

Half Yearly Report
December 31, 2015
(Un-Audited)

TSBL

Trust Securities & Brokerage Limited

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Muhammad Naeem Baig	Member
Mr. Shibli Muhammad Khan	Member

HR & Remuneration Committee

Mr. Muhammad Naeem Baig	Chairman
Mr. Syed Tariq Husain	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

Office at LSE Financial Services Limited (Formerly: Lahore Stock Exchange Limited)

Room # 607, 6th Floor, LSE Plaza
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' REVIEW

The Directors are pleased to submit the interim financial statements of the company for the half year ended December 31, 2015.

Financial Results	December 31, 2015	December 31, 2014
	Rupees	Rupees
The summarized financial results are as follows:		
Operating revenue	1,623,048	3,147,918
Gain on sale of securities	115,000	346,254
(Loss) on re-measurement of investments	-	(12,800)
	1,738,048	3,481,372
Operating and administrative expenses	(4,232,517)	(4,095,394)
Finance cost	(4,750)	(4,494)
Operating loss	(4,237,267)	(4,099,888)
Other operating income	10,450,262	949,051
Profit before taxation	7,951,043	330,535
Taxation	(80,000)	(75,000)
Profit after taxation	7,871,043	255,535
Earnings per share- basic and diluted	0.79	0.03

KSE-100 Index fell by almost 2,028 points, or 6.18 percent, within six months to close at 32,816 points on December 31, 2015.

The company earned total revenue of Rs.12,188,310/- including a reversal of provision amount of Rs. 9,474,082/- under the head of other operating income during the half year ended December 31, 2015, as compared to total revenue of Rs. 4,430,423/- in the corresponding period of last year. On the expenditure side, the operating expenses were Rs. 4,232,517/- . The company earned a net profit of Rs.7,871,043/- for the period ended December 31, 2015 as compared to net profit of Rs. 255,535 for the same period of last year.

The Auditors have placed a 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. Further the company has sufficient bank balances to settle its current liabilities as the management has recovered significant amount of previously stuck up with the customers. Moreover with the recent formation of Pakistan Stock Exchange Limited (PSX), the company will be able to trade directly at the PSX which will help in improving the revenue of the company.

Trust Securities & Brokerage Limited

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In the end, the Board would like to record its appreciation for the valuable support made by Company's shareholders, Financial Institutions and our clients during these hard days. We would like to extend our appreciation to continuous guidance of the SECP and Pakistan Stock Exchange Limited.

For and on behalf of the Board

**Lahore:
February 20, 2016**

**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, 2015, 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, 2015. 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, 2015 and 2014 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

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, 2015 the accumulated losses stood at Rs.88.823 (June 2015: Rs.96.694) 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 20, 2016

Engagement Partner:
Muhammad Haroon

Trust Securities & Brokerage Limited

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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2015

	Note	(Un-Audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	5	3,655,560	3,668,342
Intangibles		1,542,600	1,542,600
Long term investments	6	2,769,912	2,772,444
Long term deposits		725,149	925,149
Deferred taxation	7	-	-
		8,693,221	8,908,535
Current Assets			
Short term investments	8	23,850	2,408,850
Trade debts	9	2,459,354	7,287,374
Advances, prepayments and other receivables		477,670	408,878
Tax refunds due from government		732,042	673,317
Cash and bank balances		19,644,904	25,332,606
		23,337,820	36,111,025
Total Assets		32,031,041	45,019,560
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
10,000,000 ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
10,000,000 ordinary shares of Rs.10 each		100,000,000	100,000,000
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve		38,341	40,870
Accumulated losses		(88,822,688)	(96,693,731)
		(85,284,347)	(93,152,861)
Shareholders' Equity		14,715,653	6,847,139
Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Trade and other payables		15,316,384	36,173,417
		17,315,388	38,172,421
Contingency and Commitments	10	-	-
Total Equity and Liabilities		32,031,041	45,019,560

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

Chief Executive

Director

Trust Securities & Brokerage Limited

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 2015</i>	<i>December 2014</i>	<i>December 2015</i>	<i>December 2014</i>
----- Rupees -----				
Operating revenue	1,623,048	3,147,918	494,187	1,591,606
Gain on sale of securities	115,000	346,254	115,000	206,203
(Loss) / gain on re-measurement of investments	-	(12,800)	-	15,450
	1,738,048	3,481,372	609,187	1,813,259
Operating and administrative expenses	(4,232,517)	(4,095,394)	(2,078,425)	(2,010,555)
Finance cost	(4,750)	(4,494)	(1,700)	(1,931)
	(4,237,267)	(4,099,888)	(2,080,125)	(2,012,486)
Operating loss	(2,499,219)	(618,516)	(1,470,938)	(199,227)
Other operating income	10,450,262	949,051	10,204,090	612,602
Profit before taxation	7,951,043	330,535	8,733,152	413,375
Taxation	(80,000)	(75,000)	(60,000)	(45,000)
Profit after taxation	7,871,043	255,535	8,673,152	368,375
Earnings per share - basic and diluted	0.79	0.03	0.87	0.04

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

Chief Executive

Director

Trust Securities & Brokerage Limited

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>----- Rupees -----</i>			
Profit after tax for the period	7,871,043	255,535	8,673,152	368,375
Other comprehensive income for the period				
Available-for-sale financial assets				
(Loss) / gain arising due to remeasurement	(2,529)	9,540	(6,148)	(33,710)
Total comprehensive Profit for the period	7,868,514	265,075	8,667,004	334,665

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	<i>December 31, 2015 Rupees</i>	<i>December 31, 2014 Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,951,043	330,535
Adjustment for non-cash charges and other items		
Depreciation	90,599	111,804
Profit on saving account	(343,198)	(582,581)
Impairment loss on AFS investments	-	11,574
Dividend Income	(632,981)	(366,470)
Provision for doubtful debts	3,284,218	-
Finance cost	4,750	4,494
Loss on sale of investments	-	12,800
	2,403,388	(808,379)
Operating profit/ (loss) before working capital changes	10,354,431	(477,844)
Changes in Working Capital		
Decrease / (increase) in current assets		
Trade debts	1,543,802	1,878,803
Trade deposits & short term prepayments	(68,792)	(147,694)
Increase/ (decrease) in current liabilities		
Trade and other payables	(20,857,033)	(2,830,854)
	(19,382,023)	(1,099,745)
Cash used in operations after working capital changes	(9,027,592)	(1,577,589)
Finance cost paid	(4,750)	(4,494)
Taxes paid	(138,722)	(117,012)
Long term deposits - net	200,000	(466,902)
	56,528	(588,408)
Net cash used in operating activities	(8,971,064)	(2,165,997)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Profit received on saving account	343,198	582,581
Dividend received	632,981	366,470
Addition to capital work In progress	(77,817)	-
Addition in Property and Equipment	-	(63,400)
Proceeds from sale of long term investments	-	460,226
(Purchase) / disposal of short term investment - net	2,385,000	(346,254)
Net cash generated from investing activities	3,283,362	999,623
Net decrease in cash and cash equivalents (A+B)	(5,687,702)	(1,166,374)
Cash and cash equivalents at the beginning of the period	25,332,606	18,175,516
Cash and cash equivalents at the end of the period	19,644,904	17,009,142

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Issued, subscribed and paid up capital	Capital			Reserves		Grand Total	Shareholders' Equity
		Fair Value Reserve	General Reserve	Accumulated Losses	Revenue	Sub Total		
Balance as at June 30, 2014	100,000,000	288,903	3,500,000	(80,240,692)	(76,740,692)	(76,451,789)	23,548,211	
Total comprehensive Profit / (loss) for the six months ended December 31, 2014								
Profit for the half year ended December 31, 2014	-	-	-	255,535	255,535	255,535	255,535	255,535
Fair value reserve transferred to profit and loss	-	(181,160)	-	-	-	(181,160)	(181,160)	(181,160)
Gain/(loss) arises due to remeasurement of investments	-	9,540	-	-	-	9,540	9,540	9,540
	-	(171,620)	-	255,535	255,535	83,915	83,915	83,915
Balance as at December 31, 2014	100,000,000	117,283	3,500,000	(79,985,157)	(76,485,157)	(76,367,874)	23,632,126	
Balance as at June 30, 2015	100,000,000	40,870	3,500,000	(96,693,731)	(93,193,731)	(93,152,861)	6,847,139	
Total comprehensive Profit / (loss) for the six months ended December 31, 2015								
Profit for the half year ended December 31, 2015	-	-	-	7,871,043	7,871,043	7,871,043	7,871,043	7,871,043
Fair value reserve transferred to profit and loss	-	-	-	-	-	-	-	-
Gain/(loss) arises due to remeasurement of investments	-	(2,529)	-	-	-	(2,529)	(2,529)	(2,529)
	-	(2,529)	-	7,871,043	7,871,043	7,868,514	7,868,514	7,868,514
Balance as at December 31, 2015	100,000,000	38,341	3,500,000	(88,822,688)	(85,322,688)	(85,284,347)	14,715,653	

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, 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 Pakistan Stock Exchange Limited. Subsequent to the half year ended December 31, 2015, the Company became the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited pursuant to scheme of integration of all stock exchanges of Pakistan, approved by the Securities & Exchange Commission of Pakistan effective from January 11, 2016. 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, investment, consultancy and underwriting services.

1.2 Going Concern Assumption

The operating losses of the company for the current period are Rs. 2.499 (June 2015 : Rs. 17.985) million and the accumulated losses of the Company stood at Rs.88.823 (June 2015 : Rs.96.694) million. The Company is continuously suffering from operational losses resulting in deteriorating share holders' equity of the Company which indicates the existence of material uncertainty and creates doubts about the Company's ability to continue as going concern. However, the company has sufficient bank balances to settle its current liabilities and the management of the company has recovered significant amount of previously stuck up with the customers. Moreover with the recent formation of Pakistan Stock Exchange Limited, the company is also expecting the growth in trading volumes due to access to larger pool of customers. 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, 2015 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, 2015.

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, 2015.

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, 2015.

		<i>(Un-Audited)</i> <i>December 31,</i> <i>2015</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2015</i> <i>Rupees</i>
5 PROPERTY AND EQUIPMENTS			
Operating fixed assets	5.1	1,187,952	1,278,551
Capital work-in-progress			
Against office of LSE Financial Services Limited - (Formerly: Lahore Stock Exchange Limited)		<u>2,467,608</u>	<u>2,389,791</u>
		<u>3,655,560</u>	<u>3,668,342</u>
5.1 Operating fixed assets			
Opening written down value		1,278,551	1,444,679
Addition during the period		-	74,000
Disposals during the period		-	(19,259)
Depreciation charge for the period		<u>(90,599)</u>	<u>(220,869)</u>
		<u>1,187,952</u>	<u>1,278,551</u>
6 LONG TERM INVESTMENTS			
- At Cost - In Shares of Unquoted Company			
LSE Financial Services Limited - (Formerly: Lahore Stock Exchange Limited)	6.1	2,720,000	2,720,000
- Available for sale - In Shares of Quoted Companies			
		<i>December 31,</i> <i>2015</i>	<i>June 30,</i> <i>2015</i>
		36,168	36,168
		5,000	5,000
	Name of Company		
	Invest Capital Investment Bank Ltd.	49,912	52,444
	Sunshine Cotton Mills Ltd.	1,650	1,650
		51,562	54,094
	Provision for Impairment	(1,650)	(1,650)
		<u>2,769,912</u>	<u>2,772,444</u>

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

7 DEFERRED TAXATION

The company has not recognized deferred tax asset amounting Rs.21.190 (June 2015 : 21.011) million due to uncertainty regarding taxable profits is foreseeable future against which the deferred tax asset can be utilized or adjusted.

			(Un-Audited)	(Audited)
			December 31,	June 30,
			2015	2015
			Rupees	Rupees
8 SHORT TERM INVESTMENT				
	- At fair value through profit or loss			
		Note		
	December 31, 2015			
	June 30, 2015			
	Number of shares	Name of Company		
		In shares of unquoted companies - Related Party		
	5,000	505,000 Takaful Pakistan Limited	<u>23,850</u>	<u>2,408,850</u>

9 TRADE DEBTS

Considered good		1,519,890	7,287,374
Considered doubtful		55,787,744	64,322,362
		<u>57,307,634</u>	<u>71,609,736</u>
Provision for doubtful receivables	9.1	<u>(54,848,280)</u>	<u>(64,322,362)</u>
		<u>2,459,354</u>	<u>7,287,374</u>

9.1 Provision for doubtful receivables

Balance at beginning of the period	64,322,362	48,526,088
Additional Provision made during the period	3,284,218	15,796,274
	<u>67,606,580</u>	<u>64,322,362</u>
Reversal of excess provision	<u>(12,758,300)</u>	-
Balance at end of the period	<u>54,848,280</u>	<u>64,322,362</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2015.

Trust Securities & Brokerage Limited

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	<i>(Un-Audited)</i> <i>December 31,</i> <i>2015</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2015</i> <i>Rupees</i>
10.2 Commitments		
For purchase of shares	<u>2,766,270</u>	<u>6,412,131</u>
For sale of shares	<u>1,917,078</u>	<u>2,704,940</u>
Against purchased of office at South Tower of LSE Plaza	<u>-</u>	<u>77,817</u>

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

	<i>(Un-Audited)</i> <i>Half year ended</i>		<i>(Un-Audited)</i> <i>Quarter ended</i>	
	<i>Dec. 31,</i> <i>2015</i> <i>Rupees</i>	<i>Dec. 31,</i> <i>2014</i> <i>Rupees</i>	<i>Dec. 31,</i> <i>2015</i> <i>Rupees</i>	<i>Dec. 31,</i> <i>2014</i> <i>Rupees</i>
Commission paid to Chief Executive	47,792	81,268	12,086	35,650
Commission paid to Director	-	94,717	-	-
Commission received from Chief Executive	10,050	-	3,300	-
Commission received from Directors	1,500	12,360	175	1,400
Salary drawn by Chief Executive	656,570	656,270	328,285	328,135
Expenses incurred by the Chief Executive	82,956	125,274	42,115	56,160
Fee paid to director for attending meeting	5,000	10,000	-	5,000

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on February 20, 2016.

13 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

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