

First Quarter Report
September 30, 2012
(Un-Audited)

TSBL

Trust Securities & Brokerage Limited

CONTENTS

COMPANY INFORMATION

DIRECTORS' REPORT

CONDENSED INTERIM BALANCE SHEET

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

CONDENSED INTERIM CASH FLOW STATEMENT

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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. Aftab Ahmed Qaiser	Director
Mr. Syed Mahmood Ali	Director

Audit Committee

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

DIRECTORS' REPORT

The Board of Directors presenting the brief overview of operational and financial performance of the company for the first quarter Un-audited Condensed Interim Financial Statement for the period ended September 30, 2012.

Financial Results

	September 30, 2012
	Rupees
The summarized financial results are as follows:	
Operating revenue	833,622
Gain on sale of securities	132,618
Loss on re-measurement of investments	(82,612)
	<u>883,628</u>
Operating and administrative expenses	(1,857,133)
Finance cost	(2,450)
	<u>(1,859,583)</u>
Operating Loss	(975,955)
Other operating income	170,201
Loss before taxation	(805,754)
Taxation	(45,000)
Loss after taxation	(850,754)
Loss per share basic and diluted	(0.09)

During the first quarter of current financial year, benchmark KSE-100 index gained 1,643 points to close to 15,444 on September 30, 2012, making approximately 12 percent improvement from 13,804 levels on June 30, 2012. During the quarter under review, the company recorded revenue of Rs. 1,053,829 as compared to Rs. 543,568 in the corresponding period of the last year. On the expenditure side, the operating expenses were Rs. 1,857,133 in comparison to Rs. 1,656,963 in the previous period. The company reported a net loss of Rs.850,754 for the quarter ended September 30, 2012.

In the end, the Board would like to thank the valued clients for their patronage and Securities and Exchange Commission of Pakistan, Karachi and Lahore Stock Exchanges for their continued guidance and support.

On behalf of the Board of Directors

**ABDUL BASIT
CHIEF EXECUTIVE**

Lahore: October 30, 2012

Trust Securities & Brokerage Limited

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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2012

	Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
		----- Rupees -----	
ASSETS			
Non-Current Assets			
Property and equipment	5	1,934,512	2,012,968
Intangibles	6	4,262,600	4,262,600
Long term investments	7	295,331	239,419
Long term deposits		738,649	1,088,649
		7,231,092	7,603,636
Current Assets			
Short term investments	8	7,914,170	6,630,960
Trade debts	9	38,630,715	36,961,141
Advances		474,000	497,070
Short term prepayments		89,426	29,319
Other receivable		118,794	124,466
Cash and bank balances		5,050,556	6,969,275
		52,277,661	51,212,231
Total Assets		59,508,753	58,815,867
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
10,000,000 ordinary shares of Rs.10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital		100,000,000	100,000,000
Reserves			
General Reserve		3,500,000	3,500,000
Capital Reserve		189,015	133,103
Accumulated losses		(62,309,332)	(61,458,578)
		(58,620,317)	(57,825,475)
Shareholders' Equity		41,379,683	42,174,525
Non-Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Current Liabilities			
Trade and other payables		15,522,709	14,047,674
Provision for taxation - net		607,357	594,664
		16,130,066	14,642,338
Commitments	10	-	-
Total Equity and Liabilities		59,508,753	58,815,867

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

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTMEBER 30, 2012

	<i>(Un-audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2012</i>	<i>(Un-audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2011</i>
	----- Rupees -----	
Operating revenue	833,622	361,995
Gain on sale of securities	132,618	132,300
Loss on re-measurement of investments	(82,612)	(45,500)
	883,628	448,795
Operating and administrative expenses	(1,857,133)	(1,656,963)
Finance cost	(2,450)	(2,110)
	(1,859,583)	(1,659,073)
Operating loss	(975,955)	(1,210,278)
Other operating income	170,201	94,773
Loss before taxation	(805,754)	(1,115,505)
Taxation	(45,000)	(20,000)
Loss after taxation	(850,754)	(1,135,505)
Loss per share - basic and diluted	(0.09)	(0.11)

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTMEBER 30, 2012

	<i>(Un-audited)</i> First quarter ended September 30, 2012	<i>(Un-audited)</i> First quarter ended September 30, 2011
	----- Rupees -----	
Loss for the first quarter	(850,754)	(1,135,505)
Other comprehensive income for the first quarter		
Available-for-sale financial assets		
Gain arising due to remeasurement	55,912	8,741
Total comprehensive loss for the first quarter	<u>(794,842)</u>	<u>(1,126,764)</u>

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTMEBER 30, 2012

	<i>(Un-audited)</i> First quarter ended September 30, 2012	<i>(Un-audited)</i> First quarter ended September 30, 2011
	----- Rupees -----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(805,754)	(1,115,505)
Adjustment for non-cash charges and other items		
Depreciation	78,456	97,917
Profit received on saving account	(170,201)	(94,773)
Impairment loss on AFS investments	-	2,532
Provision for doubtful debts	(256,799)	(209,784)
Financial cost paid	2,450	2,110
Loss on disposal of property, plant and equipment	-	4,776
Unrealised loss on remeasurement of investments	82,612	45,500
	(263,482)	(151,722)
Operating loss before working capital changes	(1,069,236)	(1,267,227)
Changes in Working Capital :		
(Increase) / decrease in current assets		
Trade debts	(1,412,775)	(949,153)
Advances	23,070	-
Short term prepayments	(60,108)	(85,106)
Increase in current liabilities		
Trade and other payables	1,475,035	584,695
	25,222	(449,564)
Cash used in operations	(1,044,014)	(1,716,791)
Finance cost paid	(2,450)	(2,110)
Taxes paid	(32,307)	(23,451)
Long term deposits - net	350,000	-
	315,243	(25,561)
Net cash used in operating activities	(728,771)	(1,742,352)

Trust Securities & Brokerage Limited

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(Un-audited) *(Un-audited)*
First quarter *First quarter*
ended *ended*
September 30, *September 30,*
2012 *2011*
----- *Rupees* -----

B. CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from sale of property, plant and equipment	-	4,000
Investments-net	(1,365,821)	59,999
Profit received on saving account	175,873	96,968
Net cash (used in) / generated from investing activities	<u>(1,189,948)</u>	<u>160,967</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	(1,918,719)	(1,581,385)
Cash and cash equivalents at the beginning of the period	<u>6,969,275</u>	<u>6,034,848</u>
Cash and cash equivalents at the end of the period	<u><u>5,050,556</u></u>	<u><u>4,453,463</u></u>

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 FIRST QUARTER ENDED SEPTEMBER 30, 2012**

	Issued, subscribed and paid up capital	Capital			Reserves		Grand Total	Shareholders' Equity
		Fair Value Reserve	General Reserve	Accumulated Losses	Revenue			
					Sub Total			
----- Rupees -----								
Balance as at June 30, 2011	100,000,000	16,171	3,500,000	(51,712,119)	(48,212,119)	(48,195,948)	51,804,052	
Total comprehensive loss for the first quarter								
Loss for the first quarter ended September 30, 2011	-	-	-	(1,135,505)	(1,135,505)	(1,135,505)	(1,135,505)	
Other Comprehensive income								
Gain arises due to remeasurement of investments	-	8,741	-	-	-	8,741	8,741	
Total comprehensive loss for the first quarter ended September 30, 2011	-	8,741	-	(1,135,505)	(1,135,505)	(1,126,764)	(1,126,764)	
Balance as at September 30, 2011	100,000,000	24,912	3,500,000	(52,847,624)	(49,347,624)	(49,322,712)	50,677,288	
Balance as at June 30, 2012	100,000,000	133,103	3,500,000	(61,458,578)	(57,958,578)	(57,825,475)	42,174,525	
Total comprehensive loss for the first quarter								
Loss for the first quarter ended September 30, 2012	-	-	-	(850,754)	(850,754)	(850,754)	(850,754)	
Other Comprehensive income								
Gain arises due to remeasurement of investments	-	55,912	-	-	-	55,912	55,912	
Total comprehensive loss for the first quarter ended September 30, 2012	-	55,912	-	(850,754)	(850,754)	(794,842)	(794,842)	
Balance as at September 30, 2012	100,000,000	189,015	3,500,000	(62,309,332)	(58,809,332)	(58,620,317)	41,379,683	

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

Chief Executive

9

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012**

1 THE COMPANY AND ITS OPERATION

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 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.

2 BASIS OF PREPARATION**2.1 Statement of Compliance**

These condensed interim financial statements of the Company for the first quarter ended 30 September 2012 has been prepared in accordance with approved Accounting Standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial statements do not include the information reported for full annual financial statements, and should therefore be read in conjunction with the financial statements of the Company for the year ended 30 June 2012.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

2.2 Functional and Presentation Currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2012.

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

4 ESTIMATES

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2012.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2012.

Trust Securities & Brokerage Limited

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		(Un-audited) First quarter ended September 30, 2012	(Audited) Year ended June 30, 2012
	Note	----- Rupees -----	
5 PROPERTY AND EQUIPMENTS			
Opening written down value		2,012,968	2,420,960
Total additions during the period	5.1	-	24,420
Total disposals during the period	5.1	-	(60,835)
Depreciation charge for the period		(78,456)	(390,831)
Depreciation charged on disposal		-	19,254
Closing written down value		1,934,512	2,012,968

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

	(Un-audited) First quarter ended September 30, 2012		(Audited) Year ended June 30, 2012	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
Office equipments	-	-	24,420	(60,835)
	-	-	24,420	(60,835)

		(Un-audited) First quarter ended September 30, 2012	(Audited) Year ended June 30, 2012
	Note	----- Rupees -----	
6 INTANGIBLES			
Membership license			
Lahore Stock Exchange Limited	6.1	4,000,000	4,000,000
Offices			
At Lahore Stock Exchange	6.2	262,600	262,600
		4,262,600	4,262,600

6.1 The Lahore Stock Exchange Limited has been re-registered as a public limited company limited by shares under the name of The Lahore Stock Exchange Limited (LSEL) under the Stock Exchanges Corporatization, Demutualization and Integration Act, 2012. In compliance with the provisions of the said Act, LSEL has allotted 843,975 ordinary shares of Rs. 10 each to the Company. 60% of allotted ordinary shares 506,385 for Rs. 10 each have been deposited in CDC participant account in Company's name, which will remain blocked till such time these are sold to strategic investors and general public in accordance with the provisions of said Act. 40% of total ordinary shares 337,590 for Rs. 10 each have been credited to the Company's CDC sub-account.

On allotment of shares, the Company has become initial shareholder of the LSEL and the LSEL has issued Trading Rights Entitlement Certificate (TRE Certificate) to the Company evidencing the right to apply for registration as a broker in accordance with the Broker and Agent Registration Rules, 2001.

The financial impact of the above change could not be determined as market value of the shares of LSEL is not available.

6.2 This represent cost of offices and trading rights given by Lahore stock exchange 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.

7 LONG TERM INVESTMENTS

Available for sale - In Shares of quoted companies

September 30, 2012	June 30, 2012	Name of securities	(Un-Audited)	(Audited)
			September 30, 2012	June 30, 2012
Number of Shares			----- Rupees -----	
43,705	43,705	Standard Chartered Leasing Ltd.	260,045	208,473
36,168	36,168	Invest Capital Investment Bank Ltd.	33,636	29,296
5,000	5,000	Sunshine Cotton Mills Ltd.	1,650	1,650
		Grand Total	295,331	239,419

8 SHORT TERM INVESTMENT

- At fair value through profit or loss

September 30, 2012	June 30, 2012	Name of securities	(Un-Audited)	(Audited)
			September 30, 2012	June 30, 2012
Number of Shares			----- Rupees -----	
- In shares of unquoted company - Related party				
505,000	505,000	Takaful Pakistan Limited	6,060,000	6,060,000
- In shares of quoted company				
12,000	12,000	Nishat Mills Limited	679,920	570,960
65,000	-	Jahangir Siddiqui & Co. Ltd.	874,250	-
100,000	-	World Call Telecom Limited	300,000	-
			1,854,170	570,960
			7,914,170	6,630,960

<i>(Un-audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2012</i>	<i>(Audited)</i> <i>Year</i> <i>ended</i> <i>June 30,</i> <i>2012</i>
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Note

----- Rupees -----

9 TRADE DEBTS

Considered good		38,630,715	36,961,142
Considered doubtful		35,224,529	35,481,328
		73,855,244	72,442,469
Provision for doubtful receivables	9.1	(35,224,529)	(35,481,328)
		38,630,715	36,961,141

9.1 PROVISION FOR DOUBTFUL RECEIVABLES

Balance at beginning of the period	35,481,328	28,174,627
Additional Provision made during the period	-	7,563,500
	35,481,328	35,738,127
Bad debts written-off/reversal of excess provision	(256,799)	(256,799)
Balance at end of the period	35,224,529	35,481,328

10 COMMITMENTS

For purchase of shares	2,400,471	9,893,201
For sale of shares	2,254,611	8,015,778

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:

Trust Securities & Brokerage Limited

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<i>(Un-audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2012</i>	<i>(Un-audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2011</i>
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----- Rupees -----

Transactions with associates

Sale of Takaful Pakistan Limited	-	60,000
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Transactions with other related parties

Commission paid to Chief Executive	34,567	13,920
Commission received from Chief Executive	23,025	-
Salary drawn by Chief Executive	271,366	271,366
Expenses incurred by the Chief Executive	32,308	52,080

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 30, 2012.

13 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director