comprehensive profit for the first quarter	-	27,123	-	-	-	27,123	27,123
Profit for the first quarter ended September 30, 2016	-	27,123	-	7,646	7,646	34,769	34,769
Other Comprehensive Income	-	27,123	-	-	-	27,123	27,123
Gain arises due to remeasurement of investments	-	27,123	-	-	-	-	-
Total comprehensive profit for the first quarter ended September 30, 2016	-	27,123	-	7,646	7,646	34,769	34,769
Balance as at September 30, 2016	100,000,000	54,972	3,500,000	(88,872,312)	(85,372,312)	(85,317,340)	14,682,660

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

Chief Executive

S/d

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

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 Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 2nd 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, 2016 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, 2016.

These condensed interim financial statements of the Company for the first quarter ended September 30, 2016 has been prepared on the settlement date basis.

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, 2016.

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, 2016.

		(Un-audited) First quarter ended September 30, 2016	(Audited) Year ended June 30, 2016
	Note	----- Rupees -----	
5 PROPERTY AND EQUIPMENTS			
Property and equipment	5.1	1,090,765	1,135,687
Capital work-in-progress			
Against office of LSE Financial Services Limited		2,467,608	2,467,608
		3,558,373	3,603,295
5.1 Property and equipment			
Opening written down value		1,135,687	1,278,551
Total additions during the period		-	310,000
Total disposals during the period		(32,125)	(1,216,600)
Depreciation charge for the period		(34,926)	(174,004)
Depreciation charged on disposal		22,129	937,740
Closing written down value		1,090,765	1,135,687
		----- Rupees -----	
	Note	----- Rupees -----	
6 INTANGIBLES			
Trading Rights Entitlement Certificate (TREC)			
Pakistan Stock Exchange Limited	6.1	1,280,000	1,280,000
Offices			
LSE Financial Services Limited (LFSL)	6.2	262,600	262,600
		1,542,600	1,542,600

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 LSE Financial Services Limited (LFSL) (formerly Lahore Stock Exchange Limited) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakistan Stock Exchange. The company's entitlement in respect of LFSL's shares is determined on the basis of valuation of assets and liabilities of LFSL 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.

6.2 This represents cost of offices given by LSE Financial Services 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 Financial Services Limited (LFSL) in compliance with Base Minimum Capital (BMC) requirement under Regulation 19.2 of Pakistan Stock Exchange.

7 LONG TERM INVESTMENTS

September 30, 2016	June 30, 2016	Name of Securities	Note	(Un-audited) First quarter ended September 30, 2016	(Audited) Year ended June 30, 2016
Number of Shares				----- Rupees -----	
In shares of Un-quoted company - At cost					
843,975	843,975	LSE Financial Services Limited	7.1	2,720,000	2,720,000
Available for sale - In shares of quoted companies					
36,168	36,168	Invest Capital Investment Bank Limited		66,549	39,423
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
				68,199	41,073
		Provision for impairment		(1,650)	(1,650)
				2,786,549	2,759,423

7.1 This represents unquoted shares of Stock Exchanges received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 843,975 shares of LSE Financial Services Limited (formerly LSEL), with a face value of RS 10 each. Out of total number of shares owned, 60% shares of the said entities are held in separate CDC blocked Account, to restrict the sale of these shares by the members. Whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended.

7.2 The net asset value of shares of LSE financial service limited Rs. 17.65 per share based on un-audited financial statements as at March 31, 2016.

8 SHORT TERM INVESTMENTS

At fair value through profit or loss - Initially designated

September 30, 2016	June 30, 2016	Name of Securities	(Un-audited) First quarter ended September 30, 2016	(Audited) Year ended June 30, 2016
Number of Shares			----- Rupees -----	
In shares of quoted company				
2,000	-	Fauji Foods Limited	178,160	-
-	10,000	Mughal Iron & Steel Industries Ltd.	-	671,900
			178,160	671,900
In shares of unquoted company				
5,000	5,000	Takaful Pakistan Limited - related party	60,000	60,000
		Less: Provision for impairment	(36,150)	(36,150)
			23,850	23,850
			202,010	695,750

13 CONTINGENCY AND COMMITMENTS**CONTINGENCIES**

There were no change in contingencies since the last audited financial statements for the year ended June 30, 2016.

(Un-audited)	(Audited)
First quarter ended September 30, 2016	Year ended June 30, 2016
----- Rupees -----	

COMMITMENTS

For purchase of shares	<u>23,857,876</u>	<u>5,475,535</u>
For sale of shares	<u>16,774,163</u>	<u>4,884,351</u>

14 OPERATING REVENUE

Brokerage income from :		
- Retail customers	1,811,857	1,096,616
- Institutional customers	48,030	32,245
	<u>1,859,887</u>	<u>1,128,861</u>

15 OTHER INCOME**Income from financial assets :**

- Interest on saving account	283,684	246,172
- Interest income on exposure deposited	3,544	-
	<u>287,228</u>	<u>246,172</u>

Income from other than financial assets :

- Gain on sale of fixed assets	884	-
- Reversal of provision for doubtful debts	135,196	-
	<u>136,080</u>	<u>-</u>
	<u>423,308</u>	<u>246,172</u>

15.1) No dividend income received during the quarter period ended September 30, 2016.

16 PATTERN OF SHAREHOLDINGS

Following are the shareholders having more than 5% holding as at September 30, 2016.

Sr. #	Name of Shareholder	No. of Shares Held	Percentage %
Associated, undertakings & related parties			
1	Emirates Global Investment Limited	3,777,375	37.77
2	Emirates Investment Groupd LLC.	3,627,375	36.27
Total		<u>7,404,750</u>	<u>74.05</u>

16.1) No change in the shareholding of above 5% during the quarter ended September 30, 2016.

17 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:

	(Un-audited) First quarter ended September 30, 2016	(Un-audited) First quarter ended September 30, 2015
	----- Rupees -----	
Transactions with other related parties		
Commission paid to Chief Executive	72,907	35,706
Commission received from Chief Executive	11,960	6,750
Commission received from Director	-	1,325
Salary drawn by Chief Executive	328,285	328,285
Expenses incurred by the Chief Executive	61,600	40,841
For attending meeting to Director	-	5,000

18 PLEDGED SECURITIES WITH FINANCIAL INSTITUTIONS

Value of pledged securities belonging to customers as at September 30, 2016 :

- With NCCPL Rs. 15.33 million

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 29, 2016.

20 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

S/d

Director

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