

3rd Quarter Report

March 31, 2014

(Un-Audited)

TSBL

Trust Securities & Brokerage Limited

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Trust Securities & Brokerage Limited

TSBL

COMPANY INFORMATION

Board of Directors

Mr. Aftab Ahmed Qaiser
Mr. Abdul Basit
Mr. Syed Javed Hussain
Mr. Syed Mahmood Ali Shah
Mr. Muhammad Naeem Baig
Mr. Muhammad Munir
Mr. Munim Mahmood

Chairman
Chief Executive
Director
Director
Director
Director
Director

Audit Committee

Mr. Muhammad Naeem Baig
Mr. Aftab Ahmed Qaiser
Mr. Syed Javed Hussain

Chairman
Member
Member

HR & Remuneration Committee

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

Chairman
Member
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
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) 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' REPORT

The Board of Directors of the company present the Third Quarter Un-Audited Interim Financial Statements for the period ended March 31, 2014.

Financial Results

| | MARCH 31, 2014 |
|--|---------------------------|
| | Rupees |
| The summarized financial results are as follows: | |
| Operating revenue | 1,956,737 |
| Gain on sale of Securities | 45,298 |
| Loss on re-measurement of investments | <u>(33,773)</u> |
| | 1,968,263 |
| Operating and administrative expenses | <u>(2,242,813)</u> |
| Finance cost | <u>(2,550)</u> |
| | <u>(2,245,363)</u> |
| Operating (loss) | (277,100) |
| Other operating income | <u>358,020</u> |
| Profit before taxation | 80,920 |
| Taxation | <u>(30,000)</u> |
| Profit after taxation | 50,920 |
| Earnings per share-basic and diluted | 0.01 |

KSE-100 index closed at 27,159 points as at March 31, 2014 as compared to 25,261 points from the beginning of the period posted a gain of 1,898 points in the quarter under review.

The company earned total revenue of Rs.2,360,055/- during the quarter ended March 31, 2014, as compared to Rs. 1,624,684/- in the corresponding period of the last year. On the expenditure side, the operating expenses were Rs.2,242,813/- in comparison to Rs. 2,084,569/- in the previous period. After taking into account loss on re-measurement of investments Rs. 33,773/- the company recorded a net profit of Rs.50,920/- during the period under review.

The following directors retired at the directors election held at EOGM of the company held on April 02, 2014:-

- | | |
|------------------------------|---------------------------|
| 1) Mr. Naveed Gilani | 2) Mr. Abdul Basit |
| 3) Mrs. Neena Jaffar | 4) Mr. Syed Javed Hussain |
| 5) Mr. Syed Mahmood Ali Shah | 6) Mr. Aftab Ahmed Qaiser |
| 7) Mr. Muhammad Usama Khan | |

The following directors did not offer themselves for re-election:-

- | | |
|----------------------------|----------------------|
| 1) Mr. Naveed Gilani | 2) Mrs. Neena Jaffar |
| 3) Mr. Muhammad Usama Khan | |

The following seven directors were elected at the EOGM of the company:-

- | | |
|---------------------------|------------------------------|
| 1) Mr. Aftab Ahmed Qaiser | 2) Mr. Abdul Basit |
| 3) Mr. Syed Javed Hussain | 4) Mr. Syed Mahmood Ali Shah |
| 5) Mr. Muhammad Munir | 6) Mr. Muhammad Naeem Baig |
| 7) Mr. Munim Mahmood | |

The Board welcomes to the three new directors and recorded their appreciation to outgoing directors for their valuable contribution and suggestions improving the company's operations and wishes them success in their future endeavors.

In view of changes in the Board of Directors the Board has re-constituted Audit Committee in compliance with the Code of Corporate Governance. The Audit Committee consists of:-

- | | |
|----------------------------|----------|
| 1) Mr. Muhammad Naeem Baig | Chairman |
| 2) Mr. Syed Javed Hussain | Member |
| 3) Mr. Aftab Ahmed Qaiser | Member |

Further the Board of Directors also re-constituted HR & Remuneration Committee in compliance with the Code of Corporate Governance. The Committee consists of:-

- | | |
|----------------------------|----------|
| 1) Mr. Muhammad Naeem Baig | Chairman |
| 2) Mr. Abdul Basit | Member |
| 3) Mr. Aftab Ahmed Qaiser | Member |

We would like to express our thanks to all our valued clients for their continued support and confidence. We would also like to thank to SECP, Karachi and Lahore Stock Exchanges for their continued support which is a key to success of the Company.

For and on behalf of the Board

**Lahore:
April 26, 2014**

**ABDUL BASIT
CHIEF EXECUTIVE**

Trust Securities & Brokerage Limited

TSBL

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2014

| | <i>Note</i> | <i>(Un-Audited) March 31, 2014</i> | <i>(Audited) June 30, 2013</i> |
|---|-------------|--|--|
| | | ----- Rupees ----- | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property and equipment | 5 | 1,508,294 | 1,699,139 |
| Intangibles | | 1,542,600 | 1,542,600 |
| Long term investments | 6 | 3,137,485 | 3,011,992 |
| Long term deposits | | 2,161,185 | 738,649 |
| | | 8,349,564 | 6,992,380 |
| Current Assets | | | |
| Short term investments | 7 | 2,669,850 | 2,471,850 |
| Trade debts | | 42,886,786 | 24,884,389 |
| Advances, prepayments and other receivables | | 514,498 | 518,070 |
| Tax refunds due from government | | 547,517 | 519,152 |
| Cash and bank balances | | 23,210,226 | 16,761,845 |
| | | 69,828,877 | 45,155,305 |
| Total Assets | | 78,178,441 | 52,147,685 |
| 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 | | 312,819 | 187,326 |
| Accumulated losses | | (75,289,228) | (74,888,183) |
| | | (71,476,409) | (71,200,857) |
| Shareholders' Equity | | 28,523,591 | 28,799,143 |
| Current Liabilities | | | |
| Retirement benefits | | 1,999,004 | 1,999,004 |
| Trade and other payables | | 47,655,846 | 21,349,538 |
| | | 49,654,850 | 23,348,542 |
| Contingency and Commitments | 8 | - | - |
| Total Equity and Liabilities | | 78,178,441 | 52,147,685 |

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

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

| | <i>(Un-Audited)</i> <i>For Nine Months Ended</i> | | <i>(Un-Audited)</i> <i>For Third Quarter Ended</i> | |
|--|---|---------------------------|---|---------------------------|
| | <i>March 31, 2014</i> | <i>March 31, 2013</i> | <i>March 31, 2014</i> | <i>March 31, 2013</i> |
| ----- Rupees ----- | | | | |
| Operating revenue | 4,983,976 | 3,280,244 | 1,956,737 | 1,388,137 |
| Gain on sale of securities | 74,801 | 326,712 | 45,298 | 32,398 |
| (Loss) / gain on re-measurement of investments | (31,273) | (3,711,383) | (33,773) | - |
| | <u>5,027,505</u> | <u>(104,427)</u> | <u>1,968,263</u> | <u>1,420,535</u> |
| Operating and administrative expenses | (6,248,100) | (6,012,851) | (2,242,813) | (2,084,569) |
| Finance cost | (8,000) | (6,600) | (2,550) | (2,000) |
| | <u>(6,256,100)</u> | <u>(6,019,451)</u> | <u>(2,245,363)</u> | <u>(2,086,569)</u> |
| Operating (loss) | (1,228,595) | (6,123,878) | (277,100) | (666,034) |
| Other operating income | 937,550 | 634,635 | 358,020 | 204,149 |
| (Loss) / profit before taxation | (291,045) | (5,489,243) | 80,920 | (461,885) |
| Taxation | (110,000) | (100,000) | (30,000) | (25,000) |
| (Loss) / profit after taxation | (401,045) | (5,589,243) | 50,920 | (486,885) |
| (Loss) / earnings per share - basic and diluted | (0.04) | (0.56) | 0.01 | (0.05) |

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

| | <i>(Un-Audited)</i> | | <i>(Un-Audited)</i> | |
|---|------------------------------|------------------|--------------------------------|------------------|
| | <i>For Nine Months Ended</i> | | <i>For Third Quarter Ended</i> | |
| | <i>March 31,</i> | <i>March 31,</i> | <i>March 31,</i> | <i>March 31,</i> |
| | <i>2014</i> | <i>2013</i> | <i>2014</i> | <i>2013</i> |
| | ----- Rupees ----- | | | |
| (Loss) / profit after tax for the period | (401,045) | (5,589,243) | 50,920 | (486,885) |
| Other comprehensive income for the period | | | | |
| Available-for-sale financial assets | | | | |
| Gain / (loss) arising due to remeasurement | 125,493 | 80,823 | 62,000 | (2,939) |
| Total comprehensive (loss) / profit for the period | (275,552) | (5,508,420) | 112,920 | (489,824) |

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

| | <i>(Un-Audited) March 31, 2014</i> | <i>(Un-Audited) March 31, 2013</i> |
|---|--|--|
| | ----- Rupees ----- | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (291,045) | (5,489,243) |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 190,845 | 235,371 |
| Profit on saving account | (902,586) | (556,756) |
| Dividend income | (34,964) | (76,964) |
| Provision for bad debts | - | (256,799) |
| Financial cost | 8,000 | 6,600 |
| (Gain) / loss on remeasurement of investments | 31,273 | 3,711,383 |
| | (707,433) | 3,062,835 |
| Operating loss before working capital changes | (998,478) | (2,426,408) |
| Changes in Working Capital : | | |
| (Increase) / decrease in current assets | | |
| Trade debts | (18,002,397) | (2,301,275) |
| Advances, prepayments and other receivables | 3,528 | (101,471) |
| Increase in current liabilities | | |
| Trade and other payables | 26,306,308 | 2,450,542 |
| | 8,307,438 | 47,796 |
| Cash generated from/(used in) operations after working capital changes | 7,308,960 | (2,378,612) |
| Finance cost paid | (8,000) | (6,600) |
| Taxes paid | (138,365) | (107,049) |
| Long term deposits - net | (1,422,536) | 350,000 |
| | (1,568,901) | 236,351 |
| Net cash generated from / (used in) operating activities | 5,740,059 | (2,142,261) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Profit received on saving account | 902,630 | 609,745 |
| Dividend received | 34,964 | 76,964 |
| (Purchased) / disposal of short term investments-net | (229,272) | 570,961 |
| Net cash generated from investing activities | 708,322 | 1,257,670 |
| Net increase / (decrease) in cash and cash equivalents (A+B) | 6,448,381 | (884,591) |
| Cash and cash equivalents at the beginning of the period | 16,761,845 | 6,969,275 |
| Cash and cash equivalents at the end of the period | 23,210,226 | 6,084,684 |

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

| | <i>(Un-Audited) March 31, 2014</i> | <i>(Un-Audited) March 31, 2013</i> |
|---|--|--|
| | ----- Rupees ----- | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (291,045) | (5,489,243) |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 190,845 | 235,371 |
| Profit on saving account | (902,586) | (556,756) |
| Dividend income | (34,964) | (76,964) |
| Provision for bad debts | - | (256,799) |
| Financial cost | 8,000 | 6,600 |
| (Gain) / loss on remeasurement of investments | 31,273 | 3,711,383 |
| | (707,433) | 3,062,835 |
| Operating loss before working capital changes | (998,478) | (2,426,408) |
| Changes in Working Capital : | | |
| (Increase) / decrease in current assets | | |
| Trade debts | (18,002,397) | (2,301,275) |
| Advances, prepayments and other receivables | 3,528 | (101,471) |
| Increase in current liabilities | | |
| Trade and other payables | 26,306,308 | 2,450,542 |
| | 8,307,438 | 47,796 |
| Cash generated from/(used in) operations after working capital changes | 7,308,960 | (2,378,612) |
| Finance cost paid | (8,000) | (6,600) |
| Taxes paid | (138,365) | (107,049) |
| Long term deposits - net | (1,422,536) | 350,000 |
| | (1,568,901) | 236,351 |
| Net cash generated from / (used in) operating activities | 5,740,059 | (2,142,261) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Profit received on saving account | 902,630 | 609,745 |
| Dividend received | 34,964 | 76,964 |
| (Purchased) / disposal of short term investments-net | (229,272) | 570,961 |
| Net cash generated from investing activities | 708,322 | 1,257,670 |
| Net increase / (decrease) in cash and cash equivalents (A+B) | 6,448,381 | (884,591) |
| Cash and cash equivalents at the beginning of the period | 16,761,845 | 6,969,275 |
| Cash and cash equivalents at the end of the period | 23,210,226 | 6,084,684 |

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 NINE MONTHS PERIOD ENDED MARCH 31, 2014**

| | Share Capital | Reserves | | | Grand Total | Shareholders' Equity |
|--|------------------|----------------------------------|--------------------|----------------------------------|----------------|-------------------------|
| | | Capital Fair Value Reserve | General Reserve | Revenue Accumulated Losses | | |
| ----- Rupees ----- | | | | | | |
| Balance as at June 30, 2012 | 100,000,000 | 133,103 | 3,500,000 | (61,458,578) | (57,825,475) | 42,174,525 |
| Total comprehensive loss for the nine months ended March 31, 2013 | | | | | | |
| Loss for the period ended March 31, 2013 | - | - | - | (5,589,243) | (5,589,243) | (5,589,243) |
| Other Comprehensive Income | | | | | | |
| Gain arises due to remeasurement of investments | - | 80,823 | - | - | 80,823 | 80,823 |
| Total comprehensive loss for the nine months ended March 31, 2013 | | | | | | |
| Balance as at March 31, 2013 | 100,000,000 | 213,926 | 3,500,000 | (67,047,821) | (63,333,895) | 36,666,105 |
| Balance as at June 30, 2013 | 100,000,000 | 187,326 | 3,500,000 | (74,888,183) | (71,388,183) | 28,799,143 |
| Total comprehensive loss for the nine months ended March 31, 2014 | | | | | | |
| Loss for the period ended March 31, 2014 | - | - | - | (401,045) | (401,045) | (401,045) |
| Other Comprehensive Income | | | | | | |
| Gain arises due to remeasurement of investments | - | 125,493 | - | - | 125,493 | 125,493 |
| Total comprehensive loss for the nine months ended March 31, 2014 | | | | | | |
| Balance as at March 31, 2014 | 100,000,000 | 312,819 | 3,500,000 | (75,289,228) | (71,476,409) | 28,523,591 |

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 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 in Pakistan. The Company is a corporate TREC holder of 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, consultancy and underwriting services.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial report of the company for the nine months period ended March 31, 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 and 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, 2013.

2.2 Functional and Presentation Currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of the Company.

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, 2013.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations 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, 2013.

Trust Securities & Brokerage Limited

TSBL

| | (Un-Audited) March 31, 2014 Rupees | (Audited) June 30, 2013 Rupees |
|------------------------------------|---|---|
| 5 PROPERTY AND EQUIPMENTS | | |
| Opening written down value | 1,699,139 | 2,012,968 |
| Depreciation charge for the period | (190,845) | (313,829) |
| Closing written down value | 1,508,294 | 1,699,139 |

5.1 There is no addition/deletion made during the period.

6 LONG TERM INVESTMENTS

- At Cost - In Shares of Unquoted Company

| | Note | (Un-Audited) March 31, 2014 Rupees | (Audited) June 30, 2013 Rupees |
|-------------------------------|------|---|---|
| Lahore Stock Exchange Limited | 6.1 | 2,720,000 | 2,720,000 |

- Available for sale - In Shares of Quoted Companies

| March 31, 2014 Number of shares | June 30, 2013 Number of shares | Name of Company | (Un-Audited) March 31, 2014 Rupees | (Audited) June 30, 2013 Rupees |
|---------------------------------------|--------------------------------------|-------------------------------------|---|---|
| 43,705 | 43,705 | Standard Chartered Leasing Ltd. | 348,766 | 235,570 |
| 36,168 | 36,168 | Invest Capital Investment Bank Ltd. | 68,719 | 56,422 |
| 5,000 | 5,000 | Sunshine Cotton Mills Ltd. | 1,650 | 1,650 |
| | | | 419,135 | 293,642 |
| | | Provision for Impairment | (1,650) | (1,650) |
| | | | 3,137,485 | 3,011,992 |

6.1 The company has pledged Trading Right Entitlement Certificate (TREC) in compliance with Base Minimum Capital (BMC) requirement of the Lahore Stock Exchange Limited (LSEL).

7 SHORT TERM INVESTMENT

- At fair value through profit or loss

| March 31, 2014 Number of shares | June 30, 2013 Number of shares | Name of Company | (Un-Audited) March 31, 2014 Rupees | (Audited) June 30, 2013 Rupees |
|--|--------------------------------------|-------------------------------|---|---|
| In shares of unquoted companies - Related Party | | | | |
| 505,000 | 505,000 | Takaful Pakistan Limited | 2,408,850 | 2,408,850 |
| In shares of quoted companies - Others | | | | |
| 25,000 | 25,000 | Dewan Salman Fibres Limited | 63,250 | 63,000 |
| 25,000 | - | Quice Food Industries Limited | 197,750 | - |
| | | | 2,669,850 | 2,471,850 |

8 CONTINGENCIES AND COMMITMENTS**8.1 Contingencies**

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2013.

| | <i>(Un-Audited)</i> March 31, 2014 Rupees | <i>(Audited)</i> June 30, 2013 Rupees |
|------------------------|---|---|
| 8.2 Commitments | | |
| For purchase of shares | <u>20,073,461</u> | <u>2,809,552</u> |
| For sale of shares | <u>17,873,016</u> | <u>2,093,296</u> |

9 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 personnel under the term of their employment, are as follows:

| | <i>(Un-Audited)</i> For Nine Months ended | | <i>(Un-Audited)</i> For Third Quarter ended | |
|---|---|---|---|---|
| | Mar. 31, 2014 Rupees | Mar. 31, 2013 Rupees | Mar. 31, 2014 Rupees | Mar. 31, 2013 Rupees |
| Commission paid to Chief Executive | 166,047 | 130,465 | 64,117 | 58,309 |
| Commission received from Chief Executive | 39,600 | 52,259 | 21,450 | 24,800 |
| Salary drawn by Chief Executive | 895,200 | 832,121 | 298,400 | 289,389 |
| Expenses incurred by the Chief Executive | 210,881 | 135,941 | 108,661 | 73,552 |
| Fee paid to director for attending meetings | 15,000 | 20,000 | 5,000 | 5,000 |

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on April 26, 2014.

11 GENERAL

Figures have been rounded off to the nearest rupee.

 Chief Executive

 Director