

TSBL

***Annual Report
June 30, 2016***

TRUST SECURITIES & BROKERAGE LIMITED

CONTENTS

Company Information

Mission / Vision

Code of Ethics

Notice of Annual General Meeting

Directors' Report

Pattern of Shareholdings

Statement of Compliance with the Code of Corporate Governance

Review Report on Corporate Governance

Auditors' Report to the Members

Balance Sheet

Profit & Loss Account

Statement of Comprehensive Income

Cash Flow Statement

Statement of Changes in Equity

Notes to the Financial Statements

Proxy Form

COMPANY INFORMATION**Board of Directors**

Mr. Abdul Basit
 Mr. Muhammad Naeem Baig
 Mr. Syed Mahmood Ali Shah
 Mr. Shibli Muhammad Khan
 Mr. Syed Javed Hussain
 Mr. Syed Tariq Hussain
 Mr. Aftab Ahmed Qaiser

Chief Executive
 Director
 Director
 Director
 Director
 Resigned on August 23, 2016
 Resigned on August 23, 2016

Audit Committee

Mr. Muhammad Naeem Baig
 Mr. Syed Javed Hussain
 Mr. Shibli Muhammad Khan

Chairman
 Member
 Member

HR & Remuneration

Mr. Muhammad Naeem Baig
 Mr. Shibli Muhammad Khan
 Mr. Abdul Basit

Chairman
 Member
 Member

Company Secretary

Ms. Nadia Haider

Auditors

Haroon Zakaria & Company
 Chartered Accountants

Legal Advisor

Mr. Abdul Majid
 Advocate

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.

Bankers

Bank Alfalah Limited
 MCB Bank Limited
 Al Baraka Bank (Pakistan) Limited
 Habib Metropolitan Bank Limited

Registered Office

2nd Floor, Associated House, Building # 1 & 2,
 7-Kashmir Road, Lahore-Pakistan.
 Telephone : (042) 3637 3041-4
 Fax : (042) 3637 3040

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

Room # 607, 6th Floor, LSE Plaza
 19-Khayaban-e-Aiwan-e-Iqbal, Lahore - Pakistan.
 Telephone : (042) 3637 4710, 3630 0181

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

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.

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

NOTICE IS HEREBY GIVEN THAT THE TWENTYTHIRD ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON SATURDAY, OCTOBER 29, 2016 AT 11:00 A.M. AT 2NDFLOOR, ASSOCIATED HOUSE, BUILDING # 1 & 2, 7-KASHMIR ROAD, LAHORE, TO TRANSACT THE FOLLOWING BUSINESS:-

1. To confirm the minutes of the Annual General Meeting held on October 30, 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors for the year 2016-17 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Lahore
October 08, 2016

By order of the Board
Nadia Haider
Company Secretary

Notes:

1. The share transfer books of the company will remain closed from October 22, 2016 to October 29, 2016 (both days inclusive).
2. A member entitled to attend and vote at the 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. The Financial Statements of the company for the year ended June 30, 2016 will be placed on company's website www.trustsecu.com/financials.html in due course of time.
5. 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.

DIRECTORS' REPORT

Dear shareholders

The Board of Directors of Trust Securities and Brokerage Limited is pleased to present the Audited Financial Statements of the Company for the year ended 30 June 2016, together with auditors' and directors' report thereon as per accounting, regulatory and legal requirements.

Market review

The KSE-100 index increased by nearly 10 % in FY16 to reach 37,784 as at June 30, 2016. Market Capitalization was recorded at Rs.7.59 trillion on June 30, 2016 verses Rs.7.42 trillion on June 30, 2015.

The year FY16 witnessed a significant and an overall steady rise in the stock market indices with historic and unprecedented levels being reached. Some of the more important developments that have contributed to this relatively exceptional performance of the Pakistani stock market are: stable political environment, investment projects backed by CPEC; stable exchange rate against the dollar; improving security and law enforcement situation; renewed foreign interest in stocks; increased confidence shown by the multilateral donor. Many companies of the world are interested for investment in Pakistan, particularly in power, energy, oil and gas, automobiles and textile sector.

Financial results

	June 2016	June 2015
	Rupees	Rupees
The summarized financial results are as follows:		
Operating revenue	3,547,258	6,359,377
Gain on sale of securities	128,712	516,302
Loss on re-measurement of investments	(30,669)	-
	3,645,301	6,875,670
Operating and administrative expenses	(8,947,797)	(9,055,396)
Finance cost	(10,260)	(9,379)
Operating loss	(8,958,057)	(9,064,775)
	(5,312,756)	(2,189,096)
Other charges	(973,405)	(15,796,274)
Other income	14,219,867	1,705,301
Profit/(loss) before taxation	7,933,706	(16,280,069)
Taxation	(119,933)	(172,970)
Profit/(loss) after taxation	7,813,773	(16,453,039)
Earnings/(loss) per share- basic and diluted	0.78	(1.65)

The company recorded total revenue of Rs.17.87 million including other income of Rs.14.219 million during the year under review, as compared to Rs.8.58 million in the corresponding year. The net profit for the year stood at Rs. 7.81 million. During the year,

the company recovered bad debts and provision was reversed to that extent of Rs. 11.78 million.

The auditors have placed matter of emphasis paragraph in their report 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 has recovered significant amount previously stuck up with the customers and have sufficient bank balances to settle its current liabilities. Further the accumulated loss of the company has reduced by Rs. 7.81 million during the year. We are also expecting increase in trading volumes due to access to large pool of customers with the recent formation of Pakistan Stock Exchange Limited.

Directors' Declaration on corporate and financial reporting frame work

The Board is pleased to state that the Company has voluntarily adopted the Code of Corporate Governance and has complied, in all material respects, with the best practices contained in the said Code, the following specific statements are being made:

- Proper books of accounts of the Company have been maintained.
- The financial statements prepared by the management present fairly its state of affairs, the results of its operations and cash flows.
- Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the International Financial Reporting Standards, as applicable in Pakistan. The accounting estimates wherever required, are based on reasonable and prudent judgment.
- The system of internal controls is sound in design. It has been effectively implemented by the management and is monitored by the internal and external auditors as well as the Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal control through audit committee and suggests, wherever required, further improvements in the internal control systems.
- There are no significant doubts upon the Company's ability to continue as a going concern. The auditors have placed matter of emphasis paragraph in their report regarding preparation of financial statements on going concern basis, which has been explained above.
- There is no reported instance of any material departure from the best practices of Corporate Governance.
- Summary of Key operating and financial data of last six years has been included in this report.
- Pattern of shareholding is annexed to this report.
- During the financial year 2015-16 four meetings of the Board of Directors were held. The attendance of the Directors was as under:

Names of Directors	Total Meetings	Attendance
Mr. Abdul Basit	Four	Four
Mr. Muhammad Naeem Baig	Four	Four
Mr. Syed Javed Hussain	Four	Two
Mr. Syed Mahmood Ali	Four	-
Mr. Shibli Muhammad Khan	Four	Four
Mr. Aftab Ahmed Qaiser (Resigned on August 23, 2016)	Four	Two
Mr. Tariq Husain (appointed on February 20, 2016 and Resigned on August 23, 2016)	Two	Two
Mr. Munim Mahmood (Resigned on February 20, 2016)	Two	One

Filling of Casual Vacancies:

Following directors of the company tendered their resignation subsequent to the balance sheet date and company notified to SECP and the Exchange.

Mr. Tariq Hussain
Mr. Aftab Ahmed Qaiser

The Board is looking for suitable replacements and above vacancies will fill be filled within stipulated time of 90 days.

Reconstitution of Board Committees

Due to change in Board, following Board Committees have been reconstituted:

Audit Committee

Mr. Muhammad Naeem Baig Chairman
Mr. Syed Javed Hussain Member
Mr. Shibli Muhammad Khan Member

HR & Remuneration Committee

Mr. Muhammad Naeem Baig Chairman
Mr. Shibli Muhammad Khan Member
Mr. Abdul Basit Member

Auditors

Present auditors M/s Haroon Zakaria & Co., Chartered Accountants, are due to retire at the forthcoming annual general meeting of the company 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, 2017.

Future Outlook

Keeping in view improvement in the capital market that reaching historical levels is another sign of investors' interest in Pakistan's economy. Pakistan stock exchange is taking a quantum leap and its market fundamentals are strong and all set to join MSCI Emerging Market Index.

We believe opportunities exist that can be capitalised by deepening relationship with our valued clients. Continuous focus on cost saving, receivables recovery, operational efficiency, and achieving excellence in client service will be focus points. Moreover with the recent formation of Pakistan Stock Exchange, the company has been able to trade directly at the Pakistan Stock Exchange which will further help in improving the revenue of the company.

Acknowledgement

We are grateful to the Company's stakeholders for their continuing confidence and patronage. We are appreciative of our Bankers, the Securities & Exchange Commission of Pakistan as well as the management of the Pakistan Stock Exchange for their support and guidance.

We pray to Almighty Allah for His Blessings, Guidance and Prosperity to us, our Company and the Nation.

For and on behalf of the Board

Lahore: October 01, 2016

ABDUL BASIT
CHIEF EXECUTIVE

Annexure - A

TRUST SECURITIES & BROKERAGE LIMITED
BALANCE SHEETS AS AT 30TH JUNE

	2016	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<u>ASSETS</u>						
Non-Current Assets						
Property and equipment	3,603,295	3,668,342	3,000,666	1,699,139	2,012,968	2,420,960
Intangibles	1,542,600	1,542,600	1,542,600	1,542,600	4,262,600	4,262,600
Long term investments	2,759,423	2,772,444	3,113,568	3,011,992	239,419	122,487
Long term deposits	725,149	925,149	839,149	738,649	1,088,649	1,088,649
Current Assets	8,630,467	8,908,535	8,495,983	6,992,380	7,603,636	7,894,696
	24,761,996	36,111,025	52,721,094	45,155,305	51,212,231	57,070,306
TOTAL ASSETS	33,392,463	45,019,560	61,217,077	52,147,685	58,815,867	64,965,002
<u>EQUITY AND LIABILITIES</u>						
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	27,849	40,870	288,903	187,326	133,103	16,171
Accumulated losses	(88,879,958)	(96,693,731)	(80,240,692)	(74,888,183)	(61,458,578)	(51,712,119)
	14,647,891	6,847,139	23,548,211	28,799,143	42,174,525	51,804,052
Current Liabilities	18,744,572	38,172,421	37,668,866	23,348,542	16,641,342	13,161,950
TOTAL EQUITY AND LIABILITIES	33,392,463	45,019,560	61,217,077	52,147,685	58,815,867	64,966,002

Annexure - B

TRUST SECURITIES & BROKERAGE LIMITED
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2016	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue	3,547,258	6,359,377	6,848,634	5,666,790	4,207,833	2,219,875
Gain/(loss) on sale of securities / remeasurement of investments	98,043	516,302	34,528	(3,318,643)	413,273	381,456
	3,645,301	6,875,679	6,883,162	2,348,147	4,621,106	2,601,331
Operating and administrative expenses	(8,947,797)	(9,055,396)	(8,313,923)	(9,129,031)	(7,460,260)	(7,370,744)
Finance cost	(10,260)	(9,379)	(9,915)	(8,350)	(6,111)	(12,154)
	(8,958,057)	(9,064,775)	(8,323,838)	(9,137,381)	(7,466,371)	(7,382,898)
Operating loss	(5,312,756)	(2,189,096)	(1,440,676)	(6,789,234)	(2,845,265)	(4,781,567)
Other charges	(973,405)	(15,796,274)	(5,265,425)	(8,737,173)	(7,306,701)	(6,455,179)
Other income	14,219,867	1,705,301	1,454,154	1,160,105	562,045	683,209
Profit / (loss) before taxation	7,933,706	(16,280,069)	(5,251,947)	(14,366,302)	(9,589,921)	(10,553,537)
Taxation	(119,933)	(172,970)	(100,562)	936,697	(156,538)	(83,823)
Profit / (loss) after taxation	7,813,773	(16,453,039)	(5,352,509)	(13,429,605)	(9,746,459)	(10,637,360)
Earnings / (loss) per share - basic & diluted	0.78	(1.65)	(0.54)	(1.34)	(0.97)	(1.06)

Annexure-C

**TRUST SECURITIES AND BROKERAGE LIMITED
PATTERN OF SHAREHOLDINGS
AS ON JUNE 30TH, 2016**

Number of ShareHolders	Shareholdings		Total Number of Share Held
	From	To	
122	1 -	100	9,049
640	101 -	500	290,399
89	501 -	1000	84,484
124	1001 -	5000	324,281
25	5001 -	10000	199,400
10	10001 -	15000	126,500
8	15001 -	20000	146,437
3	20001 -	25000	64,500
2	25001 -	30000	52,500
2	30001 -	35000	62,200
6	35001 -	40000	240,000
2	40001 -	45000	86,000
2	45001 -	50000	99,500
1	55001 -	60000	59,300
1	70001 -	75000	75,000
1	80001 -	85000	82,700
1	90001 -	95000	93,000
1	195001 -	200000	200,000
1	295001 -	300000	300,000
1	3625001 -	3630000	3,627,375
1	3775001 -	3780000	3,777,375
1,043			10,000,000

Annexure-D

**TRUST SECURITIES & BROKERAGE LIMITED
COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2016**

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. Tariq Hussain 500 -Mr. Shibli Muhammad Khan 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	1,019	2,163,139	21.63
9	Others	12	54,511	0.55
	Total	1,043	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
TRUST SECURITIES & BROKERAGE LIMITED FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of Chapter 5 of Pakistan Stock Exchange Limited 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 CCG 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:

Category	Names
Independent Director	Mr. Muhammad Naeem Baig Mr. Shibli Muhammad Khan
Executive Director	Mr. Abdul Basit
Non-Executive Directors	Mr. Syed Mahmood Ali Shah Mr. Syed Javed Hussain *Mr. Syed Tariq Husain *Mr. Aftab Ahmed Qaiser

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.* Resigned on August 23, 2016.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 NBFIs or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on February 20, 2016 was filled up by the directors within 20 days and two vacancies occurred dated August 23, 2016 and will be fill within 90 days as per Code of Corporate Governance.
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/shareholders.
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 and the board met at least once in every quarter. 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 have been made aware of the provisions of Memorandum and Articles of Association of the Company, Regulations of Pakistan Stock Exchange Limited and Code of Corporate Governance. The directors are, therefore, well conversant with their duties and responsibilities. The Directors are expected to obtain requisite certifications under Directors' Training Programs in future in order to comply with the requirements of CCG.
10. There was no new appointment in CFO or Company Secretary during the year and the Board outsourced the Internal Audit Function of the Company.
11. The Director's Report for the year ended June 30, 2016 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 endorsed 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 requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom one is non-executive director and two are independent directors. The chairman of the committee is an independent Director.
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 and as required by the CCG. 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 independent directors.
18. The Board has outsourced the internal audit function to H.A.M.D & CO. Chartered Accountant who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 'closed 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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore: October 01, 2016

**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** for the year ended June 30, 2016 to comply with the requirements of Listing Regulation No. 5.19 of Chapter 5 of Pakistan 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 and to highlight any non-compliance with the requirements of the code of Corporate Governance. 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 of directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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, 2016.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 01, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Trust Securities & Brokerage Limited** as at June 30, 2016 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:

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

a. 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, 2016 and of the profit, comprehensive income, 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).

Emphasis of matters

We draw attention to the contents of note 1.2 to the accompanying financial statements which indicate that the Company incurred operating loss of Rs. 5.313 million during the year and its accumulated losses are Rs. 88.880 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.

Our opinion is not qualified in respect of this matter.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 01, 2016

Engagement Partner:
Muhammad Haroon

**BALANCE SHEET
AS AT JUNE 30, 2016**

	<i>Note</i>	<i>2016 Rupees</i>	<i>2015 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	3,603,295	3,668,342
Intangibles	5	1,542,600	1,542,600
Long term investments	6	2,759,423	2,772,444
Long term deposits	7	725,149	925,149
Deferred taxation	8	-	-
		8,630,467	8,908,535
Current Assets			
Short term investments	9	695,750	2,408,850
Trade debts	10	4,544,340	7,287,374
Advances, prepayments and other receivables	11	267,987	408,878
Tax refunds due from government	12	879,404	673,317
Cash and bank balances	13	18,374,515	25,332,606
		24,761,996	36,111,025
Total Assets		33,392,463	45,019,560
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
10,000,000 Ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	14	100,000,000	100,000,000
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve		27,849	40,870
Accumulated losses		(88,879,958)	(96,693,731)
		(85,352,109)	(93,152,861)
Shareholders' Equity		14,647,891	6,847,139
Current Liabilities			
Retirement benefits	15	1,999,004	1,999,004
Trade and other payables	16	16,745,568	36,173,417
		18,744,572	38,172,421
Contingency and Commitment	17	-	-
Total Equity and Liabilities		33,392,463	45,019,560

The annexed notes form an integral part of these financial statements

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	<i>Note</i>	<i>2016 Rupees</i>	<i>2015 Rupees</i>
Operating revenue	18	3,547,258	6,359,377
Gain on sale of securities		128,712	516,302
Loss on remeasurement of investments		<u>(30,669)</u>	<u>-</u>
		3,645,301	6,875,679
Operating and administrative expenses	19	(8,947,797)	(9,055,396)
Finance cost	20	(10,260)	(9,379)
		<u>(8,958,057)</u>	<u>(9,064,775)</u>
Operating loss		(5,312,756)	(2,189,096)
Other charges	21	(973,405)	(15,796,274)
Other income	22	<u>14,219,867</u>	<u>1,705,301</u>
Profit / (loss) before taxation		7,933,706	(16,280,069)
Taxation	23	<u>(119,933)</u>	<u>(172,970)</u>
Profit / (loss) after taxation		<u>7,813,773</u>	<u>(16,453,039)</u>
Earning / (loss) per share - basic and diluted	24	<u>0.78</u>	<u>(1.65)</u>

The annexed notes form an integral part of these financial statements

*STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016*

	<i>2016</i>	<i>2015</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit / (loss) for the year	7,813,773	(16,453,039)
Other comprehensive loss:		
Items that will be reclassified to profit and loss account in subsequent period		
Available-for-sale financial assets		
Loss arising due to remeasurement	(13,021)	(19,892)
Total comprehensive income / (loss) for the year	7,800,752	(16,472,931)

The annexed notes form an integral part of these financial statements

*CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016*

	<i>Note</i>	<i>2016 Rupees</i>	<i>2015 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	26	(9,848,839)	6,317,578
Finance cost paid		(10,260)	(9,379)
Taxes paid		(326,020)	(221,383)
Long term deposits - net		200,000	(86,000)
Net cash (used in) / generated from operating activities		<u>(9,985,119)</u>	<u>6,000,816</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(310,000)	(74,000)
Additions to capital work in progress		(77,817)	(833,804)
Proceeds from sale of property and equipment		270,308	36,000
Proceeds from sale of long term investment		-	861,393
Investments - net		1,682,423	(516,302)
Dividend received		632,981	577,463
Profit received on saving account		829,133	1,105,524
Net cash generated from investing activities		<u>3,027,028</u>	<u>1,156,274</u>
Net (decrease) / increase in cash and cash equivalents (A + B)		(6,958,091)	7,157,090
Cash and cash equivalents at beginning of year		25,332,606	18,175,516
Cash and cash equivalents at end of year	13	<u>18,374,515</u>	<u>25,332,606</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Capital		Reserves		Grand Total	Shareholders' Equity
		Fair Value Reserve	General Reserve	Revenue Accumulated Losses	Sub Total		
Balance as at June 30, 2014	100,000,000	288,903	3,500,000	(80,240,692)	(76,740,692)	(76,451,789)	23,548,211
Total comprehensive (loss) for the year (Loss) for the year ended June 30, 2015	-	-	-	(16,453,039)	(16,453,039)	(16,453,039)	(16,453,039)
Other Comprehensive income (Loss) arises due to remeasurement of investments	-	(19,892)	-	-	-	(19,892)	(19,892)
Gain on disposal of available for sale investment	-	(228,141)	-	-	-	(228,141)	(228,141)
Total comprehensive (loss) for the year ended June 30, 2015	-	(248,033)	-	(16,453,039)	(16,453,039)	(16,701,072)	(16,701,072)
Balance as at June 30, 2015	100,000,000	40,870	3,500,000	(96,693,731)	(93,193,731)	(93,152,861)	6,847,139
Total comprehensive profit for the year Profit for the year ended June 30, 2016	-	-	-	7,813,773	7,813,773	7,813,773	7,813,773
Other Comprehensive income (Loss) arises due to remeasurement of investments	-	(13,021)	-	-	-	(13,021)	(13,021)
Total comprehensive profit for the year ended June 30, 2016	-	(13,021)	-	7,813,773	7,813,773	7,800,752	7,800,752
Balance as at June 30, 2016	100,000,000	27,849	3,500,000	(88,879,958)	(85,379,958)	(85,352,109)	14,647,891

----- Rupees -----

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, 2016**

THE COMPANY AND ITS OPERATION

The Company was incorporated as a Public Limited Company on October 19, 1993 in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 2nd Floor, Associated House, Building 1 & 2, 7 - Kashmir Road, Lahore. The Company is principally engaged in shares brokerage, investments, consultancy and underwriting services.

1.2 Going Concern Assumption

During the year, the Company has incurred operating loss of Rs. 5.313 (2015 : Rs. 2.189) million and at year end, its accumulated losses stood at Rs. 88.880 (2015 : Rs. 96.694) 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 period under review the management of the company has recovered significant amount of previously stuck up with the customers and having sufficient bank balances to settle its current liabilities. The Company is expecting increase in trading volumes due to access to large pool of customers with the recent formation of Pakistan Stock Exchange Limited. 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 that certain investments are carried at fair value.

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.

Estimates assumptions and judgements are continually evaluated and are based on historical experience and factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years 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 3.9)
- Impairment of investments and tangible assets (note 3.13)

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 Share -based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27- Separate Financial Statements - Equity Method in " Separate Financial Statements"	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019

New Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

- IFRS 10- Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13- Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and Equipment

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

Depreciation is charged to income using the reducing method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of an asset is charged to profit and loss account.

The Company reviews the useful lives and residual value of its assets on regular basis . Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

3.1.1 Change in accounting estimate

The depreciation policy has been changed in the current year from yearly to monthly.

	<i>June 30, 2016</i>		
	<i>If reported on yearly policy</i>	<i>Increase / (Decrease) in carrying value</i>	<i>Reported on monthly policy</i>
<i>Effect on Balance Sheet</i>			
Carrying amount of Property and Equipment	3,584,050	19,245	3,603,295
<i>Effect on Profit and Loss Account</i>			
Depreciation Expense	164,584	9,420	174,004
Loss on disposal of assets	(37,226)	(28,666)	(8,560)
	127,358	(19,246)	165,444

3.2 Intangible Assets

An intangible asset is recognised as an assets if it is probable that economic benefits attributable to the assets will flow to the company and cost of the assets can be measured reliably.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indenite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss account when the asset is derecognised.

3.3 Investments

Investments in securities are initially recognised at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. These are classified and measured as follows:

Held to maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investment. Held-to-maturity investments are carried at amortised cost using the effective interest rate method less any accumulated impairment losses.

Investments at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognised in the profit and loss account currently.

Available-for-sale

Investments which are not classified in preceding category is classified as available- for-sale investments. After initial recognition, these investments are re-measured at fair value. Surplus / deficit arising from re-measurement are taken to other comprehensive income until the investments are sold / disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

3.4 Trade debts

These are stated initially at fair value and subsequently measured at amortised cost less provision for impairment, if any.

A provision for impairment is recognised where there is objective evidence that the Company will not be able to collect all amounts due according to original terms of the receivable. The amount of provision is charged to profit and loss account.

Trade debts are written off when considered irrecoverable.

3.5 Advances

Advances are carried at nominal amount. Provisions are made for doubtful amounts. Irrecoverable amounts are written off to profit and loss account.

3.6 Cash and cash equivalents

These include cash in hand and bank balances and are carried at cost.

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 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 up to the year end, whether or not billed to the Company.

3.9 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Revenue

Brokerage, commission, consultancy and other income are recognised as and when such services are provided.

Interest income is recognised on a time proportion basis using the effective interest rate of return.

Capital gain / (loss) on sale of securities are included in profit and loss account on the date at which the transaction takes place.

3.12 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortised cost as the case may be.

3.13 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 recognised, 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 recognised.

3.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

	Note	2016 Rupees	2015 Rupees
4 PROPERTY AND EQUIPMENT			
Property and equipment	4.1	1,135,687	1,278,551
Capital work-in-progress			
Against office of Lahore Stock Exchange Limited		2,467,608	2,389,791
		3,603,295	3,668,342

4.1 Property and equipment

Particular	Computers	Furniture and fittings	Vehicles	Office equipments	Total
	-----Rupees-----				
Year ended June 30, 2015					
Opening net book value	134,262	519,745	369,477	421,195	1,444,679
Additions	45,000	-	-	29,000	74,000
Disposal					
Cost	(845,269)	-	-	(80,000)	(925,269)
Depreciation	835,899	-	-	70,111	906,010
	(9,370)	-	-	(9,889)	(19,259)
Depreciation charged	(50,968)	(51,975)	(73,895)	(44,031)	(220,869)
Net book value as at June 30, 2015	118,924	467,770	295,582	396,275	1,278,551
Year ended June 30, 2016					
Opening net book value	118,924	467,770	295,582	396,275	1,278,551
Additions	-	-	-	310,000	310,000
Disposal					
Cost	-	-	(1,005,000)	(211,600)	(1,216,600)
Depreciation	-	-	858,870	78,870	937,740
	-	-	(146,130)	(132,730)	(278,860)
Depreciation charged	(35,677)	(46,777)	(47,876)	(43,674)	(174,004)
Net book value as at June 30, 2016	83,247	420,993	101,576	529,871	1,135,687
At June 30, 2015					
Cost	2,436,439	1,936,788	2,187,500	1,198,284	7,759,009
Accumulated depreciation	2,317,515	1,469,017	1,891,918	802,009	6,480,459
Net book value	118,924	467,771	295,582	396,275	1,278,551
At June 30, 2016					
Cost	2,436,439	1,936,788	1,182,500	1,296,684	6,852,411
Accumulated depreciation	2,353,192	1,515,795	1,080,924	766,813	5,716,724
Net book value	83,247	420,993	101,576	529,871	1,135,687
Rate of depreciation %	30%	10%	20%	10%	

4.2 Particulars of operating fixed asset disposed off during the year.

<i>PARTICULARS</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Net book value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Particulars of buyers</i>	<i>location</i>
----- Rupees -----							
Office Equipments							
LG Split Air conditioner	51,800	26,562	25,238	15,300	Company's Policy	Mr. Sabir C/O Al Khalil Cooling Centre	Lahore
Swan Silent diesel Generator- 5KVA	67,000	1,674	65,326	15,000	Company's Policy	Mr. Ghulam Mustafa	Lahore
PEL Diesel Generator - 5.2 KVA	92,800	50,634	42,166	40,000	Company's Policy	Mr. M. Ashraf	Lahore
Vehicle							
Toyota Corrola	1,005,000	858,868	146,132	200,000	Company's Policy	Mr. Abdul Basit Related Party	Lahore
June 30, 2016	1,216,600	937,738	278,862	270,300			

5 INTANGIBLES

Trading Rights Entitlement Certificate (TREC)

Pakistan Stock Exchange Limited	5.1	1,280,000	1,280,000
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Offices

LSE Financial Services Limited (LFSL)	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 LSE Financial Services Limited (LFSL) (formerly Lahore Stock Exchange Limited) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakintan Stock Exchange. The company's entitlement in respect of LFSL's shares is determine on the basis of valuation of assets and liabilities of LFSL 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.

5.2 This represent cost of offices given by LSE Financial Services 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 Financial Services Limited (LFSL) in compliance with Base Minimum Capital (BMC) requirement under Regulation 19.2 of Pakistan Stock Exchange.

6 LONG TERM INVESTMENTS

Available for sale

In shares of Un-quoted company - At cost

2016	2015	Name of securities	Note	Carrying Value	
				2016 Rupees	2015 Rupees
843,975	843,975	LSE Financial Services Limited (formerly Lahore Stock Exchange Limited - LSEL)	6.1	2,720,000	2,720,000
<i>In shares of quoted companies</i>					
Number of Shares		Name of securities			
36,168	36,168	Invest Capital Investment Bank Limited		39,423	52,444
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
				41,073	54,094
		Provision for impairment		(1,650)	(1,650)
				2,759,423	2,772,444

6.1 This represents unquoted shares of Stock Exchanges received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 843,975 shares of LSE Financial Services Limited (formerly LSEL), with a face value of RS 10 each. Out of total number of shares owned, 60% shares of the said entites are held in separate CDC blocked Account, to restrict the sale of these shares by the members. Whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended.

During the period, a memorandum of understanding was signed between Karachi stock exchange (KSE), the Lahore stock exchange (LSE) and the Islamabad stock exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the stock exchanges (Corporatization, Demutualization) Act 2012 (XV of 2012) vide SECP's order 01/2016 dated January 11, 2016. As a consequence of the integration scheme, the business model of ISE and LSE have been changed and they have obtained the license to operate as NBFC as per NBFC rules and KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited.

6.2 The net asset value of shares of LSE financial service limited Rs. 17.65 per share based on un-audited financial statements as at March 31, 2016.

	2016 Rupees	2015 Rupees
7 LONG TERM DEPOSITS		
<i>- Unsecured - Considered good</i>		
LSE Financial Service Limited	50,000	450,000
National Clearing Company of Pakistan Limited	500,000	300,000
Utility deposits	175,149	175,149
	725,149	925,149

8 DEFERRED TAXATION

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

	2016 Rupees	2015 Rupees
Taxable temporary differences		
Accelerated tax depreciation	851,762	710,262
Deductible temporary differences		
Provision for employees compensated absences	(572,491)	(490,158)
Provision for doubtful debts	(15,046,101)	(15,771,915)
Assessed tax losses	(1,600,775)	(5,459,473)
	<u>(17,219,366)</u>	<u>(21,721,546)</u>
Unrecognized deferred tax asset	<u>(16,367,604)</u>	<u>(21,011,284)</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

At fair value through profit or loss - Initially designated

	Note	2016 Rupees	2015 Rupees
In shares of quoted company	9.1	671,900	-
In shares of unquoted company	9.2	23,850	2,408,850
		<u>695,750</u>	<u>2,408,850</u>

9.1 In shares of quoted company

			<u>Carrying Value</u>	
2016	2015	Name of Securities	2016 Rupees	2015 Rupees
<u>10,000</u>	<u>-</u>	Mughal Iron & Steel Industries Limited	<u>671,900</u>	<u>-</u>

9.1.1 These shares are pledged with to NCCPL against expoure.

9.2 In shares of unquoted company

			<u>Carrying Value</u>	
2016	2015	Name of Securities	2016 Rupees	2015 Rupees
5,000	505,000	Takaful Pakistan Limited - related party	60,000	6,060,000
		Less: Provision for impairment	<u>(36,150)</u>	<u>(3,651,150)</u>
			<u>23,850</u>	<u>2,408,850</u>

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

	<i>Note</i>	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
10 TRADE DEBTS			
Considered good		4,544,340	7,287,374
Considered doubtful		<u>52,537,467</u>	<u>64,322,362</u>
		57,081,807	71,609,736
Provision for doubtful debts	10.2	<u>(52,537,467)</u>	<u>(64,322,362)</u>
		<u>4,544,340</u>	<u>7,287,374</u>

10.1 The legal suit for recovery of trade debts having a book value of Rs. 15.75 million are pending with the Supreme Court of Pakistan. In spite of legal proceedings, the adequate provision is made in these financial statements as a matter of prudence.

	<i>Note</i>	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
10.2 Provision for doubtful debts			
Balance as on July 01		64,322,362	48,526,088
Provision made during the year	19	<u>973,405</u>	<u>15,796,274</u>
		65,295,767	64,322,362
Reversal of excess provision		<u>(12,758,300)</u>	-
		<u>52,537,467</u>	<u>64,322,362</u>

11 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

- Considered good

Advance to staff		121,000	265,500
Short term prepayments		42,898	127,390
Other receivables		<u>104,089</u>	<u>15,988</u>
		<u>267,987</u>	<u>408,878</u>

12 TAX REFUNDS DUE FROM GOVERNMENT

Opening tax refund		673,317	624,904
Provision for the year	23	<u>(119,933)</u>	<u>(172,970)</u>
		553,384	451,934
Tax paid during the year		<u>326,020</u>	<u>221,383</u>
		<u>879,404</u>	<u>673,317</u>

13 CASH AND BANK BALANCES

Cash in hand		3,410	6,629
Cash at banks			
In current accounts		<u>3,299,542</u>	<u>239,098</u>
In saving account	13.1	<u>15,071,563</u>	<u>25,086,879</u>
		18,371,105	25,325,977
		<u>18,374,515</u>	<u>25,332,606</u>

13.1

Saving account carries markup which ranges from 5.2% to 6.5% (2015 : 5% to 7.25%) per annum.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 Number of Shares	2015	Note	2016 Rupees	2015 Rupees
<u>10,000,000</u>	<u>10,000,000</u>	14.1 & 14.2	<u>100,000,000</u>	<u>100,000,000</u>

Ordinary shares of Rs.10 each
fully paid in cash

14.1 Associated undertakings held 7,404,750 (2015 : 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.

15 RETIREMENT BENEFITS

	Note	2016 Rupees	2015 Rupees
Employees compensated absences	3.7	<u>1,999,004</u>	<u>1,999,004</u>

16 TRADE AND OTHER PAYABLES

Trade creditors	15,124,897	34,252,720
Accrued liabilities	225,798	464,765
Other liabilities	<u>1,394,873</u>	<u>1,455,932</u>
	<u>16,745,568</u>	<u>36,173,417</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: -

	Note	2016 Rupees	2015 Rupees
For purchase of shares	17.2	<u>5,475,535</u>	<u>6,412,131</u>
For sale of shares	17.2	<u>4,884,351</u>	<u>2,704,940</u>
Against purchased of office at South Tower of LSE Plaza		<u>-</u>	<u>77,817</u>

	<i>Note</i>	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
18 OPERATING REVENUE			
Brokerage income		<u>3,547,258</u>	<u>6,359,377</u>
19 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		4,832,881	5,210,142
Commission and clearing house expenses		128,232	73,194
Communication expenses		278,725	284,608
Printing and stationary		117,897	124,037
Entertainment expenses		132,146	107,779
Travelling and lodging expenses		116,232	54,148
Repairs and maintenance		463,744	609,259
Advertisement and publicity		17,000	26,460
Electricity and utilities		318,526	310,702
Insurance expenses		38,774	52,089
Depreciation	4	174,004	220,869
Internet and software maintenance charges		253,820	312,458
Legal and professional charges		208,950	254,000
Fees and subscription		308,245	234,860
Rent, rates and taxes		836,724	665,804
Auditors remuneration	19.1	310,000	275,000
Miscellaneous expenses		411,897	239,987
		<u>8,947,797</u>	<u>9,055,396</u>
19.1 Auditors' remuneration			
Statutory audit fee		225,000	190,000
Interim review fee		35,000	35,000
Certification fee		35,000	35,000
Out of pocket expenses		15,000	15,000
		<u>310,000</u>	<u>275,000</u>
20 FINANCE COST			
Bank charges		<u>10,260</u>	<u>9,379</u>
21 OTHER CHARGES			
Provision for doubtful debt	10.2	<u>973,405</u>	<u>15,796,274</u>

22 OTHER INCOME - Net	<i>Note</i>	2016 <i>Rupees</i>	2015 <i>Rupees</i>
<i>Income from financial assets</i>			
Interest on saving account		829,133	1,105,524
Dividend income		632,981	577,463
Interest income on exposure deposited		8,013	-
		1,470,127	1,682,987
<i>Income from other than financial assets</i>			
(Loss)/gain on sale of fixed assets		(8,560)	16,741
Reversal of provision for doubtful debts	10.2	12,758,300	-
Others		-	5,573
		14,219,867	1,705,301

23 TAXATION

Current	23.1	119,933	172,970
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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 2015 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 PROFIT / (LOSS) PER SHARE <i>- Basic and Diluted</i>		2016	2015
Profit / (Loss) attributable to ordinary shareholders	Rs.	7,813,773	(16,453,039)
Weighted average number of ordinary shares in issue		10,000,000	10,000,000
Earning/ (Loss) per share - basic and diluted	Rs.	0.78	(1.65)

25 REMUNERATION AND BENEFITS TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		2016 <i>Rupees</i>	2015 <i>Rupees</i>
<i>To Chief Executive Officer (One)</i>			
Managerial remuneration		1,314,140	1,312,890
Commission paid		87,992	149,997
Expenses incurred		180,816	222,889
<i>To Director (One)</i>			
Expenses incurred		26,701	-
For attending meeting		-	20,000

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.

	2016 Rupees	2015 Rupees
26 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit / (Loss) before taxation	7,933,706	(16,280,069)
Adjustment for non-cash charges and other items		
Depreciation	174,004	220,869
Profit on saving account	(829,133)	(1,105,524)
Provision for doubtful debts	973,405	15,796,274
Finance cost	10,260	9,379
Dividend income	(632,981)	(577,463)
Loss/(gain) on sale of fixed assets	8,560	(16,741)
Unrealised loss on remeasurement of investment	30,669	-
	<u>(265,216)</u>	<u>14,326,794</u>
	7,668,490	(1,953,275)
Changes in Working Capital:		
Decrease in current assets		
Trade debts	1,769,629	7,668,591
Advances, prepayments and other receivables	140,891	98,707
(Decrease) / increase in current liabilities		
Trade and other payables	(19,427,849)	503,555
	<u>(17,517,329)</u>	<u>8,270,853</u>
Cash (used in) / generated from operations	<u>(9,848,839)</u>	<u>6,317,578</u>

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Assets and Liabilities

Financial assets

Long term deposits	725,149	925,149
Investments	3,455,173	5,181,294
Trade debts	4,544,340	7,287,374
Advances, prepayments and other receivables	267,987	408,878
Cash and bank balances	18,374,515	25,332,606
	<u>27,367,164</u>	<u>39,135,301</u>

Financial Liabilities

Retirement benefits	1,999,004	1,999,004
Trade and other payables	16,745,568	36,173,417
	<u>18,744,572</u>	<u>38,172,421</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.

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.

Exposure to credit risk

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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

	<i>Note</i>	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
Long term investments	6	2,759,423	2,772,444
Long term deposits	7	725,149	925,149
Short term investments	9	695,750	2,408,850
Trade debts	10	4,544,340	7,287,374
Advances, prepayments and other receivables	11	267,987	408,878
Cash at banks	13	18,374,515	25,325,977
		<u>27,367,164</u>	<u>39,128,672</u>

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>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
Within 1 year		2,569,592	7,732,216
More than 1 but less than 2 years		3,081,025	823,624
More than 2 years		51,431,190	63,053,896
		57,081,807	71,609,736
Impairment	10.2	(52,537,467)	(64,322,362)
		<u>4,544,340</u>	<u>7,287,374</u>

Trade debts balances amounting to Rs. 52.537 millions (2015 : Rs. 64.322 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.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

<i>Bank</i>	<i>Rating agency</i>	<i>Short term ratings</i>
Private sector commercial banks		
Bank Alfalah Limited	PACRA	A1+
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
Islamic Bank		
Albaraka 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:-

	2016			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial liabilities				
Retirement benefits	1,999,004	1,999,004	1,999,004	-
Trade and other payables	16,745,568	16,745,568	16,745,568	-
	2015			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial liabilities				
Retirement benefits	1,999,004	1,999,004	1,999,004	-
Trade and other payables	36,173,417	36,173,417	36,173,417	-

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:-

27.3.1 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.

27.3.2 Interest / mark up rate risk

Financial assets and liabilities include balances of Rs. 15.072 million (2015 : Rs. 25.087 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 Company is not exposed to any short term borrowing arrangements having variable rate pricing.

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

	<i>2016</i>	<i>2015</i>
	<i>Carrying amount</i>	
	<i>Rupees</i>	<i>Rupees</i>
<i>Financial assets</i>		
Cash and bank balances	<u>15,071,563</u>	<u>25,086,879</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.

	<i>Profit and loss 100 bp</i>	
	<i>increase</i>	<i>decrease</i>
<i>As at June 30, 2016</i>		
Cash flow sensitivity-Variable rate financial instruments	82,913	(82,913)
<i>As at June 30, 2015</i>		
Cash flow sensitivity-Variable rate financial instruments	110,552	(110,552)

27.3.3 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.0.039 million (2015 : Rs. 0.052 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, 2016 and 2015 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices of the quoted securities 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>Hypothetical increase (decrease) in Shareholders' Equity</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<i>June 30, 2016</i>	39,423	10% increase	43,365	3,942
		10% decrease	35,481	(3,942)
June 30, 2015	52,444	10% increase	57,688	5,244
		10% decrease	47,200	(5,244)

27.4 Fair Value of Financial Instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

27.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	-----Rupees-----		
<i>June 30, 2016</i>			
Investments available for sale	39,423	-	2,720,000
Investments at fair value through Profit and loss	671,900	-	60,000
<i>June 30, 2015</i>			
Investments available for sale	52,444	-	2,720,000
Investments at fair value through Profit and loss	-	-	-

28 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 financial year ended June 30, 2016.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

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: -

	<i>2016</i>	<i>2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Transactions with other related parties</i>		
Commission paid to Chief Executive	87,992	149,997
Commission received from Chief executive	17,036	4,375
Commission received from Directors	18,356	6,425
Expenses incurred by the Chief Executive	180,816	222,889
Expenses incurred by Director	26,701	-
For attending meeting to Director	-	20,000

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, 2016 are located in Pakistan.

31 RECLASSIFICATION

The provision for doubtful debt was previously classified under operating and administrative expenses now reclassified as other charges amounting to Rs. 15.796 million for better presentation.

32 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 01, 2016.

33 GENERAL

33.1 The number of employees of the company as at June 30, 2016 were 11 (2015 : 12) and weighted average number of employees were 11 (2015 : 12).

33.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

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*Mobile apps are also available for download for android and ios devices

Registered Office:

2nd Floor, Associated House, Building # 1 & 2,
7-Kashmir Road, Lahore-54000 (PAKISTAN).

Tele: (92-42) 3637 3041-43 Fax: (92-42) 3637 3040

Website: www.trustsecu.com Email: info@trustsecu.com & tsbl@brain.net.pk

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

Room # 607, 6th Floor, LSE Plaza,
19-Khayaban-e-Aiwan-e-Iqbal, Lahore-54000 (PAKISTAN).
Telephone: (92-42) 3637 4710 & 3630 0181

FORM OF PROXY
23rd Annual General Meeting

I/We _____ of _____

holding Computerized National Identity Card No. _____ and being a member of

Trust Securities & Brokerage Limited hereby appoint _____ of

_____ holding Computerized National Identity Card No. _____ as my/our

proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 29th day October, 2016 at 11:00 A.M. and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____, 2016

WITNESSES

1. Signature _____

2. Signature _____

Name _____

Name _____

Address _____

Address _____

CNIC No. _____

CNIC No. _____

Shareholder's
 Folio No.

Signature on
 Rs. 5/- revenue
 stamp

1. This Proxy Form duly completed and signed, must be received of the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his original CNIC at the time of the meeting.
5. In case of corporation entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.