

First Quarter Report
September 30, 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,
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 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, 2013.

Financial Results

	September 30, 2013
	Rupees
The summarized financial results are as follows:	
Operating revenue	1,627,039
Loss on re-measurement of investments	(1,000)
	<u>1,626,039</u>
Operating and administrative expenses	(2,052,908)
Finance cost	(3,650)
	<u>(2,056,558)</u>
Operating Loss	(430,519)
Other operating income	216,382
Loss before taxation	(214,137)
Taxation	(35,000)
Loss after taxation	(249,137)
Loss per share-basic and diluted	(0.02)

During the first quarter of current financial year, benchmark KSE-100 index gained 827 points to close to 21,833 on September 30, 2013, making approximately 3.8 percent improvement from 21,005 levels on June 30, 2013. KSE-100 index decreased 8.3% between August 15 and September 02, which is one of the sharpest declines that the benchmark index has undergone in recent year.

During the quarter under review, the company recorded revenue of Rs.1,843,421 as compared to Rs.1,136,441 in the corresponding period of the last year. On the expenditure side, the operating expenses were Rs.2,052,908 in comparison to Rs.1,857,133 in the previous period. The company reported a net loss of Rs.249,137 for the quarter ended September 30, 2013.

In the end, the Board would like to appreciate the continued support received from the valued clients and express gratitude to Securities and Exchange Commission of Pakistan, Karachi and Lahore Stock Exchanges for their continued cooperation.

On behalf of the Board of Directors

ABDUL BASIT
CHIEF EXECUTIVE

Lahore: October 28, 2013

Trust Securities & Brokerage Limited

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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTMEBER 30, 2013

		(Un-Audited) September 30, 2013	(Audited) June 30, 2013
	Note	----- Rupees -----	
ASSETS			
Non-Current Assets			
Property and equipment	5	1,635,525	1,699,139
Intangibles	6	1,542,600	1,542,600
Long term investments	7	3,050,301	3,011,992
Long term deposits	8	1,494,283	738,649
		<u>7,722,709</u>	<u>6,992,380</u>
Current Assets			
Short term investments	9	2,470,850	2,471,850
Trade debts	10	31,800,770	24,884,389
Advances, prepayments and other receivables		698,863	518,070
Tax refunds due from government		523,798	519,152
Cash and bank balances		17,942,332	16,761,845
		<u>53,436,613</u>	<u>45,155,305</u>
Total Assets		<u>61,159,322</u>	<u>52,147,685</u>
EQUITY AND LIABILITIES			
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>
Reserves			
General Reserve		3,500,000	3,500,000
Capital Reserve		225,635	187,326
Accumulated losses		(75,137,320)	(74,888,183)
		<u>(71,411,685)</u>	<u>(71,200,857)</u>
Shareholders' Equity		<u>28,588,315</u>	<u>28,799,143</u>
Current Liabilities			
Retirement benefits		1,999,004	1,999,004
Trade and other payables	11	30,572,003	21,349,538
		<u>32,571,007</u>	<u>23,348,542</u>
Contingency and Commitments	12	-	-
Total Equity and Liabilities		<u>61,159,322</u>	<u>52,147,685</u>

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, 2013

	<i>(Un-Audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2013</i>	<i>(Un-Audited)</i> <i>First quarter</i> <i>ended</i> <i>September 30,</i> <i>2012</i>
	----- Rupees -----	
Operating revenue	1,627,039	833,622
Gain on sale of securities	-	132,618
Loss on re-measurement of investments	(1,000)	(82,612)
	1,626,039	883,628
Operating and administrative expenses	(2,052,908)	(1,857,133)
Finance cost	(3,650)	(2,450)
	(2,056,558)	(1,859,583)
Operating loss	(430,519)	(975,955)
Other operating income	216,382	170,201
Loss before taxation	(214,137)	(805,754)
Taxation	(35,000)	(45,000)
Loss after taxation	(249,137)	(850,754)
Loss per share - basic and diluted	(0.02)	(0.09)

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, 2013

	<i>(Un-Audited)</i> First quarter ended September 30, 2013	<i>(Un-Audited)</i> First quarter ended September 30, 2012
----- Rupees -----		
Loss for the first quarter	(249,137)	(850,754)
Other comprehensive income fot the first quarter :		
Available-for-sale financial assets		
Gain arising due to remeasurement	38,309	55,912
Total comprehensive loss for the first quarter	<u>(210,828)</u>	<u>(794,842)</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, 2013**

	<i>(Un-Audited) First quarter ended September 30, 2013</i>	<i>(Un-Audited) First quarter ended September 30, 2012</i>
	----- Rupees -----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(214,137)	(805,754)
Adjustment for non-cash charges and other items		
Depreciation	63,614	78,456
Profit received on saving account	(216,382)	(170,201)
Provision for doubtful debts	-	(256,799)
Financial cost	3,650	2,450
Unrealised loss on remeasurement of investments	1,000	82,612
	<u>(148,117)</u>	<u>(263,482)</u>
Operating loss before working capital changes	(362,254)	(1,069,236)
Changes in Working Capital :		
(Increase) / decrease in current assets		
Trade debts	(6,916,381)	(1,412,775)
Advances, prepayments and other receivables	(180,837)	(37,038)
Increase / (decrease) in current liabilities		
Trade and other payables	9,222,465	1,475,035
	<u>2,125,247</u>	<u>25,222</u>
Cash generated from / (used in) operations	<u>1,762,993</u>	<u>(1,044,014)</u>
Finance cost paid	(3,650)	(2,450)
Taxes paid	(39,646)	(32,307)
Long term deposits - net	(755,634)	350,000
	<u>(798,930)</u>	<u>315,243</u>
Net cash generated from / (used in) operating activities	964,062	(728,771)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments-net	-	(1,365,821)
Profit received on saving account	216,426	175,873
Net cash generated from / (used in) investing activities	216,426	(1,189,948)
Net increase / (decrease) in cash and cash equivalents (A+B)	1,180,487	(1,918,719)
Cash and cash equivalents at the beginning of the period	<u>16,761,845</u>	<u>6,969,275</u>
Cash and cash equivalents at the end of the period	17,942,332	5,050,556

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, 2013**

	Share Capital	Reserves				Shareholders' Equity	
		Capital Fair Value Reserve	General Reserve	Revenue Accumulated Losses	Sub Total		Grand Total
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
Balance as at June 30, 2013	100,000,000	187,326	3,500,000	(74,888,183)	(71,388,183)	(71,200,857)	28,799,143
Total comprehensive loss for the first quarter							
Loss for the first quarter ended September 30, 2013	-	-	-	(249,137)	(249,137)	(249,137)	(249,137)
Other Comprehensive Income							
Gain arises due to remeasurement of investments	-	38,309	-	-	-	38,309	38,309
Total comprehensive loss for the first quarter ended September 30, 2013	-	38,309	-	(249,137)	(249,137)	(210,828)	(210,828)
Balance as at September 30, 2013	100,000,000	225,635	3,500,000	(75,137,320)	(71,637,320)	(71,411,685)	28,588,315

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

Chief Executive

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Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

1 THE COMPANY AND ITS OPERATION

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.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements of the Company for the first quarter ended September 30, 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 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 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 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 operation 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.

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		(Un-Audited) First quarter ended September 30, 2013	(Audited) Year ended June 30, 2013
----- Rupees -----			
5 PROPERTY AND EQUIPMENTS			
Opening written down value		1,699,139	2,012,968
Total additions during the period		-	-
Total disposals during the period		-	-
Depreciation charge for the period		(63,614)	(313,829)
Depreciation charged on disposal		-	-
Closing written down value		1,635,525	1,699,139
		(Un-Audited) First quarter ended September 30, 2013	(Audited) Year ended June 30, 2013
	Note	----- Rupees -----	
6 INTANGIBLES			
Trading Rights Entitlement Certificate (TREC)	6.1	1,280,000	1,280,000
Offices			
At Lahore Stock Exchange	6.2	<u>262,600</u>	<u>262,600</u>
		1,542,600	1,542,600

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of Lahore Stock Exchange Limited (LSEL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSEL's shares is determine on the basis of valuation of assets and liabilities of LSEL as approved by the SECP and the company has been allotted 843,975 shares of the face value of Rupees 10/- each, 60% of which .i.e. 506,385 shares are kept in the blocked account of and the divestment of the same will be made in accordance with the requirements of the act within two years from the date of demutualization. 40% of total ordinary shares i.e. 337,590 for Rs.10/- each have been credited to the Company's CDC sub-account.

The allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible assets) has been made by the company on the proportionate basis of the face value of the ordinary shares and TREC value assigned by the LSEL for Base Minimum Capital requirement purposes applicable to the stock exchange brokers currently.

6.2 This represent cost of offices 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.

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7 LONG TERM INVESTMENTS

September 30, 2013	June 30, 2013	Name of Securities	Note	(Un-Audited) September 30, 2013	(Audited) June 30, 2013
Number of Shares				----- Rupees -----	
At cost - In shares of Un-quoted company					
843,975	843,975	Lahore Stock Exchange Ltd.	6.1	2,720,000	2,720,000
Available for sale - In shares of quoted companies					
43,705	43,705	Standard Chartered Leasing Limited		273,156	235,570
36,168	36,168	Invest Capital Investment Bank Limited		57,145	56,422
5,000	5,000	Sunshine Cotton Mills Limited		-	1,650
				330,301	293,642
		Provision for impairment		-	(1,650)
				3,050,301	3,011,992
				(Un-Audited) September 30, 2013	(Audited) June 30, 2013
				----- Rupees -----	

8 LONG TERM DEPOSITS

Unsecured - Considered good

Lahore Stock Exchange Limited	250,000	250,000
National Clearing Company of Pakistan Limited	300,000	300,000
Utility deposits	88,649	88,649
Against office of Lahore Stock Exchange Limited	855,634	100,000
	1,494,283	738,649

9 SHORT TERM INVESTMENTS

At fair value through profit or loss - Initially designated

September 30, 2013	June 30, 2013	Name of Securities	(Un-Audited) September 30, 2013	(Audited) June 30, 2013
Number of Shares			----- Rupees -----	
In shares of unquoted company - Related party				
505,000	505,000	Takaful Pakistan Limited	2,408,850	2,408,850
In shares of quoted company - Others				
25,000	25,000	Dewan Salman Fibre Limited	62,000	63,000
			2,470,850	2,471,850

10 TRADE DEBTS

Considered good	31,800,770	24,884,389
Considered doubtful	44,218,501	44,218,501
Considered bad	-	864,122
	76,019,271	69,967,012
Provision for doubtful receivables	(44,218,501)	(44,218,501)
Considered bad written-off	-	(864,122)
	31,800,770	24,884,389

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	(Un-Audited) September 30, 2013	(Audited) June 30, 2013
	----- Rupees -----	
11 TRADE AND OTHER PAYABLES		
Trade creditors	28,491,270	19,660,108
Accrued & other liabilities	2,080,733	1,689,430
	<u>30,572,003</u>	<u>21,349,538</u>

12 CONTINGENCY AND COMMITMENTS

CONTINGENCIES

There were no change in contingencies since the last audited financial statements for the year ended June 30, 2013.

COMMITMENTS

For purchase of shares

For sale of shares

	(Un-Audited) September 30, 2013	(Audited) June 30, 2013
	----- Rupees -----	
	<u>11,148,208</u>	<u>2,809,552</u>
	<u>3,468,403</u>	<u>2,093,296</u>

13 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) September 30, 2013	(Un-Audited) September 30, 2012
	----- Rupees -----	
Transactions with other related parties		
Commission paid to Chief Executive	48,519	34,567
Commission received from Chief Executive	10,550	23,025
Salary drawn by Chief Executive	298,400	271,366
Expenses incurred by the Chief Executive	57,775	32,308
For attending meeting to Director	5,000	-

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 28, 2013.

15 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director