

Half Yearly Report

December 31, 2011

(Un-Audited)

TSBL

Trust Securities & Brokerage Limited

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COMPANY INFORMATION

Board of Directors

Mr. Naveed Gilani	Chairman
Mr. Abdul Basit	Chief Executive
Mrs. Neena Jaffar	Director
Mr. Abdul Basit Pracha Asi Nizami	Director
Mr. Syed Javed Hussain	Director
Mr. Syed Mahmood Ali	Director
Mr. Mohammed Talha Qureshi (Nominee of Emirates Investment Group LLC)	Director

Audit Committee

Mr. Naveed Gilani	Chairman
Mr. Syed Javed Hussain	Member
Mr. Mohammad Talha Qureshi	Member

Company Secretary

Ms. Nadia Haider

Auditors

Haroon Zakaria & Company
Chartered Accountants

Legal Advisor

Mr. Abdul Majid
Advocate

Bankers

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

Registered Office

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DIRECTORS' REPORT

The Directors are pleased to submit the interim financial statements of the company for the half year ended December 31, 2011.

Financial Results	December 31, 2011
	Rupees
The summarized financial results are as follows:	
Operating revenue	902,502
Gain on sale of securities	234,853
Loss on re-measurement of investments	(422,562)
	<u>714,793</u>
Operating and administrative expenses	(8,158,916)
Finance cost	(3,182)
	<u>(8,162,098)</u>
Operating loss	(7,447,305)
Other operating income	224,387
	<u>(7,222,918)</u>
Loss before taxation	(7,222,918)
Taxation	(40,285)
	<u>(7,263,203)</u>
Loss after taxation	(7,263,203)
	<u>(0.73)</u>

During this period, KSE-100 index opened at 12,496 and closed at 11,347 points, declined by 9.2 percent or 1,149 points within six months.

The company earned total revenue of Rs.939,180/- during the half year ended December 31, 2011, as compared to Rs.1,397,658/- in the corresponding period of last year. On the expenditure side, the operating expenses were Rs. 8,158,916/- including a provision of bad debts for Rs.4,810,682/-. This resulted in net loss of Rs.7,263,203/- during the period under review.

The Auditors have placed matter of emphasis paragraph regarding preparation of interim financial statements on going concern basis. 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 and is searching for new customers of sound reputation in the market. There is also chance for the improvement in stock market in future. These steps will reduce the operational losses and improve the profitability as well the accumulated losses will be reduced.

We would like to avail this opportunity to convey our deep appreciation to the clients for their continued confidence during these hard days. We would also like to thank SECP, Karachi and Lahore Stock Exchanges for their continuous cooperation and guidance.

For and on behalf of the Board

Lahore:
February 23, 2012

ABDUL BASIT
CHIEF EXECUTIVE

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of **TRUST SECURITIES AND BROKERAGE LIMITED** as at December 31, 2011, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six months period ended December 31, 2011. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE OF REVIEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim financial information are not presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan. The figures of the condensed profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2011.

Without qualifying our opinion, 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.7.263 million during the half year and its accumulated losses stood at Rs. 58.975 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.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:February 23, 2012

Engagement Partner:
Zakaria

Trust Securities & Brokerage Limited

TSBL

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2011

		<i>(Un-Audited)</i> December 31,	<i>(Audited)</i> June 30,
	<i>Note</i>	2011 Rupees	2011 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	2,185,185	2,420,960
Intangibles		4,262,600	4,262,600
Long term investments	6	139,999	122,487
Long term advances		100,000	100,000
Long term deposits		988,649	988,649
		<u>7,676,433</u>	<u>7,894,696</u>
Current Assets			
Short term investments	7	7,614,450	7,366,080
Trade debts	8	38,146,484	43,155,521
Advances		368,000	377,500
Trade deposits and short term prepayments		124,923	31,511
Other receivable		93,356	104,846
Cash and bank balances		3,682,875	6,034,848
		<u>50,030,088</u>	<u>57,070,306</u>
Total Assets		<u>57,706,521</u>	<u>64,965,002</u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized capital			
10,000,000 ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital		<u>100,000,000</u>	<u>100,000,000</u>
10,000,000 ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve		38,023	16,171
Accumulated losses		(58,975,322)	(51,712,119)
		<u>(55,437,299)</u>	<u>(48,195,948)</u>
Shareholders' Equity		<u>44,562,701</u>	<u>51,804,052</u>
Non-Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Current Liabilities			
Trade and other payables		10,555,591	10,564,303
Provision for taxation - net		589,225	597,643
		<u>11,144,816</u>	<u>11,161,946</u>
Commitments	9		
Total Equity and Liabilities		<u>57,706,521</u>	<u>64,965,002</u>

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

Chief Executive

Director

Trust Securities & Brokerage Limited

TSBL

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 2011</i>	<i>December 2010</i>	<i>December 2011</i>	<i>December 2010</i>
	<i>Note ----- Rupees -----</i>			
Operating revenue	902,502	762,325	540,507	560,702
Gain on sale of securities	234,853	258,414	102,553	243,258
Loss on re-measurement of investments	(422,562)	(10,934)	(377,062)	(10,934)
	714,793	1,009,805	265,998	793,026
Operating and administrative expenses	(8,158,916)	(8,783,401)	(6,502,372)	(6,990,473)
Finance cost	(3,182)	(8,589)	(1,072)	(3,223)
	(8,162,098)	(8,791,990)	(6,503,444)	(6,993,696)
Operating loss	(7,447,305)	(7,782,185)	(6,237,446)	(6,200,670)
Other operating income	224,387	387,853	129,614	178,471
Loss before taxation	(7,222,918)	(7,394,332)	(6,107,832)	(6,022,199)
Taxation	10 (40,285)	626,679	(20,285)	35,000
Loss after taxation	(7,263,203)	(6,767,653)	(6,128,117)	(5,987,199)
Loss per share - basic and diluted	(0.73)	(0.68)	(0.61)	(0.60)

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 2011</i>	<i>December 2010</i>	<i>December 2011</i>	<i>December 2010</i>
	----- Rupees -----			
Loss after tax for the period	(7,263,203)	(6,767,653)	(6,128,117)	(5,987,199)
Other comprehensive income for the period				
Available-for-sale financial assets				
Gain arising due to remeasurement	21,852	26,399	13,111	18,876
Total comprehensive loss for the period	<u>(7,241,351)</u>	<u>(6,741,254)</u>	<u>(6,115,006)</u>	<u>(5,968,323)</u>

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

Chief Executive

Director

Trust Securities & Brokerage Limited

TSBL

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	December 31, 2011 Rupees	December 31, 2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(7,222,918)	(7,394,332)
Adjustment for non-cash charges and other items		
Depreciation	194,194	246,338
Profit on saving account	(162,934)	(387,637)
Dividend income	(61,453)	-
Provision for bad debts	4,600,898	5,186,717
Finance cost	3,182	8,589
Loss on disposal of fixed assets	14,581	4,923
Loss/(gain) on sale of investments	187,709	(247,480)
	4,776,177	4,811,450
Operating loss before working capital changes	(2,446,741)	(2,582,882)
Changes in Working Capital		
Decrease / (increase) in current assets		
Trade debts	408,139	(822,401)
Advances	9,500	(21,000)
Trade deposits & short term prepayments	(93,412)	(129,136)
Other receivable	-	(178,305)
	324,227	(1,150,842)
Decrease in trade and other payables	(8,712)	(1,639,622)
	315,515	(2,790,464)
Cash used in operations	(2,131,226)	(5,373,346)
Finance cost paid	(3,182)	(8,587)
Taxes paid	(48,703)	(63,669)
Payment of employees compensated absences	-	(23,336)
Long term deposits - net	-	(48,000)
Profit received on saving account	174,424	387,637
	122,539	244,045
Net cash used in operating activities	(2,008,687)	(5,129,301)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	27,000	20,648
Dividend income	61,453	-
(Purchase) / disposal of short term investment - net	(431,739)	51,279
Net cash (used in) / generated from investing activities	(343,286)	71,927

December 31, December 31,
2011 2010
Rupees Rupees

C. CASH FLOW FROM FINANCING ACTIVITIES

Repayment of lease obligation	-	(46,955)
Net cash used in financing activities	-	(46,955)
Net decrease in cash and cash equivalents (A+B+C)	(2,351,973)	(5,104,329)
Cash and cash equivalents at the beginning of the period	6,034,848	12,353,377
Cash and cash equivalents at the end of the period	3,682,875	7,249,048

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 HALF YEAR ENDED DECEMBER 31, 2011**

	Issued, subscribed and paid up capital	Reserves				Shareholders' Equity
		Capital Fair Value Reserve	General Reserve	Revenue Accumulated Losses Rupees	Sub Total Grand Total	
Balance as at June 30, 2010	100,000,000	-	3,500,000	(41,074,759)	(37,574,759)	62,425,241
Total comprehensive loss for the six months ended December 31, 2010						
Loss for the half year ended December 31, 2010	-	-	-	(6,767,653)	(6,767,653)	(6,767,653)
Gain arises due to remeasurement of investments	-	26,399	-	-	26,399	26,399
	-	26,399	-	(6,767,653)	(6,741,254)	(6,741,254)
Balance as at December 31, 2010	100,000,000	26,399	3,500,000	(47,842,412)	(44,316,013)	55,683,987
Balance as at June 30, 2011	100,000,000	16,171	3,500,000	(51,712,119)	(48,212,119)	51,804,052
Total comprehensive loss for the six months ended December 31, 2011						
Loss for the half year ended December 31, 2011	-	-	-	(7,263,203)	(7,263,203)	(7,263,203)
Gain arises due to remeasurement of investments	-	21,852	-	-	21,852	21,852
	-	21,852	-	(7,263,203)	(7,241,351)	(7,241,351)
Balance as at December 31, 2011	100,000,000	38,023	3,500,000	(58,975,322)	(55,437,299)	44,562,701

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 HALF YEAR ENDED DECEMBER 31, 2011******1 THE COMPANY AND ITS OPERATION***

1.1 Trust Securities And Brokerage Limited (the Company) was incorporated in Pakistan on October 19, 1993 as a public limited company under the Companies Ordinance, 1984 (The Ordinance). The Company is listed on Karachi and Lahore Stock Exchanges in Pakistan. The Company is a Corporate Member of Lahore Stock Exchange (Guarantee) Limited. The company is principally engaged in shares brokerage, consultancy and underwriting services. The registered office of the Company is situated at 3rd Floor, Associated House, Building # 1 & 2, 7 - Kashmir Road, Lahore.

1.2 Going Concern Assumption

During the half year, the Company has incurred loss after tax of Rs.7.263 (June 2011 : 10.637) million and at period end, its accumulated losses stood at Rs.58.975 (June 2011 : Rs.51.712) million causing decrease in shareholders' equity to Rs.44.563 (June 2011 : Rs.51.804) million. The Company's certain amount of trade debts is stuck up. These factors indicate the existence of material uncertainty and creates doubts about the Company's ability to continue as going concern. However, despite associated uncertainties, the Company expects that increase in the trading activities in stock market and recovery of trade receivables from its customers will improve the profitability and liquidity 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***

This condensed interim financial report of the company for the six months period ended December 31, 2011 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 but subject to limited scope review by auditors. These condensed interim financial statements 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, 2011.

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, 2011.

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, 2011.

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>December</i>	<i>June 30,</i>
<i>2011</i>	<i>2011</i>
<i>Rupees</i>	<i>Rupees</i>

5 PROPERTY AND EQUIPMENTS

Opening written down value	2,420,960	2,936,789
Total additions during the period	-	11,750
Total disposals during the period	(60,835)	(75,849)
Depreciation charge for the period	(194,194)	(493,488)
Depreciation charged on disposal	19,254	41,758
Closing written down value	<u>2,185,185</u>	<u>2,420,960</u>

5.1 The additions and disposals were made during the period are given below:-

<i>Dec. 31, 2011</i>		<i>June 30, 2011</i>	
<i>Additions</i>	<i>Disposal</i>	<i>Additions</i>	<i>Disposal</i>
<i>----- Rupees -----</i>			

Owned

Computers	-	-	5,750	(31,600)
Furniture and fixtures	-	-	-	(12,000)
Office equipments	-	(60,835)	6,000	(32,249)
	-	(60,835)	11,750	(75,849)

6 LONG TERM INVESTMENTS*- Available for sale**In Shares of Quoted Companies*

<i>December 31, 2011</i>	<i>June 30, 2011</i>	<i>Name of Company</i>	<i>(Un-Audited) December 2011 Rupees</i>	<i>(Audited) June 30, 2011 Rupees</i>
43,705	43,705	Standard Chartered Leasing Ltd.	131,115	109,263
36,168	36,168	Invest Capital Investment Bank Ltd.	7,234	11,574
5,000	5,000	Sunshine Cotton Mills Ltd.	1,650	1,650
			<u>139,999</u>	<u>122,487</u>

7 SHORT TERM INVESTMENT*- At fair value through profit or loss*

<i>December 31, 2011</i>	<i>June 30, 2011</i>	<i>Name of Company</i>	<i>(Un-Audited) December 2011 Rupees</i>	<i>(Audited) June 30, 2011 Rupees</i>
505,000	550,000	Takaful Pakistan Limited - unquoted - related party	6,060,000	6,600,000
12,000	12,000	Nishat Mills Limited	485,400	604,080
100,000	25,000	Jahangir Siddique & Company Ltd.	403,000	162,000
35,000	-	D.G Khan Cement Company Ltd.	666,050	-
			<u>7,614,450</u>	<u>7,366,080</u>

8 TRADE DEBTS

	<i>(Un-Audited) December 2011 Rupees</i>	<i>(Audited) June 30, 2011 Rupees</i>
Considered good	38,146,484	43,155,521
Considered doubtful	32,775,525	28,174,627
	70,922,009	71,330,148
Provision for doubtful receivables	(32,775,525)	(28,174,627)
	<u>38,146,484</u>	<u>43,155,521</u>

8.1

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>December</i>	<i>June 30,</i>
<i>2011</i>	<i>2011</i>
<i>Rupees</i>	<i>Rupees</i>

8.1 Provision for doubtful receivables

Balance at beginning of the period	28,174,627	21,719,448
Additional Provision made during the period	4,810,682	6,556,431
	32,985,309	28,275,879
Reversal of excess provision	(209,784)	(101,252)
Balance at end of the period	32,775,525	28,174,627

9 COMMITMENTS

For purchase of shares	8,213,711	2,776,994
For sale of shares	9,291,569	1,439,557

<i>(Un-Audited)</i>		<i>(Un-Audited)</i>	
<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
<i>-----Rupees-----</i>			

10 PROVISION FOR TAXATION

Taxation for the period	40,285	50,000	30,000	35,000
Prior period	-	(676,679)	-	-
	40,285	(626,679)	30,000	35,000

11 TRANSACTIONS WITH RELATED PARTIES

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

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

	<i>(Un-Audited)</i>		<i>(Un-Audited)</i>	
	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>Dec. 31,</i>	<i>Dec. 31,</i>	<i>Dec. 31,</i>	<i>Dec. 31,</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Commission paid to Chief Executive	25,242	21,187	11,322	18,035
Salary drawn by Chief Executive	542,732	540,632	271,366	270,316
Expenses incurred by the Chief Executive	97,743	81,293	45,663	58,237
Transactions with associates				
Sale of shares of Takaful Pakistan Ltd.	540,000	-	480,000	-

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on February 23, 2012.

13 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

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

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