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**COMPANY INFORMATION****Board of Directors**

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

**Audit Committee**

Mr. Muhammad Naeem Baig	Chairman
Mr. Munim Mahmood	Member
Mr. Shibli Muhammad Khan	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**

2nd 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](http://www.trustsecu.com) E-mail: [info@trustsecu.com](mailto:info@trustsecu.com) & [tsbl@brain.net.pk](mailto:tsbl@brain.net.pk)

## Our Mission

To provide our clients premium quality service and deliver optimal return to our shareholders

## Our Vision

To become a leading securities firm and contribute its role in the growth of domestic capital markets and economy

## CODE OF ETHICS

We are strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices:

1. Trust & Integrity.
2. Fair Treatment.
3. Respectful Treatment.
4. Observance of the Rules and Regulations.
5. Observance of the Interests of the Contracting Parties.
6. Preserve the confidentiality of information communicated by clients within the scope of the Manager-client relationship.
7. Use reasonable care and prudent judgment when managing client assets.
8. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.
9. Maximize client portfolio value by seeking best execution for all client transactions.
10. Establish policies to ensure fair and equitable trade allocation among client.
11. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.
12. Everyone has different needs, preferences and circumstances. They therefore need a portfolio that truly caters to them.
13. Ensure portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTYSECOND ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON FRIDAY, OCTOBER 30, 2015 AT 9:00 A.M. AT 2ND FLOOR, ASSOCIATED HOUSE, BUILDING # 1 & 2, 7-KASHMIR ROAD, LAHORE, TO TRANSACT THE FOLLOWING BUSINESS:-

1. To confirm the minutes of the Annual General Meeting held on October 30, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors for the year 2015-16 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Lahore  
October 08, 2015

By order of the Board  
Nadia Haider  
Company Secretary

### Notes:

1. The share transfer books of the company will remain closed from October 23, 2015 to October 30, 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as proxy. Proxies must be received at the company's registered office not less than 48 hours before the meeting and must be duly stamped and signed.
3. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. The Financial Statements of the company for the year ended June 30, 2015 has been published on the website and may be downloaded from the following link [www.trustsecu.com/financials.html](http://www.trustsecu.com/financials.html).
5. Members who have not yet submitted photocopy of their CNIC and email address are requested to send the same to the share registrar of the Company.

**DIRECTORS' REPORT****Dear Shareholders**

On behalf of Board of Directors, I am pleased to present the Audited Financial Statements of the Company for the year ended 30 June 2015, together with auditors' report thereon as per accounting, regulatory and legal requirements.

**Market Review**

During FY15, the KSE-100 shares index surged by 17.5 percent or 5,191.08 points to end the fiscal year at 34,843.61 points. Market capitalisation surged by a significant 6.6 percent during FY15 to Rs7.501 trillion. The growth momentum cooled off in FY15 despite of monetary easing, stronger external accounts, surging forex reserves, sovereign rating upgrade and potential reclassification of Pakistan to Emerging Markets (EM).

The country experienced most of the challenges prevalent last year, including (a) energy shortages, (b) dismal law and order situation, (c) low private sector investment, and (d) persisting floods damaging agricultural activity. Moreover, political sit-ins during the earlier part of the year also hampered economic performance. Despite challenges, improving macros and sound policies enabled the country to churn out a respectable GDP growth figure of 4.2% YoY during FY15.

**Financial Results**

	<b>June 2015</b>	June 2014
	<b>Rupees</b>	Rupees
The summarized financial results are as follows:		
Operating revenue	<b>6,359,377</b>	6,848,634
Gain on sale of securities	<b>516,302</b>	74,801
Loss on re-measurement of investments	-	(40,273)
	<b>6,875,679</b>	6,883,162
Operating and administrative expenses	<b>(24,851,670)</b>	(13,579,348)
Finance cost	<b>(9,379)</b>	(9,915)
	<b>(24,861,049)</b>	(13,589,263)
<b>Operating loss</b>	<b>(17,985,370)</b>	(6,706,101)
Other operating income	<b>1,705,301</b>	1,454,154
<b>Loss before taxation</b>	<b>(16,280,069)</b>	(5,251,947)
Taxation	<b>(172,970)</b>	(100,562)
<b>Loss after taxation</b>	<b>(16,453,039)</b>	(5,352,509)
<b>Loss per share- basic and diluted</b>	<b>(1.65)</b>	( 0.54)

The company recorded total revenue of Rs.8.58 million during the financial year ended June 30, 2015, as compared to Rs. 8.33 million in the corresponding year. On the expenditure side, the operating expenses were Rs.24.86 million in comparison to Rs.13.59 million in previous year. After taking a provision of Rs. 15.80 million against bad debts as a matter of prudence, the company sustained a net loss of Rs.16.45 million during the year under review.

The auditors have placed matter of emphasis paragraph regarding preparation of financial statements on going concern basis. The management is of the view that there is no significant doubt about the company's ability to continue as going concern as company has no intention of winding up and the management is taking serious efforts to recover its outstanding amount of receivables. However, the Company is expecting growth in its brokerage revenue in the future years and furthermore with the formation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the shares trading trend will increase as result of sale of blocked shares, which is expected to commence in next financial year. This will increase in profitability of the Company in terms of capital gain and in form of Dividends. Moreover with the recent formation of Pakistan Stock Exchange, the company will be able to trade directly at the Pakistan Stock Exchange which will further help in improving the revenue of the company.

**Loss Per Share**

Loss per share of your company has been Rs.1.65.

**DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAME WORK**

The Directors are pleased to state that the Company is in compliance with the provision of Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan.

Following are the statements on Corporate and Financial Reporting Framework:-

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Summary of Key operating and financial data of last six years is annexed. (Annexure A & B)
- The Company has accumulated losses of Rs. 96.69 million as at June 30, 2015, therefore, the company has not declared any dividend.



- The Company provides benefit for un-availed compensated absences for all its permanent employees.
- Pattern of shareholding as at June 30, 2015 is annexed (Annexure C & D)
- During the financial year July 01, 2014 to June 30, 2015 the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have not traded in the shares of the Company.
- During the financial year 2014-15 four meetings of the Board of Directors were held.

The attendance of the Directors was as under:

<b>Names of Directors</b>	<b>Total Meetings</b>	<b>Attendance</b>
Mr. Aftab Ahmed Qaiser	Four	Four
Mr. Abdul Basit	Four	Four
Mr. Muhammad Naeem Baig	Four	Four
Mr. Syed Javed Hussain	Four	-
Mr. Munim Mahmood	Four	Four
Mr. Syed Mahmood Ali	Four	-
Mr. Shibli Muhammad Khan (Appointed on September 29, 2014)	Four	Three

Leave of absence was granted to the Directors who could not attend the Board meetings. Company’s quarterly, half yearly and annual reports are also available on the Company’s website [www.trustsecu.com](http://www.trustsecu.com).

- The Audit Committee consists of:

- |                             |          |                        |
|-----------------------------|----------|------------------------|
| 1. Mr. Muhammad Naeem Baig  | Chairman | Non-Executive Director |
| 2. Mr. Munim Mahmood        | Member   | Non-Executive Director |
| 3. Mr. Shibli Muhammad Khan | Member   | Non-Executive Director |

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditor findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

- The HR & Remuneration Committee consists of:-

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

**Auditors**

Present auditors M/s Haroon Zakaria & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their appointment as statutory auditors for the financial year ending June 30, 2016.

**Future Outlook**

Keeping in view improvement in country's economic and overall law and order conditions, we believe opportunities exist that can be capitalised by deepening relationship with our valued clients. Continuous focus on cost saving, receivables recovery, operational efficiency, and achieving excellence in client service will be focus points. Moreover with the recent formation of Pakistan Stock Exchange, the company will be able to trade directly at the Pakistan Stock Exchange which will further help in improving the revenue of the company.

**Acknowledgement**

We record our appreciation and thanks to the Securities & Exchange Commission of Pakistan, Banks, shareholders, KSE, LSE and our valued clients for their continued support and guidance without which we would not be able to pursue our strategy.

We also appreciate the valuable contribution and active role of the members of Board Committees in supporting and guiding the management on matters of great importance.

We pray to Almighty Allah for His Blessings, Guidance and Prosperity to us, our Company and Nation.

**For and on behalf of the Board**

**Lahore: September 19, 2015**

**ABDUL BASIT  
CHIEF EXECUTIVE**

Annexure - A

BALANCE SHEETS AS AT 30TH JUNE

	2015	2014	2013	2012	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property and equipment	3,668,342	3,000,666	1,699,139	2,012,968	2,420,960	2,936,789
Intangibles	1,542,600	1,542,600	1,542,600	4,262,600	4,262,600	4,262,600
Long term investments	2,772,444	3,113,568	3,011,992	239,419	122,487	127,585
Long term deposits	925,149	839,149	738,649	1,088,649	1,088,649	1,038,649
	8,908,535	8,495,983	6,992,380	7,603,636	7,894,696	8,365,623
Current Assets	36,111,025	52,721,094	45,155,305	51,212,231	57,070,306	70,808,630
<b>TOTAL ASSETS</b>	<b>45,019,560</b>	<b>61,217,077</b>	<b>52,147,685</b>	<b>58,815,867</b>	<b>64,965,002</b>	<b>79,174,253</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
Authorised share capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
General reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Capital reserve	40,870	288,903	187,326	133,103	16,171	-
Accumulated losses	(96,693,731)	(80,240,692)	(74,888,183)	(61,458,578)	(51,712,119)	(41,074,759)
	6,847,139	23,548,211	28,799,143	42,174,525	51,804,052	62,425,241
<b>Non-Current Liabilities</b>						
Retirement benefits	-	-	-	-	1,999,004	2,022,340
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Current Liabilities	38,172,421	37,668,866	23,348,542	16,641,342	11,161,946	14,726,672
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45,019,560</b>	<b>61,217,077</b>	<b>52,147,685</b>	<b>58,815,867</b>	<b>64,965,002</b>	<b>79,174,253</b>

## Annexure - B

## PROFIT &amp; LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2015	2014	2013	2012	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>REVENUE</b>						
Operating revenue	6,359,377	6,848,634	5,666,790	4,207,833	2,219,875	4,740,135
Gain/(loss) on sale of securities / remeasurement of investments	516,302	34,528	(3,318,643)	413,273	381,456	16,865
	6,875,679	6,883,162	2,348,147	4,621,106	2,601,331	4,757,000
Other operating income	1,705,301	1,454,154	1,160,105	562,045	683,209	573,457
	8,580,980	8,337,316	3,508,252	5,183,151	3,284,540	5,330,457
<b>LESS: EXPENDITURE</b>						
Operating and administrative expenses	(24,851,670)	(13,579,348)	(17,866,204)	(14,766,961)	(13,825,923)	(14,315,975)
Finance cost	(9,379)	(9,915)	(8,350)	(6,111)	(12,154)	(513,728)
	(24,861,049)	(13,589,263)	(17,874,554)	(14,773,072)	(13,838,077)	(14,829,703)
Loss before taxation	(16,280,069)	(5,251,947)	(14,366,302)	(9,589,921)	(10,553,537)	(9,499,246)
Taxation	(172,970)	(100,562)	936,697	(156,538)	(83,823)	(184,683)
<b>Loss after taxation</b>	<b>(16,453,039)</b>	<b>(5,352,509)</b>	<b>(13,429,605)</b>	<b>(9,746,459)</b>	<b>(10,637,360)</b>	<b>(9,683,929)</b>
<b>Loss per share - basic &amp; diluted</b>	<b>(1.65)</b>	<b>(0.54)</b>	<b>(1.34)</b>	<b>(0.97)</b>	<b>(1.06)</b>	<b>(0.97)</b>

Annexure -C

**PATTERN OF SHAREHOLDINGS  
AS ON JUNE 30TH, 2015**

Number of ShareHolders	Shareholdings		Total Number of Share Held
	From	To	
123	1	100	9,200
638	101	500	288,835
79	501	1000	75,653
72	1001	5000	176,250
4	5001	10000	27,900
2	10001	15000	23,500
1	15001	20000	17,500
2	20001	25000	47,937
1	25001	30000	26,500
1	30001	35000	30,200
5	35001	40000	200,000
1	40001	45000	41,000
1	45001	50000	49,500
1	55001	60000	59,300
1	80001	85000	82,700
1	90001	95000	90,000
1	130001	135000	93,000
2	195001	200000	400,000
1	225001	230000	210,775
1	295001	300000	300,000
1	320001	325000	345,500
1	3625001	3630000	3,627,375
1	3775001	3780000	3,777,375
<b>941</b>	<b>Total</b>		<b>10,000,000</b>

Annexure -D

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDING  
AS AT JUNE 30, 2015

Ctgr Code	Description	Number of Shareholders	Shares Held	Percentage of T.Capital
1	Associated Cos., Undertaking and Related Parties -Emirates Global Investments Ltd. 3,777,375 -Emirates Investment Group LLC. 3,627,375	2	7,404,750	74.05
2	ICP(CDC A/C)	-	-	-
3	Directors, CEO and their spouses and Minor children:- -Mr. Aftab Ahmed Qaiser 500 -Mr. Abdul Basit 500 -Mr. Syed Javed Hussain 40,000 -Mr. Syed Mahmood Ali Shah 500 -Mr. Muhammad Naeem Baig 500 -Mr. Munim Mahmood 500 -Mr. Shibli Muhammad Khan 500	7	43,000	0.43
4	Executives			
5	Public Sector Companies & Corporations	-	-	-
6	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarbas and Mutual Funds	3	334,600	3.35
7	Joint Stock Companies			-
8	Individuals	917	1,997,864	19.98
9	Others	12	219,786	2.20
	Total	941	10,000,000	100

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

S/No.	Name of Shareholder	Description	No. of Shares Held	Percentage %
1	EMIRATES GLOBAL INVESTMENTS LTD.	Falls in Category 1	3,777,375	37.77
2	EMIRATES INVESTMENT GROUP LLC.	Falls in Category 1	3,627,375	36.27

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:

<b>Category</b>	<b>Names</b>
Independent Director	Mr. Syed Javed Hussain
Executive Director	Mr. Abdul Basit
Non-Executive Directors	Mr. Aftab Ahmed Qaiser Mr. Muhammad Naeem Baig Mr. Syed Mahmood Ali Shah Mr. Munim Mahmood Mr. Shibli Muhammad Khan

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board during the current year and was filled up by the directors within the prescribed period.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter during the year ended June 30, 2015. Written notices of the Board Meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One director already has done the directors' training program. The remaining directors were apprised of their duties and responsibilities from time to time and they shall obtain certification under directors' training program up to 2016.
10. There was no new appointment in CFO or Company Secretary however, during the year the Board outsourced the Internal Audit Function of the Company.

11. The Director's Report for the year ended June 30, 2015 has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly signed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting framework requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises three members, of whom one is executive director and two are non executive directors and the chairman is non executive director.
18. The Board has set up an effective internal audit function of the company.
19. The statutory auditors of the company have confirmed that:
  - I. They have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.
  - II. They or any of the partners of the firm, their spouses and minor children do not hold shares of the company and
  - III. The firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'close period', prior to the announcement of interim/ final results , and business decisions, which may material effect the market price of company's securities , was determined and intimated to directors , employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with except, for the matter specified in para 9, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Lahore: September 19, 2015

**ABDUL BASIT**  
Chief Executive



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH  
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Trust Securities & Brokerage Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of Karachi, and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the code of Corporate Governance. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited require the Company to place before the Board of Directors for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

We draw attention to note 9 of the statement of compliance which states that the Board of Directors will make appropriate arrangement to carry out orientation course for the directors within the specified time.

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi  
**Dated:** September 19, 2015

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Trust Securities & Brokerage Limited** as at June 30, 2015 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the 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 approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial 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 the above said statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.

a. 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 accounts 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;

- a. 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, statement of comprehensive income, 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 loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- b. In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

***Emphasis of matters***

we draw attention to the contents of note 1.2 to the accompanying financial statements which indicate that the Company incurred loss after tax of Rs. 16.453 million during the year and its accumulated losses are Rs. 96.694 millions. These conditions along with other matters set forth in note 1.2 indicate the existence of material uncertainty that may cast doubt about the company's ability to continue as a going concern and such note also discusses the reasons for preparing the financial report on going concern basis.

Our opinion is not qualified in respect of this matter.

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi  
**Dated:** September 19, 2015

**Engagement Partner:**  
**Muhammad Haroon**

**BALANCE SHEET  
AS AT JUNE 30, 2015**

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	4	3,668,342	3,000,666
Intangibles	5	1,542,600	1,542,600
Long term investments	6	2,772,444	3,113,568
Long term deposits	7	925,149	839,149
Deferred taxation	8	-	-
		<b>8,908,535</b>	<b>8,495,983</b>
<b>Current Assets</b>			
Short term investments	9	2,408,850	2,660,850
Trade debts	10	7,287,374	30,752,239
Advances, prepayments and other receivables	11	408,878	507,585
Tax refunds due from government	12	673,317	624,904
Cash and bank balances	13	25,332,606	18,175,516
		<b>36,111,025</b>	<b>52,721,094</b>
<b>Total Assets</b>		<b>45,019,560</b>	<b>61,217,077</b>
<b><u>EQUITY AND LIABILITIES</u></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	14	100,000,000	100,000,000
<b>Reserves</b>			
General reserve		3,500,000	3,500,000
Capital reserve		40,870	288,903
Accumulated losses		(96,693,731)	(80,240,692)
		<b>(93,152,861)</b>	<b>(76,451,789)</b>
<b>Shareholders' Equity</b>		<b>6,847,139</b>	<b>23,548,211</b>
<b>Current Liabilities</b>			
Retirement benefits	15	1,999,004	1,999,004
Trade and other payables	16	36,173,417	35,669,862
		<b>38,172,421</b>	<b>37,668,866</b>
<b>Contingency and Commitment</b>	17	-	-
<b>Total Equity and Liabilities</b>		<b>45,019,560</b>	<b>61,217,077</b>

The annexed notes form an integral part of these financial statements

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
Operating revenue	18	6,359,377	6,848,634
Gain on sale of securities		516,302	74,801
Loss on remeasurement of investments		-	(40,273)
		<u>6,875,679</u>	<u>6,883,162</u>
Operating and administrative expenses	19	<b>(24,851,670)</b>	(13,579,348)
Finance cost	20	<b>(9,379)</b>	(9,915)
		<u>(24,861,049)</u>	<u>(13,589,263)</u>
<b>Operating loss</b>		<b>(17,985,370)</b>	(6,706,101)
Other operating income	21	<b>1,705,301</b>	1,454,154
<b>Loss before taxation</b>		<b>(16,280,069)</b>	(5,251,947)
Taxation	22	<b>(172,970)</b>	(100,562)
<b>Loss after taxation</b>		<b>(16,453,039)</b>	(5,352,509)
<b>Loss per share - basic and diluted</b>	23	<b>(1.65)</b>	(0.54)

The annexed notes form an integral part of these financial statements

*STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015*

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>Loss for the year</b>	<b>(16,453,039)</b>	<b>(5,352,509)</b>
<b>Other comprehensive income:</b>		
<b>Available-for-sale financial assets</b>		
(Loss) / gain arising due to remeasurement	(19,892)	101,577
<b>Total comprehensive loss for the year</b>	<b><u>(16,472,931)</u></b>	<b><u>(5,250,932)</u></b>

The annexed notes form an integral part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	25	6,317,578	2,061,506
Finance cost paid		(9,379)	(9,915)
Taxes paid		(221,383)	(206,314)
Long term deposits - net		(86,000)	(100,500)
		<hr/>	<hr/>
<b>Cash generated from operations</b>		<b>6,000,816</b>	<b>1,744,777</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(74,000)	-
Additions to capital work in progress		(833,804)	(1,555,987)
Proceeds from sale of property and equipment		36,000	-
Proceeds from sale of long term investment		861,393	-
Investments - net		(516,302)	(229,273)
Dividend received		577,463	245,958
Profit received on saving account		1,105,524	1,208,196
		<hr/>	<hr/>
<b>Net cash generated from / (used in) investing activities</b>		<b>1,156,274</b>	<b>(331,106)</b>
<b>Net increase in cash and cash equivalents (A + B)</b>		<b>7,157,090</b>	<b>1,413,671</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>18,175,516</b>	<b>16,761,845</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	13	<b>25,332,606</b>	<b>18,175,516</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Capital		Reserves			Grand Total	Shareholders' Equity
		Fair Value Reserve	General Reserve	Accumulated Losses	Sub Total	Total		
----- Rupees -----								
<b>Balance as at June 30, 2013</b>	100,000,000	187,326	3,500,000	(74,888,183)	(71,388,183)	(71,200,857)	28,799,143	
<b>Total comprehensive loss for the year</b>	-	-	-	(5,352,509)	(5,352,509)	(5,352,509)	(5,352,509)	
Loss for the year ended June 30, 2014								
<b>Other Comprehensive income</b>	-	101,577	-	-	-	101,577	101,577	
Gain arises due to remeasurement of investments								
<b>Total comprehensive loss for the year ended June 30, 2014</b>	-	101,577	-	(5,352,509)	(5,352,509)	(5,250,932)	(5,250,932)	
<b>Balance as at June 30, 2014</b>	100,000,000	288,903	3,500,000	(80,240,692)	(76,740,692)	(76,451,789)	23,548,211	
<b>Total comprehensive loss for the year</b>	-	-	-	(16,453,039)	(16,453,039)	(16,453,039)	(16,453,039)	
Loss for the year ended June 30, 2015								
<b>Other Comprehensive income</b>	-	(19,892)	-	-	-	(19,892)	(19,892)	
Loss arises due to remeasurement of investments								
Gain on disposal of available for sale investment		(228,141)	-	-	-	(228,141)	(228,141)	
<b>Total comprehensive loss for the year ended June 30, 2015</b>	-	(248,033)	-	(16,453,039)	(16,453,039)	(16,701,072)	(16,701,072)	
<b>Balance as at June 30, 2015</b>	100,000,000	40,870	3,500,000	(96,693,731)	(93,193,731)	(93,152,861)	6,847,139	

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

Chief Executive

Director



*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015*

**1 THE COMPANY AND ITS OPERATION**

**1.1** 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 2nd Floor, Associated House, Building 1 & 2, 7 - Kashmir Road, Lahore. The Company is principally engaged in shares brokerage, investments, consultancy and underwriting services.

**1.2 Going Concern Assumption**

During the year, the Company has incurred loss after tax of Rs. 16.453 (2014 : Rs. 5.353) million and at year end, its accumulated losses stood at Rs. 96.694 (2014 : Rs. 80.241) million causing decrease in shareholders' equity to Rs. 6.847 (2014 : Rs. 23.548) million. These factors indicate the existence of material uncertainty and creates doubts about the Company's ability to continue as going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities at the stated amount. However, the Company is expecting growth in its brokerage revenue in the future years and further more with the formation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the shares trading trend will increase as result of sale of blocked shares, which is expected to commence in next financial year. This will increase in profitability of the Company in terms of capital gain and in form of Dividends. Moreover with the recent formation of Pakistan Stock Exchange, the company will be able to trade directly at the Pakistan Stock Exchange which will further help in improving the revenue of the company. Owing to these factors, these financial statements are prepared on going concern basis.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

**2.3 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

#### 2.4 *Use of estimates and judgments*

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

- Useful lives and residual values of property and equipment (note 3.1)
- Impairment of intangibles (note 3.2)
- Trade debts and other receivables (note 3.4)
- Provision for taxation (note 3.8)
- Impairment of investments and tangible assets (note 3.14)

#### 2.5 *New, revised and amended standards and interpretations*

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

- IFRS 2 Share-based Payment - Definitions of vesting conditions
- IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination.
- IFRS 3 Business Combinations - Scope exceptions for joint ventures
- IFRS 8 Operating Segments - Aggregation of operating segments
- IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation
- IAS 24 Related Party Disclosures - Key management personnel
- IAS 40 Investment Property - Interrelationship between IFRS 3 IAS 40 (ancillary services)

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

- IAS 19 Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

- IAS 32 Financial Instruments : Presentation - (Amendment) - Off setting Financial Assets and Financial Liabilities.
- IAS 36 Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting.
- IFRIC 21 Levies

**2.6 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective**

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation.

<b><i>Standards or Interpretations</i></b>	<b><i>Effective date (annual periods beginning on or after)</i></b>
IFRS 10 Consolidated Financial statements	January 1, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of the Interest in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 1, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of the Interest in Other Entities and IAS 27 Separate Financial Statements - Investment entities: Applying the Consolidation Exception (Amendments)	January 1, 2016
IFRS 10 Consolidated Financial statements and IAS 28 Investment in associates and joint Ventures - Sale or Contribution of the Assets between the Investor and its Associates or Joint Venture (Amendment)	January 1, 2016
IFRS 11 Joint Arrangements	January 1, 2015
IFRS 11 Joint Arrangements - Accounting for the Acquisition of the Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 12 Disclosure of Interest in Other Entities	January 1, 2015
IFRS 13 Fair Value Measurement	January 1, 2015
IAS 1 Presentation of Financial Statement -Disclosure Initiative (Amendment)	January 1, 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements"	January 1, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

**2.7 Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan**

<i>Title of standard</i>	<i>IASB Effective date (annual periods beginning on or after</i>
IFRS 9 Financial instrument	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Property and equipment**

***Owned***

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized. Gains and losses on disposal of assets are included in the profit and loss account.

Full year's depreciation is charged on the assets from the year of purchase, whereas, no depreciation is charged in the year of disposal.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gain/ loss on disposal of fixed assets are recognized in the profit and loss account.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2015 has not required any adjustment as its impact is considered insignificant.

**3.2 Intangibles**

***Trading Rights Entitlement Certificate***

This is stated at cost less impairment, if any, The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

### 3.3 *Investments*

The management of the company determines the appropriate classification of the investments at the time of purchase or increase in holdings and classifies/reclassifies its investment as at fair value through profit or loss and available for sale.

Unquoted investments, for which active market does not exist and fair value cannot be reasonably calculated are carried at cost, impairment in value, if any, is taken to profit or loss account currently.

#### *Investment at fair value through profit or loss*

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price). The investment for which a quoted market price is not available, are measured at cost unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision. Realized and unrealized gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that The Company commits to purchase or sell the investment. Cost of purchase does not includes transaction cost.

At each reporting date, The Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss.

#### *Investments available-for-sale*

Available for sale investments are those non derivative Investments that are designated as available for sale or are not classified in any other category. These are measured initially and subsequent to the initial recognition at fair value plus, in the case of initial recognition, transaction costs that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses and, until the derecognition at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit and loss as per revenue recognition policy of The Company.

### 3.4 *Trade debts and other receivables*

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

### 3.5 *Trade and other payables*

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

### 3.6 *Borrowing cost*

Borrowing cost is recognised as expense in the period in which these are incurred.

### **3.7 *Employees compensated absences***

Provision for liabilities towards employees compensated absences is made on the basis of unavailed leave balances, for all its permanent employees who have completed minimum qualifying period.

### **3.8 *Taxation***

#### ***Current***

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

#### ***Deferred***

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets, if arise, are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are recognised to the extent of income subject to normal taxation.

### **3.9 *Provisions***

A provision is recognized when The Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **3.10 *Revenue recognition***

#### ***Gain/ (loss) from dealing in securities***

Gain or loss on sale of marketable and unquoted securities are recognised in the year in which it arises.

#### ***Brokerage, consultancy and advisory fee***

Brokerage, consultancy and advisory fees are recognized as and when services are provided.

#### ***Others***

Dividend income is recognized when right to receive dividend is established.

Interest income is recognized on time proportion basis using effective interest rates.

Gain or loss from re-measurement of investment is recognized at year end.

### **3.11 *Cash and cash equivalents***

These include cash in hand and bank balances.

### **3.12 *Financial instruments***

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

### ***3.13 Off-setting of financial assets and financial liabilities***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if The Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

### ***3.14 Impairment***

#### ***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### ***Non-Financial assets***

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### ***3.15 Related party transactions***

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.



	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>4 PROPERTY AND EQUIPMENT</b>			
Property and equipment	4.1	1,278,551	1,444,679
Capital work-in-progress Against office of Lahore Stock Exchange Limited		<b>2,389,791</b>	1,555,987
		<b>3,668,342</b>	<b>3,000,666</b>

**4.1 Property and equipment**

<i>Particular</i>	<i>Computers</i>	<i>Furniture and fittings</i>	<i>Vehicles</i>	<i>Office equipments</i>	<i>Total</i>
	----- <i>Rupees</i> -----				
<b>Year ended June 30, 2014</b>					
Net book value	191,803	577,495	461,846	467,995	1,699,139
Depreciation charged	57,541	57,750	92,369	46,800	254,460
<b>Net book value as at June 30, 2014</b>	<b>134,262</b>	<b>519,745</b>	<b>369,477</b>	<b>421,195</b>	<b>1,444,679</b>
<b>Year ended June 30, 2015</b>					
Net book value	134,262	519,745	369,477	421,195	1,444,679
Additions	45,000	-	-	29,000	74,000
<b>Disposal</b>					
Cost	(845,269)	-	-	(80,000)	(925,269)
Depreciation	835,899	-	-	70,111	906,010
	(9,370)	-	-	(9,889)	(19,259)
Depreciation charged	(50,968)	(51,975)	(73,895)	(44,031)	(220,869)
<b>Net book value as at June 30, 2015</b>	<b>118,924</b>	<b>467,770</b>	<b>295,582</b>	<b>396,275</b>	<b>1,278,551</b>
<b>At June 30, 2014</b>					
Cost	3,236,708	1,936,787	2,187,500	1,249,284	8,610,279
Accumulated depreciation	3,102,446	1,417,042	1,818,023	828,089	7,165,600
<b>Net book value</b>	<b>134,262</b>	<b>519,745</b>	<b>369,477</b>	<b>421,195</b>	<b>1,444,679</b>
<b>At June 30, 2015</b>					
Cost	2,436,439	1,936,788	2,187,500	1,198,284	7,759,009
Accumulated depreciation	2,317,515	1,469,017	1,891,918	802,009	6,480,459
<b>Net book value</b>	<b>118,924</b>	<b>467,771</b>	<b>295,582</b>	<b>396,275</b>	<b>1,278,551</b>
<b>Rate of depreciation %</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>	

**5 INTANGIBLES**

**Trading Rights Entitlement Certificate (TREC)**

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
Lahore Stock Exchange Limited	5.1	1,280,000	1,280,000
<b>Offices</b>			
Lahore Stock Exchange Limited	5.2	262,600	262,600
		<b>1,542,600</b>	<b>1,542,600</b>



- 5.1 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 determine 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.
- 5.2 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.
- 5.3 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.

**6 LONG TERM INVESTMENTS**

*Available for sale*

*In shares of Un-quoted company - At cost*

2015	2014	Name of securities	Note	Carrying Value	
				2015 Rupees	2014 Rupees
843,975	843,975	Lahore Stock Exchange Ltd.	5.1	2,720,000	2,720,000

*In shares of quoted companies*

Number of Shares	Name of securities	2015 Rupees	2014 Rupees
-	Standard Chartered Leasing Limited	-	321,232
36,168	Invest Capital Investment Bank Limited	52,444	72,336
5,000	Sunshine Cotton Mills Limited	1,650	1,650
		<b>54,094</b>	395,218
	Provision for impairment	<b>(1,650)</b>	(1,650)
		<b>2,772,444</b>	<b>3,113,568</b>

**7 LONG TERM DEPOSITS**

*- Unsecured - Considered good*

Lahore Stock Exchange Limited	450,000	450,000
National Clearing Company of Pakistan Limited	300,000	300,000
Utility deposits	175,149	89,149
	<b>925,149</b>	<b>839,149</b>

8 DEFERRED TAXATION

Deferred tax asset is net off of taxable / (deductible) temporary differences in respect of the followings: -

	2015 Rupees	2014 Rupees
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	710,262	152,278
<b>Deductible temporary differences</b>		
Provision for employees compensated absences	(490,158)	(539,278)
Provision for doubtful debts	(15,771,915)	(13,091,040)
Assessed tax losses	(5,459,473)	(4,851,016)
	<b>(21,721,546)</b>	<b>(18,481,334)</b>
<b>Unrecognized deferred tax asset</b>	<b>(21,011,284)</b>	<b>(18,329,056)</b>
	<b>-</b>	<b>-</b>

The Company has not recognised above deferred tax asset due to the uncertainty regarding taxable profits in foreseeable future against which the deferred tax asset can be utilized or adjusted.

9 SHORT TERM INVESTMENTS

At fair value through profit or loss - Initially designated

	Note	2015 Rupees	2014 Rupees
In shares of unquoted company - Related party	9.1	2,408,850	2,408,850
In shares of quoted company	9.2	-	252,000
		<b>2,408,850</b>	<b>2,660,850</b>

9.1 In shares of unquoted company - Related party

	2015 Number of Shares	2014 Number of Shares	Name of Securities	Carrying Value	
				2015 Rupees	2014 Rupees
	<b>505,000</b>	<b>505,000</b>	Takaful Pakistan Limited	<b>6,060,000</b>	6,060,000
			Provision for impairment	<b>(3,651,150)</b>	(3,651,150)
				<b>2,408,850</b>	<b>2,408,850</b>

9.1.1 This represents investment in fully paid ordinary shares of Takaful Pakistan Limited.

9.2 In shares of quoted company

	2015 Number of Shares	2014 Number of Shares	Name of securities	Carrying Value	
				2015 Rupees	2014 Rupees
	-	25,000	Quice Foods Industries Limited	-	200,250
	-	25,000	Dewan Salman Fibre Limited	-	51,750
				<b>-</b>	<b>252,000</b>

	Note	2015 Rupees	2014 Rupees
<b>10 TRADE DEBTS</b>			
Considered good		7,287,374	30,752,239
Considered doubtful		64,322,362	48,526,088
Considered bad		-	957,838
		<u>71,609,736</u>	<u>80,236,165</u>
Provision for doubtful debts	10.2	(64,322,362)	(48,526,088)
Considered bad written-off		-	(957,838)
		<u>7,287,374</u>	<u>30,752,239</u>

10.1 The legal suit for recovery of trade debts having a book value of Rs. 15.75 million are pending with the Supreme Court of Pakistan. In spite of legal proceedings, the adequate provision is made in these financial statements as a matter of prudence.

	Note	2015 Rupees	2014 Rupees
<b>10.2 Provision for doubtful debts</b>			
Balance as on July 01		48,526,088	44,218,501
Provision made during the year	19	15,796,274	5,265,425
Considered bad written-off		-	(957,838)
		<u>64,322,362</u>	<u>48,526,088</u>

**11 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

**- Considered good**

Advance to staff		265,500	459,440
Short term prepayments		127,390	48,145
Other receivables		15,988	-
		<u>408,878</u>	<u>507,585</u>

**12 TAX REFUNDS DUE FROM GOVERNMENT**

Opening tax refund		624,904	519,152
Provision for the year	22	(172,970)	(100,562)
		<u>451,934</u>	<u>418,590</u>
Tax paid during the year		221,383	206,314
		<u>673,317</u>	<u>624,904</u>

**13 CASH AND BANK BALANCES**

Cash in hand		6,629	1,278
<b>Cash at banks</b>			
In current accounts		239,098	155,773
In saving account	13.1	25,086,879	18,018,465
		<u>25,325,977</u>	<u>18,174,238</u>
		<u>25,332,606</u>	<u>18,175,516</u>

13.1 Saving account carries markup which ranges from 5% to 7.25% (2014 : 5% to 7.25%) per annum.

**14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2015 Number of Shares	2014	Note	2015 Rupees	2014 Rupees
<b>10,000,000</b>	10,000,000	Ordinary shares of Rs.10 each fully paid in cash	<b>100,000,000</b>	100,000,000
		14.1 & 14.2		

**14.1** Associated undertakings held 7,404,750 (2014 : 7,404,750) ordinary shares of Rs. 10 each at the year end.

**14.2** The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

**15 RETIREMENT BENEFITS**

	Note	2015 Rupees	2014 Rupees
Employees compensated absences	3.7	<b>1,999,004</b>	1,999,004

**16 TRADE AND OTHER PAYABLES**

Trade creditors	<b>34,252,720</b>	33,873,591
Accrued liabilities	<b>1,455,932</b>	1,217,482
Other liabilities	<b>464,765</b>	578,789
	<b>36,173,417</b>	35,669,862

**17 CONTINGENCY AND COMMITMENT**

**17.1 Contingency**

The Company is defending an appeal filed with the Honorable Supreme Court of Pakistan against the order passed by the Divisional Bench of Lahore High Court in favour of the Company against defamation claim of Rs.5.00 million. The Company is confident of a favourable out come and accordingly no provision for the aforesaid amount has been made in these financial statements.

**17.2 Commitment**

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end: -

	Note	2015 Rupees	2014 Rupees
For purchase of shares	17.2	<b>6,412,131</b>	33,543,746
For sale of shares	17.2	<b>2,704,940</b>	33,640,336
Against purchased of office at South Tower of LSE Plaza		<b>77,817</b>	1,011,621

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>18 OPERATING REVENUE</b>			
Brokerage income		<u>6,359,377</u>	<u>6,848,634</u>
<b>19 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries, benefits and allowances		5,210,142	4,783,848
Commission and clearing house expenses		73,194	67,041
Communication expenses		284,608	292,348
Printing and stationary		124,037	153,432
Entertainment expenses		107,779	107,012
Travelling and lodging expenses		54,148	61,660
Repairs and maintenance		609,259	477,305
Advertisement and publicity		26,460	54,000
Electricity and utilities		310,702	304,184
Insurance expenses		52,089	80,581
Depreciation	4	220,869	254,460
Internet and software maintenance charges		312,458	359,678
Legal and professional charges		254,000	204,670
Fees and subscription		234,860	198,866
Rent, rates and taxes		665,804	560,411
Auditors remuneration	19.1	275,000	262,500
Miscellaneous expenses		239,987	91,927
Provision for doubtful debt - net	10.2	15,796,274	5,265,425
		<u>24,851,670</u>	<u>13,579,348</u>
<b>19.1 Auditors' remuneration</b>			
Statutory audit fee		190,000	187,500
Interim review fee		35,000	30,000
Certification fee		35,000	30,000
Out of pocket expenses		15,000	15,000
		<u>275,000</u>	<u>262,500</u>
<b>20 FINANCE COST</b>			
Bank charges		<u>9,379</u>	<u>9,915</u>
<b>21 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Interest on saving account		1,105,524	1,208,196
Dividend income		577,463	245,958
		<u>1,682,987</u>	<u>1,454,154</u>
<b>Income from other than financial assets</b>			
Gain on sale of fixed assets		16,741	-
Others		5,573	-
		<u>1,705,301</u>	<u>1,454,154</u>

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>22 TAXATION</b>			
Current	22.1	<u>172,970</u>	<u>100,562</u>

**22.1 Tax charge reconciliation**

Reconciliation between tax expense and accounting profit has not been made as relationship between these could not be developed due to tax arises under minimum tax regime u/s. 113 of the Income Tax Ordinance, 2001 owing to losses.

Returns for the tax year upto 2014 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001 however the CIT has power to re-assess any of the five preceding tax years.

		<i>2015</i>	<i>2014</i>
<b>23 (LOSS) PER SHARE</b>			
<i>- Basic and Diluted</i>			
Loss attributable to ordinary shareholders	<i>Rs.</i>	<u>(16,453,039)</u>	<u>(5,352,509)</u>
Weighted average number of ordinary shares in issue		<u>10,000,000</u>	<u>10,000,000</u>
Loss per share - basic and diluted	<i>Rs.</i>	<u>(1.65)</u>	<u>(0.54)</u>

		<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>24 REMUNERATION AND BENEFITS TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES</b>			
<b>To Chief Executive Officer (One)</b>			
Managerial remuneration		1,312,890	1,192,550
Commission paid		149,997	245,968
Expenses incurred		222,889	273,421
<b>To Director (One)</b>			
Commission paid		-	205,963
For attending meeting		20,000	15,000
		<u>1,705,776</u>	<u>1,932,902</u>

**24.1** The chief executive has been provided with the free use of company maintained vehicle in accordance with the company's policy.

**24.2** None of the employees fall under the category of "Executives" as defined by the Companies Ordinance, 1984.

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>25 CASH GENERATED FROM/(USED IN) OPERATIONS</b>		
<b>Loss before taxation</b>	<b>(16,280,069)</b>	<b>(5,251,947)</b>
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	220,869	254,460
Profit on saving account	(1,105,524)	(1,208,196)
Provision for doubtful debts	15,796,274	5,265,425
Finance cost	9,379	9,915
Dividend income	(577,463)	(245,958)
Gain on sale of fixed assets	(16,741)	-
Unrealised loss on remeasurement of investment	-	40,273
	<b>14,326,794</b>	<b>4,115,919</b>
	<b>(1,953,275)</b>	<b>(1,136,028)</b>
<b>Changes in Working Capital:</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts	7,668,591	(11,133,275)
Advances, prepayments and other receivables	98,707	10,485
<b>Increase in current liabilities</b>		
Trade and other payables	503,555	14,320,324
	<b>8,270,853</b>	<b>3,197,534</b>
<b>Cash generated from operations</b>	<b>6,317,578</b>	<b>2,061,506</b>

**26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**FINANCIAL ASSETS AND LIABILITIES**

**Financial assets**

Long term deposits	925,149	839,149
Investments	5,181,294	5,774,418
Trade debts	7,287,374	30,752,239
Advances, prepayments and other receivables	408,878	507,585
Cash and bank balances	25,332,606	18,175,516
	<b>39,135,301</b>	<b>56,048,907</b>

**Financial Liabilities**

Retirement benefits	1,999,004	1,999,004
Trade and other payables	36,173,417	35,669,862
	<b>38,172,421</b>	<b>37,668,866</b>

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

- a) Credit risk
- b) Liquidity risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### **26.1 Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

#### **Exposure to credit risk**

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<b>2014</b> <i>Rupees</i>
Long term investments	6	<b>2,772,444</b>	3,113,568
Long term deposits	7	<b>925,149</b>	839,149
Short term investments	9	<b>2,408,850</b>	2,660,850
Trade debts	10	<b>7,287,374</b>	30,752,239
Advances, prepayments and other receivables	11	<b>408,878</b>	507,585
Cash at banks	13	<b>25,325,977</b>	18,174,238
		<b>39,128,672</b>	<b>56,047,629</b>

#### **Trade debts**

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

All the trade debtors at the balance sheet date represent domestic parties.

The aging of trade receivable at the reporting date is: -

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<b>2014</b> <i>Rupees</i>
Within 1 year		<b>7,732,216</b>	14,687,598
More than 1 but less than 2 years		<b>823,624</b>	1,104,512
More than 2 years		<b>63,053,896</b>	64,444,055
		<b>71,609,736</b>	80,236,165
Impairment	10.2	<b>(64,322,362)</b>	(48,526,088)
Considered bad written-off		-	(957,838)
		<b>7,287,374</b>	<b>30,752,239</b>



Trade debts balances amounting to Rs. 64.322 millions (2014 : Rs. 48.526 millions) for which management has made adequate provision in these financial statements based on prudence, past track record of the customers and management's judgment to recover these balances.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

<i>Bank</i>	<i>Rating agency</i>	<i>Short term ratings</i>
<b>Private sector commercial banks</b>		
Bank Alfalah Limited	PACRA	A1+
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
<b>Development Financial Institutions</b>		
Al Baraka Bank (Pakistan) Limited	PACRA	A1

**26.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	<b>2015</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<b>Financial liabilities</b>				
Retirement benefits	1,999,004	1,999,004	1,999,004	-
Trade and other payables	36,173,417	36,173,417	36,173,417	-
	<b>2014</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<b>Financial liabilities</b>				
Retirement benefits	1,999,004	1,999,004	1,999,004	-
Trade and other payables	35,669,862	35,669,862	35,669,862	-

**26.3 Market risk**

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

**26.3.1 Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

**26.3.2 Interest / mark up rate risk**

Financial assets and liabilities include balances of Rs. 25.087 million (2014 : Rs. 18.018 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is not exposed to any short term borrowing arrangements having variable rate pricing.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>Effective interest rate (in %)</u>		<u>Carrying amount</u>	
			<u>Rupees</u>	<u>Rupees</u>
<b>Financial assets</b>				
Cash and bank balances	<u>5% to 7.25%</u>	<u>5% to 7.25%</u>	<u>25,086,879</u>	<u>18,018,465</u>

**Sensitivity analysis**

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	<i>Profit and loss 100 bp</i>	
	<i>increase</i>	<i>decrease</i>
<b>As at June 30, 2015</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>110,552</u>	<u>(110,552)</u>
<b>As at June 30, 2014</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>120,820</u>	<u>(120,820)</u>

**26.3.3 Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.0.052 million (2014 : Rs. 0.645 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

**Sensitivity analysis**

The table below summarizes Company's equity price risk as of June 30, 2015 and 2014 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices of the quoted securities as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	<i>Fair Value Rupees</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices Rupees</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity Rupees</i>
<b>June 30, 2015</b>	<b>52,444</b>	<b>10% increase</b>	<b>57,688</b>	<b>5,244</b>
		<b>10% decrease</b>	<b>47,200</b>	<b>(5,244)</b>
June 30, 2014	645,568	10% increase	710,125	64,557
		10% decrease	581,011	(64,557)

**26.4 Fair Value of Financial Instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

**26.5 Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees -----		
<b>June 30, 2015</b>			
Investments available for sale	52,444	-	2,720,000
Investments at fair value through Profit and loss	-	-	2,408,850
<b>June 30, 2014</b>			
Investments available for sale	393,568	-	2,720,000
Investments at fair value through Profit and loss	252,000	-	2,408,850

**27 CAPITAL RISK MANAGEMENT**

The primary objective of the Company’s capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2015.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

**28 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 undertakings are entered into at commercial terms and conditions. Year end balances with related parties are shown in the relevant notes to the financial statements.

Transaction with associated undertakings and key management personnel under the term of their employment, are as follows: -

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>Transactions with other related parties</b>		
Commission paid to Director	-	205,963
Commission paid to Chief Executive	<b>149,997</b>	245,968
Commission received from Chief executive	<b>4,375</b>	39,600
Commission received from Directors	<b>6,425</b>	55,394
Expenses incurred by the Chief Executive	<b>222,889</b>	273,421
For attending meeting to Director	<b>20,000</b>	15,000

**29 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company at June 30, 2015 are located in Pakistan.

**30 RECLASSIFICATION**

The advance against office of Lahore Stock Exchange Limited was previously classified under long deposits now reclassified as capital work in progress amounting to Rs. 1.55 million for better presentation.

**31 DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on September 19, 2015.

**32 GENERAL**

**32.1** The number of employees of the company as at June 30, 2015 were 12 (2014 : 12) and weighted average number of employees were 12 (2014 : 12).

**32.2** Figures have been rounded off to the nearest rupee.

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








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










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# **TRUST SECURITIES & BROKERAGE LIMITED**

**CORPORATE TREC HOLDER : Lahore Stock Exchange Limited**

## **Corporate Office:**

2nd Floor, Associated House, Building # 1 & 2,  
7-Kashmir Road, Lahore-54000 (PAKISTAN).

Tele: (92-42) 3637 3041-43    Trading: 3631 0241-44

Fax: (92-42) 3637 3040    Website: [www.trustsecu.com](http://www.trustsecu.com)

Email: [info@trustsecu.com](mailto:info@trustsecu.com) & [tsbl@brain.net.pk](mailto:tsbl@brain.net.pk)

## **Lahore Stock Exchange Office:**

Room # 607, 6th Floor, Lahore Stock Exchange Building,  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore-54000 (PAKISTAN).

Telephone: (92-42) 3637 4710 & 3630 0181



**FORM OF PROXY**  
**Twenty Second Annual General Meeting**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Trust Securities & Brokerage Limited hereby appoint \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_ (full address)

as my/our proxy to attend and for me/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Friday, October 30, 2015 at 9:00 A.M. and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signed by \_\_\_\_\_

in the presence of \_\_\_\_\_ (full address)

\_\_\_\_\_

Signature on  
Rs. 5/- revenue  
stamp

Signature of Witness \_\_\_\_\_ Signature of Member \_\_\_\_\_

Shareholder's Folio No. \_\_\_\_\_ Number of Shares held \_\_\_\_\_

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as proxy who is not a member of the company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation its common seal should be affixed to the instrument.
3. The instrument appointing a proxy, together with power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.



