

Half Yearly Report
December 31, 2013
(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. Syed Javed Hussain	Director
Mr. Aftab Ahmed Qaiser	Director
Mr. Syed Mahmood Ali	Director
Mr. Muhammad Usama Khan	Director

Audit Committee

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Syed Javed Hussain	Member
Mr. Naveed Gilani	Member

HR & Remuneration Committee

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Abdul Basit	Member
Mr. Syed Mahmood Ali	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

3rd Floor, Associated House, Building # 1& 2,
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Telephone : (042) 3637 3041-43
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Lahore Stock Exchange Office

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

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

DIRECTORS' REPORT

The Directors are pleased to submit the interim financial statements of the company for the half year ended December 31, 2013.

Financial Results	December 31, 2013
	Rupees
The summarized financial results are as follows:	
Operating revenue	3,027,239
Gain on sale of securities	29,503
Gain on re-measurement of investments	2,500
	<u>3,059,242</u>
Operating and administrative expenses	(4,005,287)
Finance cost	(5,450)
	<u>(4,010,737)</u>
Operating loss	(951,495)
Other operating income	579,530
	<u>(371,965)</u>
Loss before taxation	(371,965)
Taxation	(80,000)
	<u>(451,965)</u>
Loss after taxation	(451,965)
Loss per share- basic and diluted	(0.05)

KSE-100 index performed well in 2013 and recorded a growth by 4,255 points, or 20.3 percent, within six months to close at 25,261 points on December 31, 2013.

The company earned total revenue of Rs.3,638,772/- during the half year ended December 31, 2013, as compared to total revenue Rs.2,215,582/- in the corresponding period of last year. On the expenditure side, the operating expenses were Rs. 4,005,287/- . The company reported a net loss of Rs.451,965/- for the period ended December 31, 2013 as compared to Rs. 5,102,358 for the same period of last year.

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. Further, the revenue from brokerage has increased in current half year as compared to previous interim period. The management is expecting the continuous growth trend in brokerage income as it has acquired new clients. The Company expects increase in its profitability owing to these factors.

The directors are grateful to the Company's shareholders, Financial Institutions and our clients for their continuous corporation and support during these hard days. The directors also acknowledge the continuous guidance of the SECP, Karachi and Lahore Stock Exchanges.

For and on behalf of the Board

Lahore:
February 25, 2014

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 & Brokerage Limited** as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six months period then ended December 31, 2013. 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. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters December 31, 2013 and 2012 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

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 accompanying interim financial information is not prepared, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the Note 1.2 to the condensed interim financial statements. As stated in the note, as at December 31, 2013 the Company has incurred loss after tax of Rs.0.452 million and, as of that date, its accumulated losses stood at Rs.75.340 (June 2013 : Rs.74.888) million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as going concern. However, this financial information is prepared on going concern basis due to the reasons stated in the note. Our opinion is not qualified in respect of this matter.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 25, 2014

Engagement Partner:
Muhammad Yameen

Trust Securities & Brokerage Limited

TSBL

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2013

	<i>Note</i>	<i>(Un-Audited) December 31, 2013 Rupees</i>	<i>(Audited) June 30, 2013 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	1,571,909	1,699,139
Intangibles		1,542,600	1,542,600
Long term investments	6	3,075,485	3,011,992
Long term deposits		1,727,734	738,649
Deferred taxation	7	-	-
		7,917,728	6,992,380
Current Assets			
Short term investments	8	2,474,350	2,471,850
Trade debts		42,720,886	24,884,389
Advances, prepayments and other receivables		655,676	518,070
Tax refunds due from government		525,748	519,152
Cash and bank balances		24,416,708	16,761,845
		70,793,368	45,155,305
Total Assets		78,711,096	52,147,685
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized capital			
10,000,000 ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
10,000,000 ordinary shares of Rs.10 each		100,000,000	100,000,000
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve		250,819	187,326
Accumulated losses		(75,340,148)	(74,888,183)
		(71,589,329)	(71,200,857)
Shareholders' Equity		28,410,671	28,799,143
Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Trade and other payables		48,301,421	21,349,538
		50,300,425	23,348,542
Contingency and Commitments	9	-	-
Total Equity and Liabilities		78,711,096	52,147,685

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, 2013**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 2013</i>	<i>December 2012</i>	<i>December 2013</i>	<i>December 2012</i>
----- Rupees -----				
Operating revenue	3,027,239	1,892,107	1,400,200	1,058,485
Gain on sale of securities	29,503	323,475	29,503	190,857
Gain/ (Loss) on re-measurement of investments	2,500	(3,740,544)	3,500	(3,657,932)
	3,059,242	(1,524,962)	1,433,203	(2,408,590)
Operating and administrative expenses	(4,005,287)	(3,928,282)	(1,952,379)	(2,071,149)
Finance cost	(5,450)	(4,600)	(1,800)	(2,150)
	(4,010,737)	(3,932,882)	(1,954,179)	(2,073,299)
Operating loss	(951,495)	(5,457,844)	(520,976)	(4,481,889)
Other operating income	579,530	430,486	363,148	260,285
Loss before taxation	(371,965)	(5,027,358)	(157,828)	(4,221,604)
Taxation	(80,000)	(75,000)	(45,000)	(30,000)
Loss after taxation	(451,965)	(5,102,358)	(202,828)	(4,251,604)
Loss per share - basic and diluted	(0.05)	(0.51)	(0.02)	(0.43)

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, 2013**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 2013</i>	<i>December 2012</i>	<i>December 2013</i>	<i>December 2012</i>
	----- Rupees -----			
Loss after tax for the period	(451,965)	(5,102,358)	(202,828)	(4,251,604)
Other comprehensive income for the period				
Available-for-sale financial assets				
Gain arising due to remeasurement	63,493	83,762	25,184	27,850
Total comprehensive loss for the period	<u>(388,472)</u>	<u>(5,018,596)</u>	<u>(177,644)</u>	<u>(4,223,754)</u>

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

Chief Executive

Director

Trust Securities & Brokerage Limited

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	December 31, 2013 Rupees	December 31, 2012 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(371,965)	(5,027,358)
Adjustment for non-cash charges and other items		
Depreciation	127,230	156,915
Profit on saving account	(544,570)	(352,607)
Dividend Income	(34,964)	(76,964)
Provision for bad debts	-	(256,799)
Finance cost	5,450	4,600
(Gain)/loss on sale of investments	(2,500)	3,740,544
	(449,354)	3,215,689
Operating loss before working capital changes	(821,319)	(1,811,669)
Changes in Working Capital		
Decrease / (increase) in current assets		
Trade debts	(17,836,497)	3,326,988
Advances	-	(7,930)
Trade deposits & short term prepayments	(137,650)	(200,740)
Increase/ (decrease) in current liabilities		
Increase in trade and other payables	26,951,883	8,314,216
	8,977,735	11,432,534
Cash generated from operations after working capital changes	8,156,416	9,620,865
Finance cost paid	(5,450)	(4,600)
Taxes paid	(86,596)	(73,126)
Long term deposits - net	(989,085)	350,000
	(1,081,131)	272,274
Net cash generated from operating activities	7,075,285	9,893,139
B. CASH FLOW FROM INVESTING ACTIVITIES		
Profit received on saving account	544,614	405,593
Dividend received	34,964	76,964
(Purchase) / disposal of short term investment - net	-	352,050
Net cash generated from investing activities	579,578	834,607
Net increase in cash and cash equivalents (A+B)	7,654,863	10,727,746
Cash and cash equivalents at the beginning of the period	16,761,845	6,969,275
Cash and cash equivalents at the end of the period	24,416,708	17,697,021

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, 2013**

	Issued, subscribed and paid up capital	Capital		General Reserve	Reserves		Sub Total	Grand Total	Shareholders' Equity
		Fair Value Reserve	Accumulated Losses		Revenue	Rupees			
Balance as at June 30, 2012	100,000,000	133,103	3,500,000	(61,458,578)	(57,825,475)	(57,825,475)	(57,825,475)	42,174,525	
Total comprehensive loss for the six months ended December 31, 2012									
Loss for the half year ended December 31, 2012	-	-	-	(5,102,358)	(5,102,358)	(5,102,358)	(5,102,358)	(5,102,358)	
Gain arises due to remeasurement of investments	-	83,762	-	-	83,762	83,762	83,762	83,762	
Balance as at December 31, 2012	100,000,000	216,865	3,500,000	(66,560,936)	(62,844,071)	(62,844,071)	(62,844,071)	37,155,929	
Balance as at June 30, 2013	100,000,000	187,326	3,500,000	(74,888,183)	(71,388,183)	(71,388,183)	(71,200,857)	28,799,143	
Total comprehensive loss for the six months ended December 31, 2013									
Loss for the half year ended December 31, 2013	-	-	-	(451,965)	(451,965)	(451,965)	(451,965)	(451,965)	
Gain arises due to remeasurement of investments	-	63,493	-	-	63,493	63,493	63,493	63,493	
Balance as at December 31, 2013	100,000,000	250,819	3,500,000	(75,340,148)	(71,776,655)	(71,589,329)	(71,589,329)	28,410,671	

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, 2013******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 in Pakistan. The Company is a TREC holder of Lahore Stock Exchange Limited. The registered office of the Company is situated at 3rd Floor, Associated House, Building 1 & 2, 7-Kashmir Road, Lahore. The Company is principally engaged in shares brokerage, consultancy and underwriting services.

1.2 Going Concern Assumption

During the half year, the Company has incurred loss after tax of Rs.0.452 (June 2013 : 13.429) million and at period end, its accumulated losses stood at Rs.75.340 (June 2013 : Rs.74.888) million causing decrease in shareholders' equity to Rs.28.411 (June 2013 : Rs.28.799) 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 and, therefore the Company may not be able to realize its assets and discharge its liabilities at the stated amount. However, despite associated uncertainties, the Company expects that increase in the trading activities in stock market. Further, the revenue from brokerage has increased in current half year as compared to previous interim period. The Company is expecting the continuous growth trend in brokerage income as it has acquired new clients. 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, 2013 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, 2013.

2.2 Functional and Presentation Currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013.

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

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2013.

	<i>Note</i>	<i>(Un-Audited)</i> <i>December</i> <i>2013</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2013</i> <i>Rupees</i>
5 PROPERTY AND EQUIPMENTS			
Opening written down value		1,699,139	2,012,968
Depreciation charge for the period		<u>(127,230)</u>	<u>(313,829)</u>
Closing written down value		<u>1,571,909</u>	<u>1,699,139</u>

5.1 There is no addition made during the period.

6 LONG TERM INVESTMENTS**- At Cost - In Shares of Unquoted Company**

Lahore Stock Exchange Limited	6.1	2,720,000	2,720,000
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- Available for sale - In Shares of Quoted Companies

<i>December</i> <i>2013</i> <i>Number of shares</i>	<i>June 30,</i> <i>2013</i>	<i>Name of Company</i>	<i>305,935</i>	<i>235,570</i>
43,705	43,705	Standard Chartered Leasing Ltd.	49,550	56,422
36,168	36,168	Invest Capital Investment Bank Ltd.	1,650	1,650
5,000	5,000	Sunshine Cotton Mills Ltd.	<u>357,135</u>	<u>293,642</u>
		Provision for Impairment	<u>(1,650)</u>	<u>(1,650)</u>
			<u>3,075,485</u>	<u>3,011,992</u>

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

7 DEFERRED TAXATION

The company has not recognized deferred tax asset amounting Rs.21.249 (June 2013 : 19.890) million due to uncertainty regarding taxable profits is foreseeable future against which the deferred tax asset can be utilized or adjusted.

8 SHORT TERM INVESTMENT

- At fair value through profit or loss

			(Un-Audited)	(Audited)
			December	June 30,
			2013	2013
			Rupees	Rupees
December	June 30,	Name of Company		
2013	2013			
Number of shares				
In shares of unquoted companies - Related Party				
505,000	505,000	Takaful Pakistan Limited	2,408,850	2,408,850
In shares of quoted companies - Others				
25,000	25,000	Dewan Salman Fibres Limited	65,500	63,000
			2,474,350	2,471,850

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

9.2 Commitments

	(Un-Audited)	(Audited)
	December	June 30,
	2013	2013
	Rupees	Rupees
For purchase of shares	7,439,758	2,809,552
For sale of shares	7,378,135	2,093,296

10 TRANSACTIONS WITH RELATED PARTIES

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

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

	<i>(Un-Audited)</i>		<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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Commission paid to Chief Executive	101,930	72,156	53,411	37,589
Commission received from Chief Executive	18,150	27,459	7,600	4,434
Salary drawn by Chief Executive	596,800	542,732	298,400	271,366
Expenses incurred by the Chief Executive	102,220	62,389	44,445	30,081
Fee paid to director for attending meeting	10,000	15,000	5,000	15,000

11 DATE OF AUTHORIZATION FOR ISSUE

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

12 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Registered Office

3rd Floor, Associated House, Building # 1& 2,

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Lahore Stock Exchange Office

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