

Half Yearly Report
December 31, 2012
(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. Aftab Ahmed Qaiser	Director
Mr. Syed Mahmood Ali	Director

Audit Committee

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Naveed Gilani	Member
Mr. Syed Javed Hussain	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
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank 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

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, 2012.

Financial Results

The summarized financial results are as follows:

	December 31, 2012
	Rupees
Operating revenue	1,892,107
Gain on sale of securities	323,475
Unrealized loss on re-measurement/impairment of investments	(3,740,544)
	<hr/>
	(1,524,962)
Operating and administrative expenses	(3,928,282)
Finance cost	(4,600)
	<hr/>
	(3,932,882)
Operating loss	<hr/>
	(5,457,844)
Other operating income	430,486
	<hr/>
Loss before taxation	(5,027,358)
Taxation	(75,000)
	<hr/>
Loss after taxation	(5,102,358)
	<hr/>
Loss per share - basic and diluted	<hr/> <hr/> (0.51)

KSE-100 index performed well in 2012 and recorded a growth by 3,104 points, or 22.5 percent, within six months to close at 16,905 points on December 31, 2012.

The company earned total revenue of Rs.2,646,068/- during the half year ended December 31, 2012, as compared to total revenue Rs.1,361,742/- in the corresponding period of last year. On the expenditure side, the operating expenses were Rs.3,928,282/-. After taking into account the unrealized loss on re-measurement of investments Rs.3,740,544/- the company reported a net loss of Rs.5,102,358/- for the period ended December 31, 2012.

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 recent demutualization of stock exchanges is expected to bode well for the stock markets. The Company expects increase in its profitability owing to these factors.

Trust Securities & Brokerage Limited

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We would like to take advantage of this opportunity to thank who continue to steer the Company forward with their support and conviction. We owe special gratitude to the clients for their unwavering support 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 26, 2013**

**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, 2012, 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 then ended December 31, 2012. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 ended December 31, 2012 and 2011 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2012.

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 material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to Note 1.2 of the accompanying financial statements which indicates that the Company incurred loss after tax of Rs. 5.102 million during the half year ended December 31, 2012 and, as of that date, its accumulated losses stood at Rs. 66.561 (June 30, 2012 : Rs. 61.459) 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 a going concern and also discuss the reasons for preparing the financial statements on a going concern basis. Our conclusion is not qualified in respect of this matter.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 26, 2013

Engagement Partner:
Zakaria

Trust Securities & Brokerage Limited

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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2012

	Note	(Un-Audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	1,856,053	2,012,968
Intangibles		262,600	4,262,600
Long term investments	6	4,321,531	239,419
Long term deposits		738,649	1,088,649
Deferred taxation	7	-	-
		7,178,833	7,603,636
Current Assets			
Short term investments	8	2,540,017	6,630,960
Trade debts	9	33,890,952	36,961,141
Advances		505,000	497,070
Short term prepayments		230,058	29,319
Other receivable		71,480	124,466
Cash and bank balances		17,697,021	6,969,275
		54,934,528	51,212,231
Total Assets		62,113,361	58,815,867
<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		100,000,000	100,000,000
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve		216,865	133,103
Accumulated losses		(66,560,936)	(61,458,578)
		(62,844,071)	(57,825,475)
Shareholders' Equity		37,155,929	42,174,525
Non-Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Current Liabilities			
Trade and other payables		22,361,890	14,047,674
Provision for taxation - net		596,538	594,664
		22,958,428	14,642,338
Commitments	10	-	-
Total Equity and Liabilities		62,113,361	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 HALF YEAR ENDED DECEMBER 31, 2012**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2012</i>	<i>December 31, 2011</i>	<i>December 31, 2012</i>	<i>December 31, 2011</i>
<i>Note</i>	<i>----- Rupees -----</i>			
Operating revenue	1,892,107	902,502	1,058,485	540,507
Gain on sale of investments - net	323,475	234,853	190,857	102,553
Unrealized loss on re-measurement / impairment of investments	<u>(3,740,544)</u>	(422,562)	<u>(3,657,932)</u>	(377,062)
	<u>(1,524,962)</u>	714,793	<u>(2,408,590)</u>	265,998
Operating and administrative expenses	<u>(3,928,282)</u>	(8,158,916)	<u>(2,071,149)</u>	(6,502,372)
Finance cost	<u>(4,600)</u>	(3,182)	<u>(2,150)</u>	(1,072)
	<u>(3,932,882)</u>	(8,162,098)	<u>(2,073,299)</u>	(6,503,444)
Operating loss	<u>(5,457,844)</u>	(7,447,305)	<u>(4,481,889)</u>	(6,237,446)
Other operating income	430,486	224,387	260,285	129,614
Loss before taxation	<u>(5,027,358)</u>	(7,222,918)	<u>(4,221,604)</u>	(6,107,832)
Taxation	11 <u>(75,000)</u>	(40,285)	<u>(30,000)</u>	(20,285)
Loss after taxation	<u>(5,102,358)</u>	(7,263,203)	<u>(4,251,604)</u>	(6,128,117)
Loss per share - basic and diluted	<u>(0.51)</u>	(0.73)	<u>(0.43)</u>	(0.61)

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, 2012**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2012</i>	<i>December 31, 2011</i>	<i>December 31, 2012</i>	<i>December 31, 2011</i>
----- Rupees -----				
Loss for the period	(5,102,358)	(7,263,203)	(4,251,604)	(6,128,117)
Other comprehensive income for the period				
Available-for-sale financial assets				
Gain arising due to remeasurement	83,762	21,852	27,850	13,111
Total comprehensive loss for the period	(5,018,596)	(7,241,351)	(4,223,754)	(6,115,006)

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, 2012

	December 31, 2012 Rupees	December 31, 2011 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(5,027,358)	(7,222,918)
Adjustment for non-cash charges and other items		
Depreciation of property and equipment	156,915	194,194
Profit on saving account	(352,607)	(162,934)
Dividend income	(76,964)	(61,453)
Provision for doubtful debts	(256,799)	4,600,898
Finance cost	4,600	3,182
Loss on disposal of property and equipment	-	14,581
Unrealized loss on re-measurement / impairment of investments	3,740,544	422,562
	3,215,689	5,011,030
Operating loss before working capital changes	(1,811,669)	(2,211,888)
Changes in Working Capital :		
Decrease / (increase) in current assets		
Trade debts	3,326,988	408,139
Advances	(7,930)	9,500
Short term prepayments	(200,740)	(93,412)
Increase / (decrease) in current liabilities		
Trade and other payables	8,314,216	(8,712)
	11,432,534	315,515
Cash generated from / (used in) operations	9,620,865	(1,896,373)
Finance cost paid	(4,600)	(3,182)
Taxes paid	(73,126)	(48,703)
Long term deposits - net	350,000	-
	272,274	(51,885)
Net cash generated from / (used in) operating activities	9,893,139	(1,948,258)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	-	27,000
Investments - net	352,050	(666,592)
Dividend received	76,964	61,453
Profit received on saving account	405,593	174,424
Net cash generated from / (used in) investing activities	834,607	(403,715)
Net increase / (decrease) in cash and cash equivalents (A+B)	10,727,746	(2,351,973)
Cash and cash equivalents at the beginning of the period	6,969,275	6,034,848
Cash and cash equivalents at the end of the period	17,697,021	3,682,875

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, 2012**

	Reserves				Shareholders' Equity	
	Issued, subscribed and paid up capital	Capital Fair Value Reserve	General Reserve	Revenue Accumulated Losses		Grand Total
Balance as at June 30, 2011	100,000,000	16,171	3,500,000	(51,712,119)	(48,195,948)	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)
Other Comprehensive Income						
Gain arises due to remeasurement of investments	-	21,852	-	-	21,852	21,852
Total comprehensive loss for the six months ended December 31, 2011						
Balance as at December 30, 2011	100,000,000	38,023	3,500,000	(58,975,322)	(55,437,299)	44,562,701
Balance as at June 30, 2012						
Balance as at June 30, 2012	100,000,000	133,103	3,500,000	(61,458,578)	(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)
Other Comprehensive Income						
Gain arises due to remeasurement of investments	-	83,762	-	-	83,762	83,762
Total comprehensive loss for the six months ended December 31, 2012						
Balance as at December 31, 2012	100,000,000	216,865	3,500,000	(66,560,936)	(62,844,071)	37,155,929

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, 2012****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 Limited. The company is principally engaged in shares brokerage and trading, 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.5.102 (June 2012 : Rs.9.746) million and at period end, its accumulated losses stood at Rs.66.561 (June 2012 : Rs.61.459) million causing decrease in shareholders' equity to Rs.37.156 (June 2012 : Rs.42.175) million. Further, more than fifty percent of the Company's receivables are doubtful and have been provided for. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may not be able to realize its assets and discharge its liabilities at the stated amounts. However, the Company expects increase in trading activities in stock market and is pursuing the recovery of its trade receivables. Further, the recent demutualization of stock exchanges is expected to bode well for the stock markets. The Company expects increase in its profitability owing to these factors. Therefore, these financial statements are prepared on a 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, 2012 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, 2012.

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, 2012.

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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, 2012.

	<i>(Un-Audited)</i> December 31, 2012 Rupees	<i>(Audited)</i> June 30, 2012 Rupees
5 PROPERTY AND EQUIPMENTS		
Opening written down value	2,012,968	2,420,960
Total additions during the period	-	24,420
Total disposals during the period	-	(60,835)
Depreciation charge for the period	(156,915)	(390,831)
Depreciation charged on disposal	-	19,254
Closing written down value	1,856,053	2,012,968

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

	December 31, 2012		June 30, 2012	
	<i>Additions</i>	<i>Disposal</i>	<i>Additions</i>	<i>Disposal</i>
	----- Rupees -----			
Office equipments	-	-	24,420	(60,385)
		<i>Note</i>	December 31, 2012 Rupees	June 30, 2012 Rupees

6 LONG TERM INVESTMENTS

- At Cost

In Shares of Unquoted Company

Lahore Stock Exchange Limited	6.1	4,000,000	-
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- Available for sale

December 31, 2012	June 30, 2012	Number of Shares
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In Shares of Quoted Companies

43,705	43,705	Standard Chartered Leasing Limited	260,045	208,473
36,168	36,168	Invest Capital Investment Bank Limited	61,486	29,296
5,000	5,000	Sunshine Cotton Mills Limited	1,650	1,650
			323,181	239,419
		Provision for impairment	(1,650)	-
			4,321,531	239,419

6.1 This represents LSE membership card classified under Intangible Assets in earlier periods.

In accordance with the requirement of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the Company has received equity shares of LSE and a Trading Right Entitlement (TRE) Certification in lieu of its membership card of LSE.

A total of 843,975 ordinary shares of Rs. 10/- each in the corporatized and de-mutalized LSE have been allotted to the Company in the dematerialized form. Out of aforementioned, 337,590 ordinary shares (i.e. 40%) have been received in our CDC participant account whereas 506,385 ordinary shares (i.e. 60%) have been deposited in a sub-account opened in the company's name under LSE's Participant ID with Central Depository Company of Pakistan Limited, which will remain blocked in terms of the provisions of the Act. Since these shares are not presently tradable, therefore fair value cannot be determined.

7 DEFERRED TAXATION

The Company has not recognized deferred tax asset amounting to Rs.3.825 (2012 : Rs.3.814) million due to uncertainty regarding taxable profits in foreseeable future against which the deferred tax asset can be utilized or adjusted.

8 SHORT TERM INVESTMENTS

- At fair value through profit or loss - Initially designated

<i>December 31, 2012</i>	<i>June 30, 2012</i>	<i>Name of Company</i>	<i>Note</i>	<i>(Un-Audited) December 31, 2012 Rupees</i>	<i>(Audited) June 30, 2012 Rupees</i>
In shares of unquoted company - Related Party					
505,000	505,000	Takaful Pakistan Limited	8.1	2,350,267	6,060,000
In shares of quoted companies - Others					
-	12,000	Nishat Mills Limited		-	570,960
75,000	-	World Call Telecom Limited		189,750	-
				189,750	570,960
				2,540,017	6,630,960

8.1 This represents investment in fully paid ordinary shares of Rs.10 each of TPL (unquoted). It is valued at book value based on net assets, as per reviewed financial statements as at June 30, 2012, of Rs.4.65 per share, being the fair value in the absence of active market price.

	<i>(Un-Audited) December 31, 2012 Rupees</i>	<i>(Audited) June 30, 2012 Rupees</i>
9 TRADE DEBTS		
Considered good	33,890,952	36,961,141
Considered doubtful	35,224,529	35,481,328
	69,115,481	72,442,469
Provision for doubtful receivables	35,224,529	35,481,328
	33,890,952	36,961,141

Trust Securities & Brokerage Limited

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(Un-Audited) (Audited)
December 31, June 30,
2012 2012
Rupees Rupees

10 COMMITMENTS

For purchase of shares	5,644,076	9,893,201
For sale of shares	2,737,291	8,015,778

(Un-Audited) Half year ended		(Un-Audited) Quarter ended	
December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees-----			

11 TAXATION

Taxation for the period	75,000	40,285	30,000	20,285
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12 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:

	(Un-Audited) Half year ended		(Un-Audited) Quarter ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Rupees	Rupees	Rupees	Rupees
Commission paid to Chief Executive	72,156	25,242	37,589	11,322
Commission received from Chief Executive	27,459	-	4,434	-
Salary drawn by Chief Executive	542,732	542,732	271,366	271,366
Expenses incurred by the Chief Executive	62,389	97,743	30,081	45,663
Fee paid to Director for attending BOD meetings	15,000	-	15,000	-
	719,736	358,470	358,470	328,351
Transactions with associates				
Sale of shares of Takaful Pakistan Limited	-	540,000	-	480,000

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2013.

14 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

Room # 607, Lahore Stock Exchange Building,

19-Khayaban-e-Aiwan-e-Iqbal, Lahore - Pakistan.

Telephone : (042) 3637 4710, 3630 0181

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