TSBL

Annual Report
June 30, 2012

TRUST SECURITIES & BROKERAGE LIMITED

CONTENTS

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

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

Our Mission

To provide our clients premium quality service and deliver optimal return to our shareholders

Our Vision

To become a leading securities firm and contribute its role in the growth of domestic capital markets and economy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, OCTOBER 31, 2012 AT 3:30 P.M. AT 3RD FLOOR, ASSOCIATED HOUSE, BUILDING # 1 & 2, 7-KASHMIR ROAD, LAHORE, TO TRANSACT THE FOLLOWING BUSINESS:-

1. To confirm the minutes of the Eighteenth Annual General Meeting held on October 29, 2011.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2012 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors for the year 2012-13 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By order of the Board

Lahore
October 09, 2012

Nadia Haider
Company Secretary

Notes:

1. The share transfer books of the company will remain closed from October 24, 2012 to October 31, 2012 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as proxy. Proxies must be received at the company's registered office not less than 48 hours before the meeting and must be duly stamped and signed.
3. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members who have not yet submitted photocopy of their CNIC are requested to send the same to the Share Registrar of the Company.

DIRECTORS' REPORT

Dear Shareholders

The Board of Directors of TSBL present the Audited Financial Statements for the year ended 30 June 2012, together with auditors' report thereon.

Market Review

The benchmark KSE-100 index increased by 1305.38 points or 10.44 percent during the outgoing fiscal year FY12 to close at the level of 13,801.41 points. Pakistan bourse has generated a gain of 10 percent, based on benchmark KSE 100 Index in the outgoing fiscal year ending June 2012 lowest in the last decade.

After adjusting for Pak Rupee decline, the gain in term of the US$ was only 1 percent. This is unimpressive performance inspite of serious efforts made by the apex regular to resolve the capital gains tax issue that was affecting the flows to the market. Moreover, with benchmark T-Bill yield 12.3 percent on an average in FY12, the performance of equities was lower than expectation.

Pakistan market volume has been suffering ever since the imposition of infamous price freeze in 2008. Last year average daily volumes slightly improved to reach 128 million shares in FY12 compared to 95 million shares in FY11. The economic slowdown, higher interest rates and absence of user friendly derivatives product remained key reason of low activity at local bourses.

Though volumes improved since the announcement of changes in capital gain tax by the Finance Minister, the overall market depth remained affected. As a result, only 4 IPOs came to the market worth Rs 2.4 billion in FY12.

Financial Results

The summarized financial results are as follows:

	Rupees 000
Operating revenue	4,208
Gain from dealing in marketable securities	446
Loss on re-measurement of investments	(33)
	4,621
Operating and administrative expenses	(14,767)
Financial Charges	(6)
	(14,773)
Operating loss	**(10,152)**
Other income	562
Loss before taxation	**(9,590)**
Taxation	(156)
Loss after taxation	**(9,746)**
Loss per share- Basic and diluted	**(0.97)**

The company recorded total revenue of Rs.5.18 million during the financial year ended June 30, 2012, as compared to Rs.3.28 million in the corresponding year. On the expenditure side, the operating expenses were Rs.14.77 in comparison to Rs.13.83 million in previous year. After charging the provision of Rs.0.15 million for taxation, the company recorded a net loss of Rs.9.75 million for the year under review.

The auditors have placed matter of emphasis paragraph regarding preparation of financial statements on going concern basis. The 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 and is searching for new customers of sound reputation in the market. There is also chance for the improvement in stock market in future. These steps will reduce the operational losses and improve the profitability as well the accumulated losses will be reduced

Loss Per Share

Loss per share of your company has been Rs.0.97.

DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

To comply with the requirements of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan, the Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and maintained.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Key operating and financial data of last six years is annexed (Annexure A & B)
- The Company has accumulated losses of Rs. 61.459 million as at June 30, 2012, therefore, the company has not declared any dividend.

- The Company provides benefit for unavailed compensated absences for all its permanent employees
- Pattern of shareholding as at June 30, 2012 is annexed (Annexure C & D)
- During the financial year July 01, 2011 to June 30, 2012 the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have not traded in the shares of the Company.
- During the financial year 2011-12 four meetings of the Board of Directors were held.

The attendance of the Directors was as under:

Names of Directors	Total Meetings	Attendance
Mr. Naveed Gilani	Four	Four
Mr. Abdul Basit	Four	Four
Mrs. Neena Jaffar	Four	-
Mr. Abdul Basit Pracha Asi Nizami	Four	One
Mr. Syed Javed Hussain	Four	Four
Mr. Aftab Ahmed Qaiser	One	One
Mr. Syed Mahmood Ali	Four	-
* Mr. M. Talha Qureshi	Four	Two

Note:
* Resigned from directorship w.e.f 26.04.12 and Mr. Aftab Ahmed Qaiser joined the Board in his place.

Leave of absence was granted to the Directors who could not attend the Board meetings. Company's quarterly, half yearly and annual reports are also available on the Company's website www.trustsecu.com.

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. The Committee consists of:

1.	Mr. Naveed Gilani	Chairman	Executive Director
2.	Mr. Syed Javed Hussain	Member	Non-Executive Director
3.	Mr.Aftab Ahmed Qaiser	Member	Non-Executive Director

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditor findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

Auditors

Present auditors M/s Haroon Zakaria & Co., Chartered Accountants, are being eligible, to offer themselves for re-appointment as auditors for the financial year ending June 30, 2013.

Future Outlook

The economic slowdown, higher interest rate and absence of user friendly derivatives product remained key reason of low activity at local bourse. Despite suffering losses in the current year, the company still committed to strive to gain profitability.

Acknowledgement

The Board wishes to place on record its gratitude to the Securities & Exchange Commission of Pakistan, KSE and LSE. We also thanked the cooperation of our valued clients, banks and all shareholders.

In conclusion, we pray to Almighty Allah for his blessings, guidance, health and prosperity to us, our Company and Nation.

For and on behalf of the Board

ABDUL BASIT

Lahore: October 01, 2012 **CHIEF EXECUTIVE**

Annexure - A

BALANCE SHEETS AS AT 30TH JUNE

	2012	2011	2010	2009	2008	2007
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
ASSETS						
Non-Current Assets						
Property and equipment	2,012,968	2,420,960	2,936,789	3,464,958	4,130,255	3,227,117
Intangibles	4,262,600	4,262,600	4,262,600	4,262,600	4,162,600	4,162,600
Long term investments	239,419	122,487	127,585	120,478	377,110	658,935
Long term deposits	1,088,649	1,088,649	1,038,649	1,235,900	1,235,900	984,650
	7,603,636	7,894,696	8,365,623	9,083,936	9,905,865	9,033,302
Current Assets	51,212,231	57,070,306	70,808,630	86,440,119	87,600,637	84,444,060
TOTAL ASSETS	**58,815,867**	**64,965,002**	**79,174,253**	**95,524,055**	**97,506,502**	**93,477,362**
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised share capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
General reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Capital reserve	133,103	16,171	-	(239,002)	17,630	299,455
Accumulated losses	(61,458,578)	(51,712,119)	(41,074,759)	(31,390,830)	(29,049,263)	(34,369,186)
	42,174,525	51,804,052	62,425,241	71,870,168	74,468,367	69,430,269
Non-Current Liabilities						
Retirement benefits	1,999,004	1,999,004	2,022,340	1,617,162	1,554,922	1,271,232
Deferred tax liability	-	-	-	-	194,310	95,730
Liabilities against assets subject to finance lease	-	-	-	298,205	565,608	-
	1,999,004	1,999,004	2,022,340	1,915,367	2,314,840	1,366,962
Current Liabilities	14,642,338	11,161,946	14,726,672	21,738,520	20,723,295	22,680,131
TOTAL EQUITY AND LIABILITIES	**58,815,867**	**64,965,002**	**79,174,253**	**95,524,055**	**97,506,502**	**93,477,362**

Annexure - B

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2012	2011	2010	2009	2008	2007
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
REVENUE						
Operating revenue	4,207,833	2,219,875	4,740,135	4,483,638	14,193,487	10,285,029
Gain on from dealing in marketable securities	413,273	381,456	16,865	2,793,780	2,934,247	3,233,821
	4,621,106	2,601,331	4,757,000	7,277,418	17,127,734	13,518,850
Other operating income	562,045	683,209	573,457	649,271	1,561,446	1,609,471
	5,183,151	3,284,540	5,330,457	7,926,689	18,689,180	15,128,321
LESS: EXPENDITURE						
Operating and administrative expenses	(14,766,961)	(13,825,923)	(14,315,975)	(9,536,744)	(11,654,944)	(9,227,421)
Finance Cost	(6,111)	(12,154)	(513,728)	(755,184)	(74,596)	(1,209,385)
	(14,773,072)	(13,838,077)	(14,829,703)	(10,291,928)	(11,729,540)	(10,436,806)
(Loss) / profit before taxation	(9,589,921)	(10,553,537)	(9,499,246)	(2,365,239)	6,959,640	4,691,515
Taxation	(156,538)	(83,823)	(184,683)	23,672	(1,639,717)	(1,031,571)
(Loss) / profit after taxation	**(9,746,459)**	**(10,637,360)**	**(9,683,929)**	**(2,341,567)**	**5,319,923**	**3,659,944**
(Loss) / earnings per share - basic & diluted	**(0.97)**	**(1.06)**	**(0.97)**	**(0.23)**	**0.53**	**0.37**

Annexure -C

PATTERN OF SHAREHOLDINGS
AS ON JUNE 30TH, 2012

Number of Share Holders	Shareholdings		Total Number of Shares Held
	From	To	
129	1 -	100	9,606
661	101 -	500	297,038
82	501 -	1000	79,210
76	1001 -	5000	193,315
7	5001 -	10000	51,557
1	10001 -	15000	11,500
3	20001 -	25000	72,643
1	25001 -	30000	26,500
1	30001 -	35000	30,200
5	35001 -	40000	200,000
1	40001 -	45000	41,000
1	45001 -	50000	49,500
1	55001 -	60000	59,300
1	80001 -	85000	81,200
1	90001 -	95000	93,000
1	195001 -	200000	200,000
1	215001 -	220000	216,746
1	230001 -	235000	230,935
1	295001 -	300000	300,000
1	350001 -	355000	352,000
1	3625001 -	3630000	3,627,375
1	3775001 -	3780000	3,777,375
978	**Total**		**10,000,000**

Annexure -D

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDING AS AT JUNE 30, 2012

Ctgr Code	Description		Number of Shareholders	Shares Held	Percentage of T.Capital
1	Associated Cos., Undertaking and Related Parties				
	-Emirates Global Investments Ltd.	3,777,375			
	-Emirates Investment Group LLC.	3,627,375	2	7,404,750	74
2	ICP(CDC A/C)		-	-	-
3	Directors, CEO and their spouses and Minor children:-				
	-Mr. Naveed Gilani	500			
	-Mr. Abdul Basit	500			
	-Mrs. Neena Jaffar	40,000			
	-Mr. Abdul Basit Pracha Asi Nizami	40,000			
	-Mr. Syed Javed Hussain	40,000			
	-Mr. Aftab Ahmed Qaiser	500			
	-Mr. Syed Mahmood Ali	500	7	122,000	1
4	Executives				
5	Public Sector Companies & Corporations		-	-	-
6	Banks, Development Financial Instituations, Non Banking Financial Instituations, Insurance Companies, Modarbas and Mutual Funds		21	582,665	6
7	Joint Stock Companies				-
8	Individuals		947	1,889,585	19
9	Others		1	1,000	0
	Total		978	10,000,000	100

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

S/No.	Name of Shareholder	Description	No. of Shares Held	Percentage %
1	EMIRATES GLOBAL INVESTMENTS LTD.	Falls in Category 1	3,777,375	37.77
2	EMIRATES INVESTMENT GROUP LLC.	Falls in Category 1	3,627,375	36.27

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board has six independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board during the current year and was filled up by the directors within 30 days thereof.
5. The Company has prepared a statement of ethics and business practices which has been signed by all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant polices of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter during the year ended June 30, 2012. Written notices of the Board Meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the company are well conversant with the Listing Regulations and legal requirement and as such are fully aware of their duties and responsibilities.
10. There were no new appointments in Internal Audit, CFO or Company Secretary during this year.
11. The Director's Report for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly signed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting framework requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, two of whom are non-executive directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function of the company.
18. The statutory auditors of the company have confirmed that:

    I. They have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.
    II. They or any of the partners of the firm, their spouses and minor children do not hold shares of the company and
    III. The firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

ABDUL BASIT
Chief Executive

Lahore: October 01, 2012

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **TRUST SECURITIES AND BROLERAGE LIMITED** ("the Company") to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended 30 June 2012.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: October 01, 2012

Engagement Partner:
Zakaria

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **TRUST SECURITIES & BROKERAGE LIMITED** as at June 30, 2012 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a. In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.

b. In our opinion

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

a. In our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

b. In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to the contents of note 1.2 to the accompanying financial statements which indicate that the Company incurred loss after tax of Rs.9.746 million during the year and its accumulated losses at Rs. 61.459 millions. These conditions along with other matters set forth in note 1.2 indicate the existence of material uncertainty that may cast doubt about the company's ability to continue as a going concern and such note also discusses the reasons for preparing the financial report on going concern basis.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 01, 2012

Engagement Partner:
Zakaria

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012	2011
		------ Rupees ------	
ASSETS			
Non-Current Assets			
Property and equipment	4	**2,012,968**	2,420,960
Intangibles	5	**4,262,600**	4,262,600
Long term investments	6	**239,419**	122,487
Long term deposits	7	**1,088,649**	1,088,649
Deferred taxation	8	**-**	-
		7,603,636	7,894,696
Current Assets			
Short term investments	9	**6,630,960**	7,366,080
Trade debts	10	**36,961,141**	43,155,521
Advances	11	**497,070**	377,500
Short term prepayments		**29,319**	31,511
Other receivable	12	**124,466**	104,846
Cash and bank balances	13	**6,969,275**	6,034,848
		51,212,231	57,070,306
Total Assets		**58,815,867**	64,965,002
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	14	**100,000,000**	100,000,000
Reserves			
General reserve		**3,500,000**	3,500,000
Capital reserve		**133,103**	16,171
Accumulated losses		**(61,458,578)**	(51,712,119)
		(57,825,475)	(48,195,948)
Shareholders' Equity		**42,174,525**	51,804,052
Non-Current Liabilities			
Retirement benefits	15	**1,999,004**	1,999,004
Current Liabilities			
Trade and other payables	16	**14,047,674**	10,564,303
Provision for taxation - net	17	**594,664**	597,643
		14,642,338	11,161,946
Commitments	18	**-**	-
Total Equity and Liabilities		**58,815,867**	64,965,002

The annexed notes form an integral part of these financial statements

Chief Executive ***Director***

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
		- - - - - - Rupees - - - - - -	
Operating revenue	19	**4,207,833**	2,219,875
Gain on sale of securities		**446,393**	616,018
Loss on remeasurement of investments		**(33,120)**	(234,562)
		4,621,106	2,601,331
Operating and administrative expenses	20	**(14,766,961)**	(13,825,923)
Finance cost	21	**(6,111)**	(12,154)
		(14,773,072)	(13,838,077)
Operating loss		**(10,151,966)**	(11,236,746)
Other operating income	22	**562,045**	683,209
Loss before taxation		**(9,589,921)**	(10,553,537)
Taxation	23	**(156,538)**	(83,823)
Loss after taxation		**(9,746,459)**	(10,637,360)
Loss per share - basic and diluted	24	**(0.97)**	(1.06)

The annexed notes form an integral part of these financial statements

Chief Executive ***Director***

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	------ Rupees ------	
Loss for the year	**(9,746,459)**	(10,637,360)
Other comprehensive income:		
Available-for-sale financial assets		
Gain arising due to remeasurement	**116,932**	16,171
Total comprehensive loss for the year	**(9,629,527)**	(10,621,189)

The annexed notes form an integral part of these financial statements

Chief Executive ***Director***

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	*2012*	*2011*
		- - - - - - Rupees - - - - - -	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	26	**(85,497)**	(5,499,264)
Finance cost paid		**(6,111)**	(12,154)
Taxes paid		**(159,517)**	(162,859)
Payment of employees compensated absences		**-**	(23,336)
Long term deposits - net		**-**	(50,000)
Net cash used in operating activities		**(251,125)**	(5,747,613)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(24,420)**	(11,750)
Proceeds from sale of property and equipment		**27,000**	27,149
Investments- net		**702,000**	(1,000,642)
Profit received on saving account		**480,972**	712,532
Net cash generated from /(used in) investing activities		**1,185,552**	(272,711)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligation		**-**	(298,205)
Net cash used in financing activities		**-**	(298,205)
Net increase /(decrease) in cash and cash equivalents (A+B+C)		**934,427**	(6,318,529)
Cash and cash equivalents at beginning of year		**6,034,848**	12,353,377
Cash and cash equivalents at end of year	13	**6,969,275**	6,034,848

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

Chief Executive ***Director***

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Reserves: Capital	Reserves: Revenue			Grand Total	Shareholders' Equity
		Fair Value Reserve	General Reserve	Accumulated Losses	Sub Total		
	Rupees						
Balance as at June 30, 2010	**100,000,000**	**-**	**3,500,000**	**(41,074,759)**	**(37,574,759)**	**(37,574,759)**	**62,425,241**
Total comprehensive loss for the year							
Loss for the year ended June 30, 2011	-	-	-	(10,637,360)	(10,637,360)	(10,637,360)	(10,637,360)
Other Comprehensive income							
Gain arises due to remeasurement of investments	-	16,171	-	-	-	16,171	16,171
Total comprehensive loss for the year ended June 30, 2011	-	16,171	-	(10,637,360)	(10,637,360)	(10,621,189)	(10,621,189)
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 year							
Loss for the year ended June 30, 2012	-	-	-	(9,746,459)	(9,746,459)	(9,746,459)	(9,746,459)
Other Comprehensive income							
Gain arises due to remeasurement of investments	-	116,932	-	-	-	116,932	116,932
Total comprehensive loss for the year ended June 30, 2012	-	**116,932**	-	**(9,746,459)**	**(9,746,459)**	**(9,629,527)**	**(9,629,527)**
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**

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

Chief Executive *Director*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 Corporate Member 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 year, the Company has incurred loss after tax of Rs. 9.746 (2011: 10.637) million and at year end, its accumulated losses stood at Rs. 61.459 (2011 : Rs.51.712) million causing decrease in shareholders' equity to Rs.42.175 (2011 : Rs.51.804) 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. However, despite associated uncertainties, the Company expects that increase in the trading activities in stock market, demutualization of exchange and recovery of trade receivables from its customers will improve the profitability and liquidity of the Company. Owing to these factors, these financial statements are prepared on going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

- Useful lives and residual values of property and equipment (note 3.1)
- Impairment of intangibles (note 3.2)
- Trade debts and other receivables (note 3.4)
- Provision for taxation (note 3.8)
- Impairment of investments and tangible assets (note 3.14)

2.5 New, revised and amended standards and interpretations

There are certain new approved accounting standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or before January 1, 2011 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Standards or interpretations		**Effective Date (accounting periods beginning on or after)**
IFRS 7	Financial Instruments: Disclosures (Amendment)	July 1, 2011
IAS 1	Presentation of Financial Statements (Amendment)	January 1, 2011
IAS 24	Related Party Disclosures (Revised)	January 1, 2011
IAS 34	Interim Financial Reporting (Amendment)	January 1, 2011
IFRIC 13	Customer Loyalty Programmes (Amendment)	January 1, 2011
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding	January 1, 2011

2.6 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company:

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

Standards or interpretations		Effective Date (accounting periods beginning on or after)
IAS 1	Presentation of financial statements-Amendments to revise the way other comprehensive income is presented.	July 01, 2012
IAS 12	Income Taxes - Deferred tax: Recovery of underlying assets (Amendment)	January 1, 2012
IAS 19	Employees Benefits-Amended standard resulting from the post employment benefits and termination benefits plans	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application except for increase in disclosure requirement.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards or interpretations		Effective Date (accounting periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2013
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11	January 01, 2013

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

Owned

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized. Gains and losses on disposal of assets are included in the profit and loss account.

Full year's depreciation is charged on the assets from the year of purchase, whereas, no depreciation is charged in the year of disposal.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gain/ loss on disposal of fixed assets are recognized in the profit and loss account.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2011 has not required any adjustment as its impact is considered insignificant.

3.2 Intangibles

Membership card and offices

This is stated at cost less impairment , if any, The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3 Investments

The management of the company determines the appropriate classification of the investments at the time of purchase or increase in holdings and classifies/reclassifies its investment as at fair value through profit or loss and available for sale.

Unquoted investments, for which active market does not exist and fair value cannot be reasonably calculated are carried at cost, impairment in value, if any, is taken to profit or loss account currently.

Investment at fair value through profit or loss

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price), . Realized and unrealized gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that The Company commits to purchase or sell the investment. Cost of purchase does not includes transaction cost.

At each reporting date, The Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss.

Investments available-for-sale

Available for sale investments are those non derivative Investments that are designated as available for sale or are not classified in any other category. These are measured initially and subsequent to the initial recognition at fair value plus, in the case of initial recognition, transaction costs that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses and, until the derecognision at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit and loss as per revenue recognition policy of The Company.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtfull debts, if any. A provision for doubtfull debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.5 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.6 Borrowing cost

Borrowing cost is recognised as expense in the period in which these are incurred.

3.7 Employees compensated absences

Provision for liabilities towards employees compensated absences is made on the basis of unavailed leave balances, for all its permanent employees who have completed minimum qualifying period.

3.8 Taxation

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets, if arise, are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are recognised to the extent of income subject to normal taxation.

3.9 Provisions

A provision is recognized when The Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.10 Revenue recognition

Gain/ (loss) from dealing in securities

Gain or loss on sale of marketable and unquoted securities are recognised in the year in which it arises.

Brokerage, consultancy and advisory fee

Brokerage, consultancy and advisory fees are recognized as and when services are provided.

Others

Dividend income is recognized when right to receive dividend is established.

Interest income is recognized on time proportion basis using effective interest rates.

Gain or loss from re-measurement of investment is recognized at year end.

3.11 Cash and cash equivalents

These include cash in hand and bank balances.

3.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when The Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognision of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.13 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if The Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognized.

3.15 Related party transactions

All transactions with related parties are carried out by the Company at arms’ length price using the admissible pricing method.

4 PROPERTY AND EQUIPMENT

Particular	*Computers*	*Furniture and fittings*	*Vehicles*	*Office equipments*	*Total*
			Rupees		
Year ended June 30, 2011					
Net book value	562,201	794,398	902,042	678,148	2,936,789
Additions / transfer	5,750	-	-	6,000	11,750
Disposal					
Cost	31,600	12,000	-	32,249	75,849
Depreciation	(22,843)	(9,777)	-	(9,138)	(41,758)
	8,757	2,223	-	23,111	34,091
Depreciation charged	167,758	79,218	180,408	66,104	493,488
Net book value as at June 30, 2011	391,436	712,957	721,634	594,933	2,420,960
Year ended June 30, 2012					
Net book value	391,436	712,957	721,634	594,933	2,420,960
Additions / transfer	-	-	-	24,420	24,420
Disposal					
Cost	-	-	-	60,835	60,835
Depreciation	-	-	-	(19,254)	(19,254)
	-	-	-	41,581	41,581
Depreciation charged	117,431	71,296	144,327	57,777	390,831
Net book value as at June 30, 2012	**274,005**	**641,661**	**577,307**	**519,995**	**2,012,968**
At June 30, 2011					
Cost	3,236,708	1,936,787	2,187,500	1,285,699	8,646,694
Accumulated depreciation	2,845,272	1,223,830	1,465,866	690,766	6,225,734
Net book value	391,436	712,957	721,634	594,933	2,420,960
At June 30, 2012					
Cost	3,236,708	1,936,787	2,187,500	1,249,284	8,610,279
Accumulated depreciation	2,962,703	1,295,126	1,610,193	729,289	6,597,311
Net book value	**274,005**	**641,661**	**577,307**	**519,995**	**2,012,968**
Rate of depreciation %	**30%**	**10%**	**20%**	**10%**	

4.1 Disposal of Office Equipments

Particulars of Assets	Cost	Accumulated depretiation	Book Value	Sale proceeds	Mode of disposal	Particulars of buyer
Generator	10,835	2,059	8,776	4,000	Negotiation	Mr. M. Ashraf-Employee
LCD Nobel	50,000	17,195	32,805	23,000	Negotiation	Mr. Imran bin Naeem-Employee
	60,835	**19,254**	**41,581**	**27,000**		

	Note	2012 Rupees	2011 Rupees
5 INTANGIBLES			
Membership license			
Lahore Stock Exchange (Guarantee) Limited	5.1	**4,000,000**	4,000,000
Offices			
At Lahore Stock Exchange	5.2	**262,600**	262,600
		4,262,600	4,262,600

5.1 Subsequent to year end, The Lahore Stock Exchange (Guarantee) 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.

5.2 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.

6 *LONG TERM INVESTMENTS*

Available for sale - In shares of quoted companies

2012	2011	Name of securities	Carrying Value 2012	Carrying Value 2011
Number of Shares			Rupees	Rupees
43,705	43,705	Standard Chartered Leasing Limited	**208,473**	109,263
36,168	36,168	Invest Capital Investment Bank	**29,296**	11,574
5,000	5,000	Sunshine Cotton Mills Limited	**1,650**	1,650
			239,419	122,487

Name of securities	Market value per share 2012	Market value per share 2011
Standard Chartered Leasing Limited	**4.77**	2.50
Invest Capital Investment Bank	**0.81**	0.32
Sunshine Cotton Mills Limited	**0.33**	0.33

7 *LONG TERM DEPOSITS*

- Unsecured - Considered good

	2012 Rupees	2011 Rupees
Lahore Stock Exchange Limited	**600,000**	600,000
National Clearing Company of Pakistan Limited	**300,000**	300,000
Utility deposits	**88,649**	88,649
Against office of Lahore Stock Exchange Limited	**100,000**	100,000
	1,088,649	1,088,649

8 *DEFERRED TAXATION*

Deferred tax asset is net off of taxable / (deductible) temporary differences in respect of the followings: -

	2012 Rupees	2011 Rupees
Taxable temporary differences		
Accelerated tax depreciation	**192,923**	241,176
Deductible temporary differences		
Provision for employees compensated absences	**(536,639)**	(577,461)
Assessed tax losses	**(3,470,029)**	(3,601,792)
	(4,006,668)	(4,179,253)
	(3,813,745)	(3,938,077)

The Company has not recognised above deferred tax asset due to the uncertainty regarding taxable profits in foreseeable future against which the deferred tax asset can be utilized or adjusted.

	Note	2012 Rupees	2011 Rupees
9 SHORT TERM INVESTMENTS			
At fair value through profit or loss - Initially designated			
In shares of unquoted company - Related party	9.1	**6,060,000**	6,600,000
In shares of quoted company	9.2	**570,960**	766,080
		6,630,960	7,366,080

9.1 *In shares of unquoted company - Related party*

Number of Shares 2012	Number of Shares 2011	Name of Securities	Carrying Value 2012 Rupees	Carrying Value 2011 Rupees
505,000	550,000	Takaful Pakistan Limited	**6,060,000**	6,600,000

9.2

Number of Shares 2012	Number of Shares 2011	Name of securities	2012	2011
12,000	12,000	Nishat Mills Limited	**570,960**	604,080
-	25,000	Jahangir Siddique & Company Limited	**-**	162,000
			570,960	766,080

Name of securities	Market value per share 2012	Market value per share 2011
Nishat Mills Limited	**47.58**	50.34
Jahangir Siddique & Company Limited	**-**	6.48

	Note	2012 Rupees	2011 Rupees
10 TRADE DEBTS			
Considered good		**36,961,141**	43,155,521
Considered doubtful	10.1	**35,481,328**	28,174,627
		72,442,469	71,330,148
Provision for doubtful debts	10.2 & 27.1	**(35,481,328)**	(28,174,627)
		36,961,141	43,155,521

10.1 The Company is currently engaged in settlement arrangement with some of its customers to clear the outstanding balances which are overdue by more than one year. However, in the meantime adequate provision has been made in these financial statements based on prudence, past track record of the customers and management's judgment to recover these balances.

	Note	2012 Rupees	2011 Rupees
10.2 Provision for doubtful debts			
Balance as on July 01		**28,174,627**	21,719,448
Provision made during the year		**7,563,500**	6,556,431
		35,738,127	28,275,879
Reversal of excess provision		**(256,799)**	(101,252)
		35,481,328	28,174,627
11 ADVANCES			
- Considered good			
To staff		**497,070**	377,500
12 OTHER RECEIVABLES			
- Considered good			
Interest on saving account		**53,040**	33,420
Others		**71,426**	71,426
		124,466	104,846
13 CASH AND BANK BALANCES			
Cash in hand		**6,300**	3,780
Cash at banks			
In current accounts		**119,366**	242,939
In saving account	13.1	**6,843,609**	5,788,129
		6,962,975	6,031,068
		6,969,275	6,034,848

13.1 Saving account carries markup which ranges from 5% to 8.75% (2011 : 5% to 8.75%) per annum.

	Note	2012 Rupees	2011 Rupees
14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
10,000,000 ordinary shares of Rs.10 each, fully paid in cash	14.1 & 14.2	**100,000,000**	100,000,000

14.1 Associated undertakings held 7,404,750 (2011 : 7,404,750) ordinary shares of Rs. 10 each at the year end.

14.2 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

	Note	2012 Rupees	2011 Rupees
15 RETIREMENT BENEFITS			
Employees compensated absences			
Balance as on July 01		**1,999,004**	2,022,340
Provision made during the year	15.1	**-**	-
		1,999,004	2,022,340
Payments made during the year		**-**	(23,336)
Balance as on June 30		**1,999,004**	1,999,004

15.1 This represent the amount in respect of unavailed leave balances, whereas all leave balances were availed by the staff and therefore no provision has been made.

16 TRADE AND OTHER PAYABLES

	2012 Rupees	2011 Rupees
Trade creditors	**12,036,052**	7,650,462
Accrued liabilities	**235,445**	905,000
Other liabilities	**1,776,178**	2,008,841
	14,047,674	10,564,303

17 PROVISION FOR TAXATION - NET

	2012 Rupees	2011 Rupees
Balance as at July 01	**597,643**	676,679
Provision for taxation - current year	**156,538**	83,823
	754,181	760,502
Payments made during the year	**(159,517)**	(162,859)
Balance as at June 30	**594,664**	597,643

18 COMMITMENTS

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end: -

	2012 Rupees	2011 Rupees
For purchase of shares	**9,893,201**	2,776,994
For sale of shares	**8,015,778**	1,439,557

19 OPERATING REVENUE

	2012 Rupees	2011 Rupees
Brokerage income	**4,207,833**	2,218,328
Income from Market Access Fee	**-**	1,547
	4,207,833	2,219,875

	Note	2012 Rupees	2011 Rupees
20 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		**4,187,704**	4,090,190
Commission and clearing house expenses		**33,293**	22,812
Communication expenses		**273,948**	262,815
Printing and stationary		**141,380**	126,457
Entertainment expenses		**119,439**	93,217
Traveling and lodging expenses		**108,981**	142,832
Repairs and maintenance		**375,757**	217,280
Advertisement and publicity		**15,925**	42,115
Electricity and utilities		**241,043**	313,442
Insurance expenses		**52,137**	63,612
Depreciation	4	**390,831**	493,488
Internet and software maintenance charges		**315,570**	294,672
Legal and professional charges		**219,607**	215,036
Fees and subscription		**166,480**	171,891
Rent, rates and taxes		**488,261**	501,365
Other operating charges	20.1	**7,636,605**	6,774,699
		14,766,961	13,825,923
20.1 Other operating charges			
Auditors remuneration	20.1.1	**250,000**	250,000
Loss on disposal of fixed assets		**14,581**	6,943
Provision for doubtful debt - net	10.2	**7,306,701**	6,455,179
Impairment loss transferred from equity		**-**	21,269
Miscellaneous expenses		**65,323**	41,308
		7,636,605	6,774,699
20.1.1 Auditors' remuneration			
Statutory audit fee		**175,000**	175,000
Interim review fee		**30,000**	30,000
Certification fee		**30,000**	30,000
Out of pocket expenses		**15,000**	15,000
		250,000	250,000

21 FINANCE COST

Mark up on		
Lease finance	**-**	4,316
	-	4,316
Bank charges	**6,111**	7,838
	6,111	12,154

	Note	2012 Rupees	2011 Rupees

22 OTHER OPERATING INCOME

Income from financial assets			
Interest on saving account		**500,592**	683,209
Dividednd income		**61,453**	-
		562,045	683,209

23 TAXATION

Current	23.1	**156,538**	83,823

23.1 Tax charge reconciliation

Reconciliation between tax expense and accounting profit has not been made as relationship between these could not be developed due to tax arises under minimum tax regime u/s. 113 of the Income Tax Ordinance, 2001 owing to losses.

Returns for the tax year upto 2011 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001 however the CIT has power to re-assess any of the five preceding tax years.

24 (LOSS) PER SHARE
- Basic and Diluted

		2012	2011
Loss attributable to ordinary shareholders	*Rs.*	**(9,746,459)**	(10,637,360)
Weighted average number of ordinary shares in issue		**10,000,000**	10,000,000
Loss per share - basic and diluted	*Rs.*	**(0.97)**	(1.06)

25 REMUNERATION AND BENEFITS TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

To Chief Executive Officer (One)			
Managerial remuneration		**1,024,356**	1,024,356
Commission paid		**102,773**	74,056
Expenses incurred		**168,439**	191,245
	Rs.	**1,295,568**	1,289,657

25.1 The chief executive has been provided with the free use of company maintained vehicle in accordance with the company's policy.

25.2 None of the employees fall under the category of "Executives" as defined by the Companies Ordinance, 1984.

	2012 Rupees	2011 Rupees
26 CASH USED IN OPERATIONS		
Loss before taxation	**(9,589,921)**	(10,553,537)
Adjustment for non-cash charges and other items		
Depreciation	**390,831**	493,488
Profit on saving account	**(500,592)**	(683,209)
Impairment loss on AFS investments	**-**	21,269
Provision for doubtful debts	**7,306,701**	6,455,179
Finance cost	**6,111**	12,154
Loss on disposal of property, plant and eqipment	**14,581**	6,942
Unrealised loss on remeasurement of investments	**33,120**	234,562
	7,250,752	6,540,385
	(2,339,169)	(4,013,152)
Changes in Working Capital:		
(Increase) / decrease in current assets		
Trade debts	**(1,112,321)**	1,429,181
Advances	**(119,570)**	11,500
Short term prepayments	**2,192**	260,665
Other receivable	**-**	27
Increase / (decrease) in current liabilities		
Trade and other payables	**3,483,371**	(3,187,485)
	2,253,672	(1,486,112)
Cash used in operations	**(85,497)**	(5,499,264)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	2012 Rupees	2011 Rupees
FINANCIAL ASSETS AND LIABILITIES		
Financial assets		
Long term deposits	**1,088,649**	1,088,649
Investments	**6,870,379**	7,488,567
Trade debts	**36,961,141**	43,155,521
Advances	**497,070**	377,500
Other receivable	**124,466**	104,846
Cash and bank balances	**6,969,275**	6,034,848
	52,510,980	58,249,931
Financial Liabilities		
Trade and other payables	**14,047,674**	10,564,303
	14,047,674	10,564,303

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

a) Credit risk
b) Liquidity risk
c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

27.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	Note	***2012*** ***Rupees***	*2011* *Rupees*
Long term investments	6	**239,419**	122,487
Long term deposits	7	**1,088,649**	1,088,649
Short term investments	9	**6,630,960**	7,366,080
Trade debts	10	**36,961,141**	43,155,521
Advances	11	**497,070**	377,500
Other receivable	12	**124,466**	104,846
Cash at banks	13	**6,962,975**	6,031,068
		52,504,680	58,246,151

Trade debts

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

All the trade debtors at the balance sheet date represent domestic parties.

The aging of trade receivable at the reporting date is: -

	Note	2012 Rupees	2011 Rupees
Within 1 year		**7,014,423**	19,934,266
More than 1 but less than 2 years		**14,849,918**	15,285,305
More than 2 but less than 3 years		**15,096,800**	19,839,876
More than 3 years		**35,481,328**	16,270,701
		72,442,469	71,330,148
Impairment	10.2	**(35,481,328)**	(28,174,627)
		36,961,141	43,155,521

Trade debts balances amounting to Rs.65.428 millions (2011 : 51.395 millions) are overdue by more than one year for which management has made adequate provision in these financial statements based on prudence, past track record of the customers and management's judgment to recover these balances.

The credit quality of the receivables can be assessed with reference to the historical performance with no or some defaults in recent history, however, no loses. The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Bank	*Rating agency*	*Short term ratings*
Private sector commercial banks		
Bank Alfalah Limited	PACRA	A1+
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
Development Financial Institutions		
Al Barka Bank (Pakistan) Limited	PACRA	A1

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments: -

	2012			
	Carrying Amount	*Contractual cash flows*	*Upto one year*	*More than one year*
	- - - - - - - - - - - - - Rupees - - - - - - - - - - - - -			
Financial liabilities				
Trade and other payables	**14,047,674**	**14,047,674**	**13,645,364**	**402,310**

	2011			
	Carrying Amount	*Contractual cash flows*	*Upto one year*	*More than one year*
	- - - - - - - - - - - - - Rupees - - - - - - - - - - - - -			
Financial liabilities				
Trade and other payables	10,564,303	10,564,303	10,564,303	-

Contractual cash flows include interest related cash flows upto the year end. The future interest related cash flows depends on the extent of utilization of running finance facilities and the interest rates applicable at that time.

27.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

Interest / mark up rate risk

Financial assets and liabilities include balances of Rs.6.844 million (2011 : Rs.5.788 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	2012	*2011*	***2012***	*2011*
	Effective interest rate (in %)		***Carrying amount***	
Financial assets				
Cash and bank balances	**5% to 8.75%**	5% to 8.75%	**6,843,609**	5,788,129

Sensitivity analysis

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bp	
	increase	*decrease*
As at June 30, 2012		
Cash flow sensitivity-Variable rate financial instruments	**50,059**	**(50,059)**
As at June 30, 2011		
Cash flow sensitivity-Variable rate financial instruments	67,889	(67,889)

Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.0.810 million (2011 : Rs.0.889 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes Company's equity price risk as of June 30, 2012 and 2011 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	Fair Value	*Hypothetical price change*	*Estimated fair value after hypothetical change in prices*	*Hypothetical increase (decrease) in Shareholders' Equity*
			- - - - - - Rupees	*- - - - - -*
June 30, 2012	**810,379**	**10% increase**	**891,417**	**81,038**
		10% decrease	**729,341**	**(81,038)**
June 30, 2011	888,567	10% increase	977,424	88,857
		10% decrease	799,710	(88,857)

28 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2012.

The Company monitors capital by effective control over expenses and investment therefore no debt is taken by the company.

29 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 undertakings are entered into at commercial terms and conditions. Year end balances with related parties are shown in the relevant notes to the financial statements.

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

	2012 Rupees	*2011 Rupees*
Transactions with associates		
Sale of shares of Takaful Pakistan Limited	**540,000**	-
Transactions with other related parties		
Commission paid to Chief Executive	**102,773**	74,056
Commission received from Chief Executive	**56,233**	-
Expenses incurred by the Chief Executive	**168,439**	191,245

30 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company at June 30, 2012 are located in Pakistan..

31 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 01, 2012.

32 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive ***Director***

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

FORM OF PROXY
Nineteenth Annual General Meeting

I/We ____

of ____

being a member of Trust Securities & Brokerage Limited hereby appoint ______________

____

____

of ______________________________________ (full address)

as my/our proxy to attend and for me/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Wednesday October 31, 2012 at 3:30 P.M. and at any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2012

Signed by ____

in the presence of ______________________________ (full address)

____

Signature on Rs. 5/- revenue stamp

Signature of Witness ______________ Signature of Member ______________

Shareholder's Folio No. ______________ Number of Shares held ______________

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as proxy who is not a member of the company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation its common seal should be affixed to the instrument.
3. The instrument appointing a proxy, together with power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.