

**TSBL**

**Annual Report  
June 30, 2014**

**TRUST SECURITIES & BROKERAGE LIMITED**

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**COMPANY INFORMATION****Board of Directors**

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Abdul Basit	Chief Executive
Mr. Syed Javed Hussain	Director
Mr. Syed Mahmood Ali Shah	Director
Mr. Muhammad Naeem Baig	Director
Mr. Muhammad Munir	Director
Mr. Munim Mahmood	Director

**Audit Committee**

Mr. Muhammad Naeem Baig	Chairman
Mr. Munim Mahmood	Member
Mr. Syed Javed Hussain	Member

**HR & Remuneration Committee**

Mr. Aftab Ahmed Qaiser	Chairman
Mr. Muhammad Naeem Baig	Member
Mr. Abdul Basit	Member

**Company Secretary**

Ms. Nadia Haider

**Auditors**

Haroon Zakaria & Company  
Chartered Accountants

**Legal Advisor**

Mr. Abdul Majid  
Advocate

**Share Registrar**

Hameed Majeed & Association (Pvt.) Ltd.

**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

## CODE OF ETHICS

We are strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices:

1. Trust & Integrity.
2. Fair Treatment.
3. Respectful Treatment.
4. Observance of the Rules and Regulations.
5. Observance of the Interests of the Contracting Parties.
6. Preserve the confidentiality of information communicated by clients within the scope of the Manager-client relationship.
7. Use reasonable care and prudent judgment when managing client assets.
8. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.
9. Maximize client portfolio value by seeking best execution for all client transactions.
10. Establish policies to ensure fair and equitable trade allocation among client.
11. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.
12. Everyone has different needs, preferences and circumstances. They therefore need a portfolio that truly caters to them.
13. Ensure portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.

**DIRECTORS' REPORT****Dear Shareholders**

On behalf of Board of Directors, I am pleased to present the Audited Financial Statements of the Company for the year ended 30 June 2014, together with auditors' report thereon.

**Market Review**

During FY14, the index continued to flourish, with the benchmark KSE-100 touching 29,652 points by the end of year. Although the performance remained encouraging; the pace actually slowed down a bit when compared to the previous year that saw a gain of 52 percent. To some extent, the political transition has helped the economy to regain strength, strengthening currency value, advancing reserves position and rising GDP growth are some of the indicators signaling towards improving macro-economic position. It's time for the government to focus on the pending reforms. In this regard, the issue of circular debt needs the utmost attention as temporary measures are not going to help in the longer run.

**Financial Results**

The summarized financial results are as follows:

	<u><b>Rupees</b></u>
	<b>000</b>
Operating revenue	6,849
Gain on sale of securities	74
Loss on re-measurement of investments	(40)
	<u>6,883</u>
Operating and administrative expenses	(13,579)
Finance Cost	(10)
	<u>(13,589)</u>
<b>Operating loss</b>	<b>(6,706)</b>
Other Operating income	1,454
<b>Loss before taxation</b>	<b>(5,252)</b>
Taxation	(100)
<b>Loss after taxation</b>	<b>(5,352)</b>
<b>Loss per share- Basic and diluted</b>	<b>(0.54)</b>

The company recorded total revenue of Rs.8.3 million during the financial year ended June 30, 2014, as compared to Rs. 3.5 million in the corresponding year. On the expenditure side, the operating expenses were Rs.13.59 in comparison to Rs. 17.87 million in previous year. After taking the provision of Rs.0.10 million for taxation, the company recorded a net loss of Rs.5.35 million for the year under review.

**TRUST SECURITIES & BROKERAGE LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON THURSDAY, OCTOBER 30, 2014 AT 9:00 A.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 Extra Ordinary General Meeting held on April 02, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors for the year 2014-15 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Lahore  
October 02, 2014

By order of the Board

Nadia Haider  
Company Secretary

**Notes:**

1. The share transfer books of the company will remain closed from October 23, 2014 to October 30, 2014 (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 and email address are requested to send the same to the share registrar of the Company.

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. However, in accordance with Stock Exchange (Corporatisation, Demutualization and Integration) Act, 2012 the shares trading trend will increase as result of sale of blocked shares, which is expecting to commence in next financial year. This will increase profitability of the Company in terms of capital gain and in form of Dividends. Further during last three years, the company has witnessed growth in its brokerage revenue and is expecting the same trend in future year.

### **Loss Per Share**

Loss per share of your company has been Rs.0.54.

### **DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAME WORK**

The Directors are pleased to state that the Company is in compliance with the provision of Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan.

Following are the statements on Corporate and Financial Reporting Framework:-

- The financial statements prepared by the management of the Company present its state of affairs fairly, 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.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- 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.
- Summary of Key operating and financial data of last six years is annexed. (Annexure A & B)
- The Company has accumulated losses of Rs. 80.241 million as at June 30, 2014, therefore, the company has not declared any dividend.
- The Company provides benefit for un-availed compensated absences for all its permanent employees.
- Pattern of shareholding as at June 30, 2014 is annexed (Annexure C & D)
- During the financial year July 01, 2013 to June 30, 2014 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 2013-14 four meetings of the Board of Directors were held.



The attendance of the Directors was as under:

<b>Names of Directors</b>	<b>Total Meetings</b>	<b>Attendance</b>
Mr. Naveed Gilani	Three	Three
Mr. Abdul Basit	Four	Four
Mrs. Neena Jaffar	Three	-
Mr. Syed Javed Hussain	Four	-
Mr. Aftab Ahmed Qaiser	Four	Four
Mr. Syed Mahmood Ali	Four	Three
Mr. M. Usama Khan	Three	-
Mr. Muhammad Naeem Baig	One	One
Mr. Muhammad Munir	One	One
Mr. Munim Mahmood	One	One

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](http://www.trustsecu.com).

- The Audit Committee consists of:

1. Mr. Muhammad Naeem Baig	Chairman	Non-Executive Director
2. Mr. Syed Javed Hussain	Member	Non-Executive Director
3. Mr. Munim Mahmood	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.

- The HR & Remuneration Committee consists of:-

1) Mr. Aftab Ahmed Qaiser	Chairman
2) Mr. Muhammad Naeem Baig	Member
3) Mr. Abdul Basit	Member

The HR & Remuneration Committee held one meeting during the year.

- The Shareholders elected seven Directors of the Board for the next three years term in Extraordinary General Meeting of the Company held on April 2, 2014. The Board now consists of, Mr. Aftab Ahmed Qaiser, Mr. Abdul Basit, Mr. Syed Javed Hussain, Mr. Syed Mahmood Ali Shah, Mr. Muhammad Munir, Mr. Muhammad Naeem Baig, Mr. Munim Mahmood.

- The Board also re-appointed Mr. Abdul Basit as Chief Executive of the company for a term of three years on previous terms and conditions.

**Auditors**

Present auditors M/s Haroon Zakaria & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their appointment as statutory auditors for the financial year ending June 30, 2015.

**Future Outlook**

2014-15 is likely to be a mixed year with continued challenges in Pakistan for the stock market. The GDP growth rate for 2014-15 is targeted at 5.1%, an improved forecast from last year. Assistance from IMF will provide the short-term breath to the financial position of the Pakistan economy but will put pressure on Pak Rupee devaluation, interest rates and government borrowing to fill the fiscal deficit. Foreign investors have shown confidence in the new government as reflected through the bullish sentiment at the bourses.

**Acknowledgement**

We would like to thank Securities & Exchange Commission of Pakistan, Banks, KSE and LSE, our valued clients for their continued support, cooperation and trust they have reposed in us.

We pray to Almighty Allah for His blessings, guidance and prosperity to us, our Company and Nation.

**For and on behalf of the Board**

**Lahore: September 29, 2014**

**ABDUL BASIT  
CHIEF EXECUTIVE**

Annexure - A

BALANCE SHEETS AS AT 30TH JUNE

	2014	2013	2012	2011	2010	2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property and equipment	1,444,679	1,699,139	2,012,968	2,420,960	2,936,789	3,464,958
Intangibles	1,542,600	1,542,600	4,262,600	4,262,600	4,262,600	4,262,600
Long term investments	3,113,568	3,011,992	239,419	122,487	127,585	120,478
Long term deposits	2,395,136	738,649	1,088,649	1,088,649	1,038,649	1,235,900
	8,495,983	6,992,380	7,603,636	7,894,696	8,365,623	9,083,936
Current Assets	52,721,094	45,155,305	51,212,231	57,070,306	70,808,630	86,440,119
<b>TOTAL ASSETS</b>	<b>61,217,077</b>	<b>52,147,685</b>	<b>58,815,867</b>	<b>64,965,002</b>	<b>79,174,253</b>	<b>95,524,055</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
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	288,903	187,326	133,103	16,171	-	(239,002)
Accumulated losses	(80,240,692)	(74,888,183)	(61,458,578)	(51,712,119)	(41,074,759)	(31,390,830)
	23,548,211	28,799,143	42,174,525	51,804,052	62,425,241	71,870,168
<b>Non-Current Liabilities</b>						
Retirement benefits	-	-	-	1,999,004	2,022,340	1,617,162
Liabilities against assets subject to finance lease	-	-	-	-	-	298,205
	-	-	-	1,999,004	2,022,340	1,915,367
Current Liabilities	37,668,866	23,348,542	16,641,342	11,161,946	14,726,672	21,738,520
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61,217,077</b>	<b>52,147,685</b>	<b>58,815,867</b>	<b>64,965,002</b>	<b>79,174,253</b>	<b>95,524,055</b>

Annexure - B

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2014	2013	2012	2011	2010	2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>REVENUE</b>						
Operating revenue	6,848,634	5,666,790	4,207,833	2,219,875	4,740,135	4,483,638
Gain /(loss) on sale of securities / remeasurement of investemnts	34,528	(3,318,643)	413,273	381,456	16,865	2,793,780
	6,883,162	2,348,147	4,621,106	2,601,331	4,757,000	7,277,418
Other operating income	1,454,154	1,160,105	562,045	683,209	573,457	649,271
	8,337,316	3,508,252	5,183,151	3,284,540	5,330,457	7,926,689
<b>LESS: EXPENDITURE</b>						
Operating and administrative expenses	(13,579,348)	(17,866,204)	(14,766,961)	(13,825,923)	(14,315,975)	(9,536,744)
Finance cost	(9,915)	(8,350)	(6,111)	(12,154)	(513,728)	(755,184)
	(13,589,263)	(17,874,554)	(14,773,072)	(13,838,077)	(14,829,703)	(10,291,928)
Loss before taxation	(5,251,947)	(14,366,302)	(9,589,921)	(10,553,537)	(9,499,246)	(2,365,239)
Taxation	(100,562)	936,697	(156,538)	(83,823)	(184,683)	23,672
<b>Loss after taxation</b>	<b>(5,352,509)</b>	<b>(13,429,605)</b>	<b>(9,746,459)</b>	<b>(10,637,360)</b>	<b>(9,683,929)</b>	<b>(2,341,567)</b>
<b>Loss per share - basic &amp; diluted</b>	<b>(0.54)</b>	<b>(1.34)</b>	<b>(0.97)</b>	<b>(1.06)</b>	<b>(0.97)</b>	<b>(0.23)</b>

Annexure -C

**PATTERN OF SHAREHOLDINGS  
AS ON JUNE 30TH, 2014**

Number of ShareHolders	Shareholdings		Total Number of Share Held
	From	To	
128	1	100	9,534
648	101	500	293,015
77	501	1000	74,635
79	1001	5000	197,755
9	5001	10000	62,399
2	10001	15000	23,000
1	15001	20000	20,000
2	20001	25000	47,937
1	25001	30000	26,500
1	30001	35000	30,200
6	35001	40000	239,000
1	40001	45000	41,000
1	45001	50000	49,500
2	55001	60000	119,300
1	80001	85000	82,700
1	90001	95000	93,000
1	130001	135000	133,000
1	195001	200000	200,000
1	225001	230000	228,775
1	295001	300000	300,000
1	320001	325000	324,000
1	3625001	3630000	3,627,375
1	3775001	3780000	3,777,375
<b>967</b>	<b>Total</b>		<b>10,000,000</b>

Annexure -D

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDING  
AS AT JUNE 30, 2014

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	74.05
2	ICP(CDC A/C)	-	-	-
3	Directors, CEO and their spouses and Minor children:- -Mr. Aftab Ahmed Qaiser 500 -Mr. Abdul Basit 500 -Mr. Syed Javed Hussain 40,000 -Mr. Syed Mahmood Ali Shah 500 -Mr. Muhammad Naeem Baig 500 -Mr. Munim Mahmood 500 -Mr. Muhammad Munir 500	7	43,000	0.43
4	Executives	-	-	-
5	Public Sector Companies & Corporations	-	-	-
6	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarbas and Mutual Funds	3	334,600	3.35
7	Joint Stock Companies	-	-	-
8	Individuals	942	1,959,665	19.60
9	Others	13	257,985	2.58
	Total	967	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 includes:

<b>Category</b>	<b>Names</b>
Independent Director	Mr.Syed Javed Hussain
Executive Director	Mr. Abdul Basit
Non-Executive Directors	Mr. Aftab Ahmed Qaiser Mr. Muhammad Naeem Baig Mr. Syed Mahmood Ali Mr. Munim Mahmood Mr. Muhammad Munir

2. The directors have confirmed that none of them is serving as a director on more than seven 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 NBFII or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year under review.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies 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, other executive and non 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, 2014. 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. One director already has done the directors' training program. The remaining directors were apprised of their duties and responsibilities from time to time and they shall obtain certification under directors' training program up to 2016.
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, 2014 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, all of whom are non-executive directors including the chairman of the committee.



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 formed a Human Resource and Remuneration (HR&R) Committee. It comprises three members, of whom one is executive director and two are non executive directors and the chairman is non executive director.
18. The Board has set up an effective internal audit function of the company.
19. 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.
20. 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.
21. The 'close period', prior to the announcement of interim/ final results, and business decisions, which may material effect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with for the matter specified in para 9, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

**Lahore: September 29, 2014**

**ABDUL BASIT**  
**Chief Executive**

**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 & Brokerage Limited** to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi, and Lahore Stock Exchanges, 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, Listing Regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited require 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 transaction 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 transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out 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 status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

We draw attention to note 9 of the statement of compliance which states that the Board of Directors will make appropriate arrangement to carry out orientation course for the directors within the specified time.

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi  
**Dated:** September 29, 2014

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **TRUST SECURITIES & BROKERAGE LIMITED** as at June 30, 2014 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;

- c. 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, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d. 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.5.353 million during the year and its accumulated losses are Rs. 80.241 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:** September 29, 2014

**Engagement Partner:**  
**Muhammad Haroon**

**BALANCE SHEET  
AS AT JUNE 30, 2014**

	<i>Note</i>	<b>2014 Rupees</b>	2013 Rupees
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	4	1,444,679	1,699,139
Intangibles	5	1,542,600	1,542,600
Long term investments	6	3,113,568	3,011,992
Long term deposits	7	2,395,136	738,649
Deferred taxation	8	-	-
		<b>8,495,983</b>	6,992,380
<b>Current Assets</b>			
Short term investments	9	2,660,850	2,471,850
Trade debts	10	30,752,239	24,884,389
Advances, prepayments and other receivables	11	507,585	518,070
Tax refunds due from government	12	624,904	519,152
Cash and bank balances	13	18,175,516	16,761,845
		<b>52,721,094</b>	45,155,305
<b>Total Assets</b>		<b>61,217,077</b>	52,147,685
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
10,000,000 Ordinary shares of Rs.10 each		<b>100,000,000</b>	100,000,000
Issued, subscribed and paid-up capital	14	<b>100,000,000</b>	100,000,000
<b>Reserves</b>			
General reserve		<b>3,500,000</b>	3,500,000
Capital reserve		<b>288,903</b>	187,326
Accumulated losses		<b>(80,240,692)</b>	(74,888,183)
		<b>(76,451,789)</b>	(71,200,857)
<b>Shareholders' Equity</b>		<b>23,548,211</b>	28,799,143
<b>Current Liabilities</b>			
Retirement benefits	15	<b>1,999,004</b>	1,999,004
Trade and other payables	16	<b>35,669,862</b>	21,349,538
		<b>37,668,866</b>	23,348,542
<b>Contingency and Commitment</b>	17	-	-
<b>Total Equity and Liabilities</b>		<b>61,217,077</b>	52,147,685

The annexed notes form an integral part of these financial statements

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014**

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
Operating revenue	18	<b>6,848,634</b>	5,666,790
Gain on sale of securities		<b>74,801</b>	353,916
Loss on remeasurement of investments		<b>(40,273)</b>	(3,672,559)
		<b>6,883,162</b>	2,348,147
Operating and administrative expenses	19	<b>(13,579,348)</b>	(17,866,204)
Finance cost	20	<b>(9,915)</b>	(8,350)
		<b>(13,589,263)</b>	(17,874,554)
<b>Operating loss</b>		<b>(6,706,101)</b>	(15,526,407)
Other operating income	21	<b>1,454,154</b>	1,160,105
<b>Loss before taxation</b>		<b>(5,251,947)</b>	(14,366,302)
Taxation	22	<b>(100,562)</b>	936,697
<b>Loss after taxation</b>		<b>(5,352,509)</b>	(13,429,605)
<b>Loss per share - basic and diluted</b>	23	<b>(0.54)</b>	(1.34)

The annexed notes form an integral part of these financial statements

*STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2014*

	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<b>Loss for the year</b>	<b>(5,352,509)</b>	<b>(13,429,605)</b>
<b>Other comprehensive income:</b>		
<b>Available-for-sale financial assets</b>		
Gain arising due to remeasurement	<b>101,577</b>	54,223
<b>Total comprehensive loss for the year</b>	<b><u>(5,250,932)</u></b>	<b><u>(13,375,382)</u></b>

The annexed notes form an integral part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	25	<b>2,307,464</b>	8,214,649
Finance cost paid		<b>(9,915)</b>	(8,350)
Taxes paid		<b>(206,314)</b>	(177,119)
Long term deposits - net		<b>(1,656,487)</b>	350,000
		<hr/> <b>434,748</b> <hr/>	<hr/> 8,379,181 <hr/>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments - net		<b>(229,273)</b>	488,201
Profit received on saving account		<b>1,208,196</b>	925,188
		<hr/> <b>978,923</b> <hr/>	<hr/> 1,413,389 <hr/>
<b>Net cash generated from investing activities</b>		<b>978,923</b>	1,413,389
<b>Net increase in cash and cash equivalents (A + B)</b>		<b>1,413,671</b>	9,792,570
<b>Cash and cash equivalents at beginning of year</b>		<b>16,761,845</b>	6,969,275
		<hr/> <b>18,175,516</b> <hr/>	<hr/> 16,761,845 <hr/>
<b>Cash and cash equivalents at end of year</b>	13	<b>18,175,516</b>	16,761,845

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



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Capital		General Reserve	Reserves		Grand Total	Shareholders' Equity
		Fair Value Reserve	Accumulated Losses		Revenue	Sub 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	
<b>Total comprehensive loss for the year</b> Loss for the year ended June 30, 2013	-	-	-	(13,429,605)	(13,429,605)	(13,429,605)	(13,429,605)	
<b>Other Comprehensive income</b> Gain arises due to remeasurement of investments	-	54,223	-	-	-	54,223	54,223	
<b>Total comprehensive loss for the year ended June 30, 2013</b>	-	54,223	-	(13,429,605)	(13,429,605)	(13,375,382)	(13,375,382)	
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	
<b>Total comprehensive loss for the year</b> Loss for the year ended June 30, 2014	-	-	-	(5,352,509)	(5,352,509)	(5,352,509)	(5,352,509)	
<b>Other Comprehensive income</b> Gain arises due to remeasurement of investments	-	101,577	-	-	-	101,577	101,577	
<b>Total comprehensive loss for the year ended June 30, 2014</b>	-	101,577	-	(5,352,509)	(5,352,509)	(5,250,932)	(5,250,932)	
Balance as at June 30, 2014	100,000,000	288,903	3,500,000	(80,240,692)	(76,740,692)	(76,451,789)	23,548,211	

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, 2014*

## **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. The Company is the Trading Right Entitlement Certificate holder of the 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, investments, consultancy and underwriting services.

### **1.2 *Going Concern Assumption***

During the year, the Company has incurred loss after tax of Rs.5.353 (2013 : Rs.13.429) million and at year end, its accumulated losses stood at Rs.80.241 (2013 : Rs.74.888) million causing decrease in shareholders' equity to Rs.23.548 (2013 : Rs.28.799) million. These factors indicate the existence of material uncertainty and creates doubts about the Company's ability to continue as going concern and, therefore the Company may not be able to realize its assets and discharge its liabilities at the stated amount. However, during the past three years, the Company has witnessed growth in its brokerage revenue and is expecting the same trend in future years. Further, in accordance with Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 the shares trading trend will increase as result of sale of blocked shares, which is expected to commence in next financial year. This will increase profitability of the Company in terms of capital gain and in form of Dividends. 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***

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

- IAS 19 Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects
- IAS 28 Investments in Associates and Joint Ventures (2011) - IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture.
- IFRS 7 Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

#### **2.6 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective***

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IAS 32 -Offsetting Financial Assets and Financial Liabilities. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 - Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- IAS 39 Amendments for novations of derivatives and continuation of hedge accounting. The amendments addresses circumstances when a hedging instrument is required to be novated to the central counter party as a result of laws and regulations.

- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.
- IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

**2.7 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.**

<i>Standards</i>	<i>Title of standard</i>	<i>IASB Effective date (annual periods beginning on or after</i>
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

### **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, 2014 has not required any adjustment as its impact is considered insignificant.

### 3.2 *Intangibles*

#### *Trading Rights Entitlement Certificate*

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). The investment for which a quoted market price is not available, are measured at cost unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision. 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 derecognition 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 doubtful debts, if any. A provision for doubtful 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 derecognition 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*

<i>Particular</i>	<i>Computers</i>	<i>Furniture and fittings</i>	<i>Vehicles</i>	<i>Office equipments</i>	<i>Total</i>
	----- <i>Rupees</i> -----				
<b>Year ended June 30, 2013</b>					
Net book value	274,005	641,661	577,307	519,995	2,012,968
Depreciation charged	82,202	64,166	115,461	52,000	313,829
<b>Net book value as at June 30, 2013</b>	<b>191,803</b>	<b>577,495</b>	<b>461,846</b>	<b>467,995</b>	<b>1,699,139</b>
<b>Year ended June 30, 2014</b>					
Net book value	191,803	577,495	461,846	467,995	1,699,139
Depreciation charged	57,541	57,750	92,369	46,800	254,460
<b>Net book value as at June 30, 2014</b>	<b>134,262</b>	<b>519,745</b>	<b>369,477</b>	<b>421,195</b>	<b>1,444,679</b>
<b><u>At June 30, 2013</u></b>					
Cost	3,236,708	1,936,787	2,187,500	1,249,284	8,610,279
Accumulated depreciation	3,044,905	1,359,292	1,725,654	781,289	6,911,140
<b>Net book value</b>	<b>191,803</b>	<b>577,495</b>	<b>461,846</b>	<b>467,995</b>	<b>1,699,139</b>
<b><u>At June 30, 2014</u></b>					
Cost	3,236,708	1,936,787	2,187,500	1,249,284	8,610,279
Accumulated depreciation	3,102,446	1,417,042	1,818,023	828,089	7,165,600
<b>Net book value</b>	<b>134,262</b>	<b>519,745</b>	<b>369,477</b>	<b>421,195</b>	<b>1,444,679</b>
<b>Rate of depreciation %</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>	
			<i>Note</i>	<i>2014</i> <i>Rupees</i>	<i>2013</i> <i>Rupees</i>

5 *INTANGIBLES*

**Trading Rights Entitlement Certificate (TREC)**

Lahore Stock Exchange Limited 5.1 **1,280,000** 1,280,000

**Offices**

Lahore Stock Exchange Limited 5.2 **262,600** 262,600

**1,542,600** **1,542,600**



5.1 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.

5.2 This represent cost of offices given by Lahore Stock Exchange Limited 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.

5.3 The company has pledged / hypothecated Trading Right Entitlement Certificate (TREC) and 337,590 ordinary shares of LSE in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of Lahore Stock Exchange Limited. The Board of Directors of LSE, through its notice No. 1320 dated March 06, 2014 has assigned a nominal value of Rs. 4.1 million to TRE Certificate and Rs. 3.8 million to LSE shares aggregating to the total BMC of Rs. 7.9 million.

## 6 LONG TERM INVESTMENTS

*At cost - In shares of Un-quoted company*

2014	2013	Name of securities	Note	Carrying Value	
				2014	2013
Number of Shares				Rupees	Rupees
843,975	843,975	Lahore Stock Exchange Ltd.	5.1	2,720,000	2,720,000

*Available for sale - In shares of quoted companies*

Number of Shares		Name of securities		2014	2013
				Rupees	Rupees
43,705	43,705	Standard Chartered Leasing Limited		321,232	235,570
36,168	36,168	Invest Capital Investment Bank Limited		72,336	56,422
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
				395,218	293,642
		Provision for impairment		(1,650)	(1,650)
				3,113,568	3,011,992

## 7 LONG TERM DEPOSITS

*- Unsecured - Considered good*

Lahore Stock Exchange Limited	450,000	250,000
National Clearing Company of Pakistan Limited	300,000	300,000
Utility deposits	89,149	88,649
Against office of Lahore Stock Exchange Limited	1,555,987	100,000
	2,395,136	738,649

8 DEFERRED TAXATION

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

	2014 Rupees	2013 Rupees
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	152,278	202,256
<b>Deductible temporary differences</b>		
Provision for employees compensated absences	(539,278)	(637,111)
Provision for doubtful debts	(13,091,040)	(14,093,074)
Assessed tax losses	(4,851,016)	(5,363,044)
	<u>(18,481,334)</u>	<u>(20,093,230)</u>
<b>Unrecognized deferred tax asset</b>	<u>18,633,612</u>	<u>19,890,974</u>
	<u>-</u>	<u>-</u>

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.

9 SHORT TERM INVESTMENTS

	Note	2014 Rupees	2013 Rupees
<b>At fair value through profit or loss - Initially designated</b>			
In shares of unquoted company - Related party	9.1	2,408,850	2,408,850
In shares of quoted company	9.2	252,000	63,000
		<u>2,660,850</u>	<u>2,471,850</u>

9.1 In shares of unquoted company - Related party

	2014	2013	Name of Securities	Carrying Value	
				2014	2013
	Number of Shares			Rupees	Rupees
	<u>505,000</u>	<u>505,000</u>	Takaful Pakistan Limited	<u>2,408,850</u>	<u>2,408,850</u>

9.1.1 This represents investment in fully paid ordinary shares of Takaful Pakistan Limited.

9.2	2014	2013	Name of securities	Carrying Value	
				2014	2013
	Number of Shares			Rupees	Rupees
	25,000	-	Quice Foods Industries Limited	200,250	-
	25,000	25,000	Dewan Salman Fibre Limited	51,750	63,000
				<u>252,000</u>	<u>63,000</u>

	<i>Note</i>	<i>2014</i> <i>Rupees</i>	<i>2013</i> <i>Rupees</i>
<b>10 TRADE DEBTS</b>			
Considered good		<b>30,752,239</b>	24,884,389
Considered doubtful	10.1	<b>48,526,088</b>	44,218,501
Considered bad		<b>957,838</b>	864,122
		<b>80,236,165</b>	69,967,012
Provision for doubtful debts	10.2	<b>(48,526,088)</b>	(44,218,501)
Considered bad written-off	19.1	<b>(957,838)</b>	(864,122)
		<b>30,752,239</b>	24,884,389

10.1 The Company is currently engaged in settlement arrangement with some of its customers to clear the outstanding balances which are overdue. 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.

	<i>Note</i>	<i>2014</i> <i>Rupees</i>	<i>2013</i> <i>Rupees</i>
<b>10.2 Provision for doubtful debts</b>			
Balance as on July 01		<b>44,218,501</b>	35,481,328
Provision made during the year	19.1	<b>5,265,425</b>	8,737,173
Considered bad written-off		<b>(957,838)</b>	-
		<b>48,526,088</b>	44,218,501

**11 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**  
**- Considered good**

Advance to staff		<b>459,440</b>	479,544
Short term prepayments		<b>48,145</b>	38,526
		<b>507,585</b>	518,070

**12 TAX REFUNDS DUE FROM GOVERNMENT**

Opening tax refund/(liability)	17	<b>519,152</b>	(594,664)
Provision for the year	22	<b>(100,562)</b>	(75,051)
		<b>418,590</b>	(669,715)
Tax paid during the year		<b>206,314</b>	177,119
Prior year taxation		<b>-</b>	1,011,748
		<b>206,314</b>	1,188,867
		<b>624,904</b>	519,152

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		1,278	9,964
<b>Cash at banks</b>			
In current accounts		155,773	775,572
In saving account	13.1	18,018,465	15,976,308
		<u>18,174,238</u>	<u>16,751,881</u>
		<u>18,175,516</u>	<u>16,761,845</u>

13.1 Saving account carries markup which ranges from 5% to 7.25% (2013 : 5% to 7.25%) per annum.

**14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

<i>2014 Number of Shares</i>	<i>2013 Number of Shares</i>		<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<u>10,000,000</u>	<u>10,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	14.1 & 14.2	<u>100,000,000</u>	<u>100,000,000</u>

14.1 Associated undertakings held 7,404,750 (2013 : 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.

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<b>15 RETIREMENT BENEFITS</b>			
Employees compensated absences	3.7	<u>1,999,004</u>	<u>1,999,004</u>

**16 TRADE AND OTHER PAYABLES**

Trade creditors	33,873,591	19,660,108
Accrued liabilities	1,217,482	997,030
Other liabilities	578,789	692,400
	<u>35,669,862</u>	<u>21,349,538</u>

**17 CONTINGENCY AND COMMITMENT**

**17.1 Contingency**

The Company is defending an appeal filed with the Honorable Supreme Court of Pakistan against the order passed by the Divisional Bench of Lahore High Court in favour of the Company against defamation claim of Rs.5.00 million. The Company is confident of a favourable out come and accordingly no provision for the aforesaid amount has been made in these financial statements.

17.2 *Commitment*

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

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
For purchase of shares	17.2	<u>33,543,746</u>	<u>2,809,552</u>
For sale of shares	17.2	<u>33,640,336</u>	<u>2,093,296</u>
Against purchased of office at South Tower of LSE Plaza		<u>1,011,621</u>	<u>-</u>

18 *OPERATING REVENUE*

Brokerage income		<u>6,848,634</u>	<u>5,666,790</u>
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19 *OPERATING AND ADMINISTRATIVE EXPENSES*

Salaries, benefits and allowances		4,783,848	4,650,055
Commission and clearing house expenses		67,041	33,970
Communication expenses		292,348	305,466
Printing and stationary		153,432	138,303
Entertainment expenses		107,012	108,736
Travelling and lodging expenses		61,660	79,126
Repairs and maintenance		477,305	500,398
Advertisement and publicity		54,000	15,170
Electricity and utilities		304,184	375,215
Insurance expenses		80,581	42,090
Depreciation	4	254,460	313,829
Internet and software maintenance charges		359,678	324,504
Legal and professional charges		204,670	377,505
Fees and subscription		198,866	154,910
Rent, rates and taxes		560,411	522,861
Other operating charges	19.1	<u>5,619,852</u>	<u>9,924,066</u>
		<u>13,579,348</u>	<u>17,866,204</u>

19.1 *Other operating charges*

Auditors remuneration	19.1.1	262,500	250,000
Bad debts written off		-	864,122
Provision for doubtful debt - net	10.2	5,265,425	8,737,173
Miscellaneous expenses		91,927	72,771
		<u>5,619,852</u>	<u>9,924,066</u>

19.1.1 *Auditors' remuneration*

Statutory audit fee		187,500	175,000
Interim review fee		30,000	30,000
Certification fee		30,000	30,000
Out of pocket expenses		15,000	15,000
		<u>262,500</u>	<u>250,000</u>

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
<b>20 FINANCE COST</b>			
Bank charges		<u>9,915</u>	<u>8,350</u>
<b>21 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Interest on saving account		1,208,196	872,148
Dividend income		<u>245,958</u>	<u>287,958</u>
		<u>1,454,154</u>	<u>1,160,105</u>
<b>22 TAXATION</b>			
Current	<b>22.1</b>	<b>100,562</b>	75,051
Prior year tax		-	(1,011,748)
		<u>100,562</u>	<u>(936,697)</u>
<i>22.1 Tax charge reconciliation</i>			
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 2013 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.			
<b>23 (LOSS) PER SHARE</b>			
<i>- Basic and Diluted</i>			
Loss attributable to ordinary shareholders	<i>Rs.</i>	<u>(5,352,509)</u>	<u>(13,429,605)</u>
Weighted average number of ordinary shares in issue		<u>10,000,000</u>	<u>10,000,000</u>
Loss per share - basic and diluted	<i>Rs.</i>	<u>(0.54)</u>	<u>(1.34)</u>
<b>24 REMUNERATION AND BENEFITS TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES</b>			
<b>To Chief Executive Officer (One)</b>			
Managerial remuneration		1,192,550	1,130,521
Commission paid		245,968	185,411
Expenses incurred		273,421	175,459
<b>To Director (One)</b>			
Commission paid		205,963	-
For attending meeting		<u>15,000</u>	<u>25,000</u>
		<u>1,932,902</u>	<u>1,516,391</u>

- 24.1 The chief executive has been provided with the free use of company maintained vehicle in accordance with the company's policy.
- 24.2 None of the employees fall under the category of "Executives" as defined by the Companies Ordinance, 1984.

	<i>2014</i> <i>Rupees</i>	<i>2013</i> <i>Rupees</i>
<b>25 CASH GENERATED FROM/(USED IN) OPERATIONS</b>		
<b>Loss before taxation</b>	<b>(5,251,947)</b>	<b>(14,366,302)</b>
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	254,460	313,829
Profit on saving account	(1,208,196)	(872,148)
Provision for doubtful debts	5,265,425	9,601,295
Finance cost	9,915	8,350
Unrealised loss on remeasurement of investment	40,273	3,672,559
	<u>4,361,877</u>	<u>12,723,885</u>
	<b>(890,070)</b>	<b>(1,642,417)</b>
<b>Changes in Working Capital:</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts	(11,133,275)	2,475,457
Advances, prepayments and other receivables	10,485	79,745
<b>Increase in current liabilities</b>		
Trade and other payables	14,320,324	7,301,864
	<u>3,197,534</u>	<u>9,857,066</u>
<b>Cash generated from operations</b>	<u><b>2,307,464</b></u>	<u><b>8,214,649</b></u>

**26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**FINANCIAL ASSETS AND LIABILITIES**

*Financial assets*

Long term deposits	2,395,136	738,649
Investments	5,774,418	5,483,842
Trade debts	30,752,239	24,884,389
Advances, prepayments and other receivables	507,585	518,070
Cash and bank balances	18,175,516	16,761,845
	<u><b>57,604,894</b></u>	<u><b>48,386,794</b></u>

*Financial Liabilities*

Retirement benefits	1,999,004	1,999,004
Trade and other payables	35,669,862	21,349,538
	<u><b>37,668,866</b></u>	<u><b>23,348,542</b></u>

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.

**26.1 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: -

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
Long term investments	6	<b>3,113,568</b>	3,011,992
Long term deposits	7	<b>2,395,136</b>	738,649
Short term investments	9	<b>2,660,850</b>	2,471,850
Trade debts	10	<b>30,752,239</b>	24,884,389
Advances, prepayments and other receivables	11	<b>507,585</b>	518,070
Cash at banks	13	<b>18,174,238</b>	16,751,881
		<b>57,603,616</b>	48,376,830

**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: -

	<i>Note</i>	<i>2014 Rupees</i>	<i>2013 Rupees</i>
Within 1 year		<b>14,687,598</b>	2,754,956
More than 1 but less than 2 years		<b>1,104,512</b>	1,373,331
More than 2 but less than 3 years		<b>3,387,395</b>	2,082,320
More than 3 years		<b>60,098,822</b>	62,892,283
		<b>79,278,327</b>	69,102,890
Impairment	10.2	<b>(48,526,088)</b>	(44,218,501)
		<b>30,752,239</b>	24,884,389



Trade debts balances amounting to Rs.48.526 millions (2013 : Rs.44.218 millions) 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: -

<i>Bank</i>	<i>Rating agency</i>	<i>Short term ratings</i>
<b>Private sector commercial banks</b>		
Bank Alfalah Limited	PACRA	A1+
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
<b>Development Financial Institutions</b>		
Al Baraka Bank (Pakistan) Limited	PACRA	A1

**26.2 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:-

	<b>2014</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<b>Financial liabilities</b>				
Trade and other payables	<b>35,669,862</b>	<b>35,669,862</b>	<b>35,669,862</b>	<b>-</b>
	<b>2013</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
<b>Financial liabilities</b>				
Trade and other payables	<b>21,349,538</b>	<b>21,349,538</b>	<b>21,349,538</b>	<b>-</b>

**26.3 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. 18.018 million (2013 : Rs.15.976 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: -

	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<u><i>Effective interest rate (in %)</i></u>		<u><i>Carrying amount</i></u>	
<b>Financial assets</b>				
Cash and bank balances	<u>5% to 7.25%</u>	<u>5% to 7.25%</u>	<u>18,018,465</u>	<u>15,976,308</u>

**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.

	<u><i>Profit and loss 100 bp</i></u>	
	<i>increase</i>	<i>decrease</i>
<b>As at June 30, 2014</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>120,820</u>	<u>(120,820)</u>
<b>As at June 30, 2013</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>87,215</u>	<u>(87,215)</u>

**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.0.647 million (2013 : Rs.0.355 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, 2014 and 2013 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.

	<i>Fair Value</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices</i> <i>Rupees</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity</i> <i>Rupees</i>
<b>June 30, 2014</b>	<b>3,365,568</b>	<b>10% increase</b>	<b>3,702,125</b>	<b>336,557</b>
		<b>10% decrease</b>	<b>3,029,011</b>	<b>(336,557)</b>
June 30, 2013	3,074,992	10% increase	3,382,491	307,499
		10% decrease	2,767,493	(307,499)

**27 CAPITAL RISK 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, 2014.

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

**28 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: -

	<i>2014</i>	<i>2013</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>Transactions with other related parties</b>		
Commission paid to Director	<b>205,963</b>	-
Commission paid to Chief Executive	<b>245,968</b>	185,411
Commission received from Chief executive	<b>39,600</b>	62,034
Commission received from Directors	<b>55,394</b>	-
Expenses incurred by the Chief Executive	<b>273,421</b>	175,459
For attending meeting to Director	<b>15,000</b>	25,000

**29 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, 2014 are located in Pakistan.

**30 DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on September 29, 2014.

**31 GENERAL**

31.1 The number of employees of the company as at June 30, 2014 were 12 (2013 : 12) and weighted average number of employees were 12 (2013 : 12).

31.2 Figures have been rounded off to the nearest rupee.

**FORM OF PROXY**  
**Twenty First 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 Twenty First Annual General Meeting of the Company to be held on Thursday, October 30, 2014 at 9:00 A.M. and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2014

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 Annual 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.