



**HALF-YEARLY REPORT**  
**Period Ended December 31, 2019**

**Trust Securities & Brokerage Limited**

## COMPANY INFORMATION

### Board of Directors:

Ms. Zenobia Wasif  
Mr. Abdul Basit  
Mr. Muhammad Khurram Faraz  
Mr. Khizer Hayat Farooq  
Mr. Junaid Shehzad Ahmad  
Mr. Zulfiqar Ali Anjum  
Mr. Talha Muhammad Razi

Chairperson/Director  
Chief Executive Officer/Director (Executive)  
Director (Non-Executive)  
Non-Executive (Independent)  
Non-Executive (Independent)  
Executive  
Non-Executive

### Chief Financial Officer

Waseem Ahmad Khan

### Company Secretary

Syed Maqsood Ahmad

### Audit Committee:

Mr. Junaid Shehzad Ahmad	Chairman
Mr. Khizer Hayat Farooq	Member
Mr. Muhammad Talha Razi	Member

### H.R & Remuneration Committee:

Mr. Khizer Hayat Farooq	Chairman
Mr. Abdul Basit	Member
Ms. Zenobia Wasif	Member

### Auditors:

Reanda Haroon Zakaria & Company  
Chartered Accountants

### Internal Auditors:

Muhammad Adnan Siddiqui  
Chartered Accountant

### Legal Advisors:

Lashari & Co

### Share Registrar:

Hameed Majeed Associates (Pvt.) Ltd.  
H.M. House, 7-Bank Square, Lahore.  
Tel: (92-42) 3723 5081-82, Fax: (92-42) 37358817

### Bankers:

Habib Bank Limited  
J.S. Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited

Bank Alfalah Limited  
MCB Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Bank Islami Limited

### Registered Office:

Suite No. 401, 4<sup>th</sup> Floor, Business & Finance Centre  
I.I. Chundrigar Road, Karachi (Pakistan)  
UAN: (92-21)111-000-875  
Tel: (92-21) 32469044-48, Fax: (92-21)32467660

### Branch Office Karachi:

2<sup>nd</sup> Floor, PSX New Building  
Stock Exchange Road, Karachi, Pakistan  
Tel: (92-21) 32460161-7, Fax: (92-21) 32467660

### Branch Office Lahore:

2<sup>nd</sup> Floor, Associated House  
Building No. 1&2, 7-Kashmir Road, Lahore  
Tel: (92-42) 36310241-44, Fax: (92-42) 36373040

### Branch Office LSE Plaza, Lahore:

Room No. 607, 6<sup>th</sup> Floor, LSE Plaza  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: (92-42) 36300181, 36300554, 36373045, 36374710

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### ***Introduction***

We have reviewed the accompanying condensed interim financial position of **Trust Securities & Brokerage Limited** as at December 31, 2019, the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the 'Interim Financial Statements'). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our reviews.

The figures included in the condensed interim profit or loss account for the quarters ended December 31, 2019 and 2018 and the notes thereto have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Yameen.

  
Reanda Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi

Dated: 20 FEB 2020

## DIRECTOR'S REVIEW

We are pleased to present the Half-yearly Financial Statement of Trust Securities and Brokerage Limited for the quarter ended December 31, 2019.

Following is the summary of the company's financial performance during the quarter:

	Half-Yearly Ended 31-Dec.-2019	Half-Yearly Ended 31-Dec.--2018
Revenue	40,769,374	17,565,945
Profit/(Loss) after Tax	21,933,823	(6,542,207)
Profit/(Loss) per share	0.73	(0.21)

### COMPANY PERFORMANCE REVIEW

We are pleased to announce that the company's performance was significantly better than previous period whereby the company has now achieved net profit and a positive EPS.

The Company achieved a net profit of Rs. 21.93 million for the half-yearly ended December 31, 2019 against a net loss of Rs. 6.54 million in the previous corresponding period i.e. December 31, 2018.

Due to significant increase in business activity, the operating expenses of Rs. 42.8 million was significantly higher than the corresponding period of last year.

The earning per share for the half-year ended December 31, 2019 was 0.73 which is a state contrast to the losses of previous years.

The primary factors resulting in increased revenues were brisk activity in the number of daily traded, a better economic pool for future, easing of some of the regulatory requirements and stable reserves and currency.

### ACKNOWLEDGEMENT

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for their support and confidence.

We would like to acknowledge the Securities and Exchange Commission of Pakistan (SECP), Central Depository Company of Pakistan Limited (CDC), and National Clearing Company of Pakistan Limited (NCCPL) and Pakistan Stock Exchange (PSX) for their efforts to strengthen capital markets and measures to protect investor rights.

For and on behalf of the Board

Sd/-  
**ZENOBIAS WASIF**  
Chairperson/Director

Sd/-  
**ABDUL BASIT**  
Chief Executive Officer

Karachi.  
February 20, 2020

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

		(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
	Note		
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	5	15,915,475	13,475,292
Intangibles	6	6,425,934	6,563,434
Long term investments	7	2,720,000	2,720,000
Long term deposits	8	1,660,000	1,675,149
Deferred taxation	9	-	-
		<u>26,721,409</u>	<u>24,433,875</u>
<b>Current Assets</b>			
Short term investments	10	3,897,260	2,289,821
Trade debts	11	46,859,760	33,784,462
Investment in margin financing	12	61,048,659	19,960,193
Investment in margin trading system - net		-	5,100,203
Advances, deposits, prepayments and other receivables	13	124,928,695	65,135,295
Tax refunds due from government	14	3,511,999	6,911,780
Cash and bank balances	15	7,009,210	85,333,827
		<u>247,255,583</u>	<u>218,515,581</u>
<b>Total Assets</b>		<u><u>273,976,992</u></u>	<u><u>242,949,456</u></u>

**EQUITY AND LIABILITIES**

**Share Capital and Reserves**

**Authorized Capital**

75,000,000 (2019 : 75,000,000) Ordinary shares  
Ordinary shares) of Rs. 10 each

750,000,000      750,000,000

Issued, subscribed and paid-up capital

16      300,000,000      300,000,000

**Reserves**

Accumulated losses

(107,825,875)      (129,759,698)

**Shareholders' Equity**

192,174,125      170,240,302

**Non Current Liabilities**

Lease liabilities

17      337,267      -

**Current Liabilities**

Current portion of lease liabilities

17      3,308,225      -

Short term borrowing

18      4,621,307      -

Trade and other payables

19      73,536,068      72,709,154

81,465,600      72,709,154

**Contingency and Commitment**

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**Total Equity and Liabilities**

273,976,992      242,949,456

The annexed notes form an integral part of these financial statements

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**



**TRUST SECURITIES AND BROKERAGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

		<i>Half year ended</i>		<i>2nd quarter ended</i>	
		<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>
<i>Note</i>		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>----- Rupees -----</i>			
Operating revenue	21	<b>40,769,374</b>	17,565,945	<b>32,040,907</b>	12,621,639
Gain on sale of securities		<b>11,776,860</b>	82,777	<b>11,776,860</b>	82,777
(Loss) / Gain on remeasurement of investments		<b>(638,810)</b>	(151,950)	<b>3,549,105</b>	(135,950)
		<b>51,907,424</b>	17,496,772	<b>47,366,872</b>	12,568,466
Operating and administrative expenses		<b>(42,820,005)</b>	(28,113,583)	<b>(26,534,165)</b>	(15,570,825)
Finance cost		<b>(1,370,723)</b>	(79,703)	<b>(1,361,163)</b>	(75,973)
		<b>(44,190,728)</b>	(28,193,286)	<b>(27,895,328)</b>	(15,646,798)
<b>Operating profit / (loss)</b>		<b>7,716,696</b>	(10,696,514)	<b>19,471,544</b>	(3,078,332)
Other charges		-	(235,594)	-	(235,594)
Other income		<b>18,555,017</b>	7,340,314	<b>8,340,235</b>	5,233,680
<b>Profit / (loss) before taxation</b>		<b>26,271,713</b>	(3,591,794)	<b>27,811,779</b>	1,919,754
Taxation		<b>(4,337,890)</b>	(2,950,413)	<b>(4,337,890)</b>	(1,475,207)
<b>Profit / (Loss) after taxation</b>		<b>21,933,823</b>	(6,542,207)	<b>23,473,889</b>	444,547
<b>Earning / (Loss) per share - basic and diluted</b>		<b>0.73</b>	(0.21)	<b>0.78</b>	0.01

The annexed notes form an integral part of these financial statements



Chief Executive



Chief Financial Officer



Director

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

<i>Half year ended</i>		<i>2nd Quarter ended</i>	
<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>
<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>----- Rupees -----</i>			

<b>Gain / (Loss) after taxation</b>	<b>21,933,823</b>	<b>(6,542,207)</b>	<b>23,473,889</b>	<b>444,547</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>21,933,823</b>	<b>(6,542,207)</b>	<b>23,473,889</b>	<b>444,547</b>


The annexed notes form an integral part of these financial statements



*Chief Executive*



*Chief Financial Officer*



*Director*

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

	<i>Share Capital</i>	<i>Reserves Revenue Accumulated Losses</i>	<i>Shareholders' Equity</i>
	<i>----- Rupees -----</i>		
<b>Balance as at July 1, 2018</b>	300,000,000	(106,323,250)	193,676,750
Loss for the period ended December 31, 2018	-	(6,542,207)	(6,542,207)
<b>Balance as at December 31, 2018 (Un-Audited)</b>	<b>300,000,000</b>	<b>(112,865,457)</b>	<b>187,134,543</b>
<b>Balance as at July 1, 2019</b>	300,000,000	(129,759,698)	170,240,302
Profit for the period ended December 31, 2019	-	21,933,823	21,933,823
<b>Balance as at December 31, 2019 (Un-Audited)</b>	<b>300,000,000</b>	<b>(107,825,875)</b>	<b>192,174,125</b>

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



*Chief Executive*



*Chief Financial Officer*



*Director*



**TRUST SECURITIES AND BROKERAGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

	<i>(Un-audited)</i> <i>December 31,</i> <i>2019</i>	<i>(Un-audited)</i> <i>December 31,</i> <i>2018</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	26,271,713	(3,591,794)
Adjustment for non-cash charges and other items		
Depreciation	2,494,446	474,512
Amortization	137,500	91,667
Provision for doubtful debts	217,700	235,594
Interest income	(4,295,851)	-
Finance cost	1,370,723	-
Dividend income	(988,680)	-
Capital gain on sale of investment	(11,776,860)	(82,777)
Reversal of provision for bad debts	(6,681,718)	-
Gain on sale of fixed assets	-	(1,220)
Unrealised loss on remeasurement of investment	638,810	151,950
	<u>(18,883,930)</u>	<u>869,726</u>
	7,387,783	(2,722,068)
Changes in Working Capital:		
Decrease / (Increase) in current assets		
Trade debts	(6,611,280)	(39,626,506)
Receivable from margin financing	(41,088,466)	(48,738,241)
Investment in margin trading system - net	5,100,203	-
Advances, deposits, prepayments and other receivables	(59,793,400)	(35,726,671)
	<u>(102,392,943)</u>	<u>(124,091,418)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	826,914	37,157,929
Cash used in operations	<u>(94,178,246)</u>	<u>(89,655,557)</u>
Taxes paid	(938,109)	(2,780,065)
Finance cost paid	(1,370,723)	-
Long term deposits - net	15,149	50,000
Net cash used in operating activities	<u>(96,471,929)</u>	<u>(92,385,622)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(183,111)	(9,984,265)
Capital work in progress	(50,000)	(1,680,000)
Purchase of intangibles	-	(2,750,000)
Proceeds from sale of property and equipment	-	5,300
Interest income received	4,295,851	-
Dividend income received	988,680	-
Investments - net	9,530,611	(2,767,173)
Net cash generated from / (used in) investing activities	<u>14,582,031</u>	<u>(17,176,138)</u>

C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of liabilities against right of use assets	(1,056,026)	-
Receipt of short term borrowing	4,621,307	-
Net cash generated from financing activities	3,565,281	-
Net decrease in cash and cash equivalents (A+B+C)	(78,324,617)	(109,561,760)
Cash and cash equivalents at beginning of year	85,333,827	125,272,660
Cash and cash equivalents at end of year	15 7,009,210	15,710,900

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

**1 THE COMPANY AND ITS OPERATION**

The Company was incorporated in Pakistan on October 19, 1993 as a Public Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The company is listed on Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited.

The geographical location and address of of company offices are as under:

- Head Office : Suite No. 401-402, 4th Floor, Business and Finance Center, I.I Chundrigar Road, Karachi.
- Bracnh Offices : Suite No. 202, 2nd Floor New Stock Exchange Building, I.I. Chundrigarh Road, Karachi.  
  
2nd Floor, Associated House, Building # 1 & 2, 7-Kashmir Road, Lahore.  
  
Room No. 607, 6th Floor, LSE Plaza, 19-Khayaban-e-Aiwan-Iqbal, Lahore.

The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, and other financial instruments and corporate financial services.

Further the company is also engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange.

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019.

**2 BASIS OF PREPARATION**

**2.1 Basis of Measurement**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Companies Act, 2017. The figures of the condensed interim statement of profit or loss and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months ended December 31, 2019 and December 31, 2018.



## 2.2 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019 except for following:

### 3.1 Impact of IFRS 16 'Leases'

The Company adopted IFRS 16, Leases, for its annual reporting periods beginning on July 1<sup>st</sup>, 2019.

IFRS 16 'Leases' is issued by International Accounting Standards Board (IASB) in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 introduces new requirements for lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting largely remains unchanged i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognized liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate of 13.44 % per annum at December 31, 2019. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

	(Un-Audited) December 2019 Rupees	(Un-Audited) July 01, 2019 Rupees
Total lease liability recognized	<u>3,645,492</u>	<u>4,701,518</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognized right-of-use assets relate to the following type of asset:

	<i>(Un-Audited)</i>	
	<i>December</i>	<i>July 01,</i>
	<i>2019</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Office premises	<u>2,962,572</u>	<u>4,701,518</u>

The effect of this change in accounting policy is as follows:

**Impact on Statement of Financial Position**

Increase in fixed assets - right-of-use assets	2,962,572	4,701,518
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**Impact on Profit or Loss account**

Increase in mark-up expense - lease liability against right-of-use assets	209,620	-
(Increase) / decrease in administrative expenses:		-
Depreciation on right-of-use assets	1,738,946	-
Rent expense	(2,097,996)	-
Increase in profit before tax	149,430	-

While implementing IFRS 16, the Company has used a single discount rate methodology for a portfolio of leases with similar characteristics.



The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2019.

	<i>(Un-Audited)</i>	<i>(Audited)</i>
	<i>December 31,</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

## 5 PROPERTY AND EQUIPMENT

Operating fixed assets	5.1	<b>15,785,475</b>	13,395,292
Capital work in progress	5.2	<b>130,000</b>	80,000
		<b>15,915,475</b>	13,475,292

### 5.1 Operating fixed assets

Opening written down value		<b>13,395,292</b>	1,512,030
Addition during the period	5.3	<b>183,111</b>	8,177,689
Transfer from CWIP		-	4,937,668
Right of use assets		<b>4,701,518</b>	-
Disposals during the period		-	(265,282)
Depreciation charge on disposal		-	261,202
Depreciation charge for the period		<b>(2,494,446)</b>	(1,228,015)
		<b>15,785,475</b>	13,395,292

### 5.2 Capital work in progress

Opening balance	<b>80,000</b>	400,000
Addition during the year	<b>50,000</b>	4,617,668
Transferred to fixed assets	-	(4,937,668)
Closing balance	<b>130,000</b>	80,000

5.3 Details of additions to and disposals of operating fixed assets are as follows:

	<i>Additions</i>		<i>Disposals</i>	
	<i>(at cost)</i>		<i>(at net book value)</i>	
	<i>----- Half year ended -----</i>			
	<i>December 31,</i>	<i>June 30,</i>	<i>December 31,</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>	<i>2019</i>	<i>2019</i>
	<i>-----Rupees-----</i>			
Computers	84,996	554,986	-	(2,353,192)
Furniture and fittings	32,500	5,164,382	-	-
Vehicles	-	49,500	-	-
Office equipment	65,615	2,408,821	-	-
Right of use assets	4,701,518	-	-	-
	4,884,629	8,177,689	-	(2,353,192)

## 6 INTANGIBLES

		(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
	Note		
<b>Trading Rights Entitlement Certificate (TREC)</b>			
Pakistan Stock Exchange Limited	6.1&6.2	1,280,000	1,280,000
<b>Offices</b>			
LSE Financial Services Limited (LFSL)	6.3	262,600	262,600
<b>Pakistan Mercantile Exchange Limited (PMEX) membership</b>			
Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
<b>Software</b>	6.4	2,383,334	2,520,834
		<b>6,425,934</b>	<b>6,563,434</b>

- 6.1** Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of LSE Financial Services Limited (LFSL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Lahore Stock Exchange (Guarantee) Limited.
- 6.2** This certificate is subject to Hypothecation charge in favor of Pakistan Stock Exchange Limited.
- 6.3** 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.

	(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
<b>6.4 Software</b>		
Opening net book value	2,520,834	-
Additions	-	2,750,000
Amortization charge	(137,500)	(229,166)
<b>Closing net book value</b>	<b>2,383,334</b>	<b>2,520,834</b>
Cost	2,750,000	2,750,000
Accumulated amortization	(366,666)	(229,166)
<b>Net book value</b>	<b>2,383,334</b>	<b>2,520,834</b>
<b>Amortization rate</b>	<b>10%</b>	<b>10%</b>

7 **LONG TERM INVESTMENTS**

*Fair Value thorough - OCI*  
*In shares of Un-quoted company*

				<i>Carrying Value</i>	
<i>December</i>	<i>June 30,</i>			<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>2019</i>	<i>2019</i>			<i>December</i>	<i>June 30,</i>
<i>Number of Shares</i>	<i>Name of securities</i>	<i>Note</i>		<i>2019</i>	<i>2019</i>
				<i>Rupees</i>	<i>Rupees</i>
843,975	843,975	LSE Financial Services Ltd.	7.1	2,720,000	2,720,000
		<b>In shares of quoted companies</b>			
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
				1,650	1,650
		Provision for impairment		(1,650)	(1,650)
				2,720,000	2,720,000

7.1 This represents unquoted shares of LSE Financial Services Limited received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

Out of total number of shares owned, 60% shares (i.e. 506,385 shares) of the said entity are held in separate CDC blocked account, to restrict the sale of these shares by the members. Where as 40% of total shares i.e. 337,590 for Rs.10 each have been credited to the Company’s CDC house account and are pledged in favour of Pakistan Stock Exchange Limited.

7.2 The net asset value of shares of LSE financial service limited is Rs. 22.696 per share This is based on audited financial statements for the year ended June 30, 2019.

	<i>(Un-Audited)</i>	<i>(Audited)</i>
	<i>December</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

8 **LONG TERM DEPOSITS**  
*- Unsecured - Considered good*

LSE Financial Service Limited		30,000	30,000
National Clearing Company of Pakistan Limited	8.1	1,400,000	1,400,000
Central Depository Company of Pakistan Limited		100,000	100,000
Utility deposits		130,000	145,149
		1,660,000	1,675,149

8.1 This represents initial deposits to National Clearing Company Pakistan Limited place for future and margin financing.

9 **DEFERRED TAXATION**

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.



## 10 SHORT TERM INVESTMENTS

### At fair value through profit or loss

In shares of quoted company

In shares of unquoted company

		(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
		3,867,260	2,259,821
	10.1 & 10.2	30,000	30,000
		<u>3,897,260</u>	<u>2,289,821</u>

### 10.1 Unquoted company

Carrying amount

Accumulated impairment

	60,000	60,000
	(30,000)	(30,000)
	<u>30,000</u>	<u>30,000</u>

10.2 This represents investment in fully paid ordinary shares of Takaful Pakistan Limited. The break-up value is Rs. 5.11 per share based on un audited financial statements for the period ended June 30, 2019.

## 11 TRADE DEBTS

Considered good

Considered doubtful

Provision for doubtful debts

		(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
		46,859,760	33,784,462
		26,262,637	60,468,781
		<u>73,122,397</u>	<u>94,253,243</u>
	11.3 & 11.4	(26,262,637)	(60,468,781)
		<u>46,859,760</u>	<u>33,784,462</u>

11.1 The total value of securities pertaining to clients are Rs. 575.118 million held in sub-accounts of the company. Securities pledged by client to the financial institutions amounting to Rs. 40.805 million.

		(Un-Audited) As on December 31, 2019 Amount	Custody value -----Rupees-----

### 11.2 Aging analysis

The aging analysis of trade debts is as follows:

Upto fourteen days

More than fourteen days

	40,589,052	353,019,015
	32,533,345	222,098,664
	<u>73,122,397</u>	<u>575,117,679</u>

11.2.1 Adequate provision of Rs. 26.263 million (2018: Rs.60.469 million) has been provided in respect of amount due from customers.

**11.3** 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>(Un-Audited)</i> <b>December</b> <b>2019</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30,</b> <b>2019</b> <b>Rupees</b>
	<i>Note</i>		
<b>11.4 Provision for doubtful debts</b>			
Balance as on July 01		<b>60,468,781</b>	53,898,442
Provision made during the year	24	<b>217,700</b>	6,671,378
		<b>60,686,481</b>	60,569,820
Reversal of excess provision		<b>(6,681,718)</b>	(101,039)
Receivables written-off against provision		<b>(27,742,126)</b>	-
		<b>26,262,637</b>	60,468,781

## **12. INVESTMENT IN MARGIN FINANCING**

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in house account. The company is financing on Financing Participation Ratio (FPR) of maximum 78% and charging markup upto the rate of 14% fixed rate.

		<i>(Un-Audited)</i> <b>December</b> <b>2019</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30,</b> <b>2019</b> <b>Rupees</b>
	<i>Note</i>		
<b>13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>- Considered good</b>			
<b>Advances</b>			
Advance to staff		<b>4,923,330</b>	4,686,090
<b>Deposits</b>			
Deposit against exposure margin	13.1	<b>71,855,800</b>	28,816,625
Deposits against margin trading system	13.2	<b>42,370,044</b>	26,826,182
		<b>114,225,844</b>	55,642,807
<b>Prepayments</b>			
Short term prepayments		<b>618,200</b>	209,000
<b>Other receivables</b>			
Other receivables		<b>25,000</b>	40,000
Markup receivable against leverage products		<b>2,064,256</b>	1,506,878
Retained profit future contract		<b>3,072,065</b>	3,050,520
		<b>5,161,321</b>	4,597,398
		<b>124,928,695</b>	65,135,295

**13.1** This represents deposits with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.



13.2 This represents deposits with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Margin Trading Services.

	<i>(Un-Audited)</i>	<i>(Audited)</i>
	<i>December</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

#### 14 TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable	14.1	<u>3,511,999</u>	<u>6,911,780</u>
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##### 14.1 Income Tax Refundable

Opening tax refund		6,911,780	1,797,620
Tax paid during the year		<u>938,109</u>	<u>5,715,272</u>
		7,849,889	7,512,892
Provision for the year		<u>(4,337,890)</u>	<u>(590,709)</u>
Prior year		-	(10,403)
		<u>3,511,999</u>	<u>6,911,780</u>

#### 15 CASH AND BANK BALANCES

Cash in hand		776,976	203,492
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##### Cash at banks

In current accounts		5,901,871	85,037,342
In saving account	15.1	<u>330,363</u>	<u>92,993</u>
	15.2	<u>6,232,234</u>	<u>85,130,335</u>
		<u>7,009,210</u>	<u>85,333,827</u>

15.1 Saving account carries markup which ranges from 11.25% to 11.5% (2019 : 2.5% to 11.28%) per annum.

	<i>(Un-Audited)</i>	<i>(Audited)</i>
	<i>December</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

##### 15.2 Balance pertaining to :

Clients		4,780,271	62,197,215
Brokerage house		<u>1,451,963</u>	<u>22,933,120</u>
		<u>6,232,234</u>	<u>85,130,335</u>

#### 16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>December</i>	<i>June 30,</i>
<i>2019</i>	<i>2019</i>
<i>Number of Shares</i>	

<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	16.1	<u>300,000,000</u>	<u>300,000,000</u>
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## 16.1 Pattern of shareholding

Serial number	Name of shareholder	As at December 31, 2019		As at June 30, 2019	
		Number of shares held	% of shares held	Number of shares held	% of shares held
1	Sikander Mahmood	7,706,250	25.69%	7,706,250	25.69%
2	Junaid Shehzad Ahmed	3,000,000	10.00%	3,000,000	10.00%
3	Arshad Kalam	2,900,000	9.67%	-	-
4	Paramount Commodities (Private) Limited	2,975,645	9.92%	2,981,645	9.94%
5	Mg Media (Pvt.) Limited	2,291,500	7.64%	2,078,000	6.93%
6	Nash Advertising (Pvt.) Limited	711,000	2.37%	1,911,000	6.37%
7	Other institution not more than 5% holding	1,584,101	5.28%	1,586,101	5.29%
8	Other individuals not more than 5% holding	8,831,504	29.44%	10,737,004	35.79%
		<b>30,000,000</b>	<b>100%</b>	<b>30,000,000</b>	<b>100%</b>

	(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
Note		

## 17 LEASE LIABILITIES

Lease liabilities		3,645,492	-
Current maturity shown under current liabilities		(3,308,225)	-
	17.1	<b>337,267</b>	<b>-</b>

17.1 The implicit rate of return on finance lease is 13.44 % per annum.

## 18 SHORT TERM BORROWING

18.1	<b>4,621,307</b>	<b>-</b>
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18.1 The company had a running finance facility of Rs. 50 million from a banking company to finance daily clearing obligation of Pakistan stock exchange and settlement of client trade. The facility carries markup of 1 month kibor + 2.5% per annum to be paid on quarterly basis. The facility is secured against first exclusive charge over shares amounting to Rs. 83.333 million and pledge of shares with a minimum margin of 35% on shares. The facility of Rs 45,378,693/- remained unavailed at the end of the period.

	(Un-Audited) December 2019 Rupees	(Audited) June 30, 2019 Rupees
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## 19 TRADE AND OTHER PAYABLES

Trade creditors	49,655,011	58,134,515
Accrued liabilities	8,705,533	2,163,110
Employees compensated absences	1,636,473	1,816,473
Other liabilities	13,539,051	10,595,056
	<b>73,536,068</b>	<b>72,709,154</b>

## 20 CONTINGENCY AND COMMITMENT

### 20.1 Contingency

**20.1.1** 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 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.

**20.1.2** During the year, the company has received a notice from sindh revenue board (SRB) under section 23(2) of the Act, 2011 and subsequently order is passed relating to short payment of sales tax and penalty amounting to Rs. 987,546 and Rs. 49,377 respectively. However, the Company has filed an appeal against the order with commissioner of appeals, Sindh Revenue Board. The hearing is due on February 20, 2020 for which management is confident that the judgement will be passed in favour of the company. Accordingly, no provision is made in the financials.

### 20.2 Commitment

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

	<i>(Un-Audited)</i> <b>December</b> <b>2019</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30,</b> <b>2019</b> <b>Rupees</b>
For purchase of shares	<u><b>179,646,426</b></u>	<u>379,835,018</u>
For sale of shares	<u><b>186,560,733</b></u>	<u>379,504,840</u>

<i>(Un-Audited)</i> <b>Half year ended</b>		<i>(Un-Audited)</i> <b>2nd Quarter ended</b>	
<b>December 31,</b> <b>2019</b>	<b>December 31,</b> <b>2018</b>	<b>December 31,</b> <b>2019</b>	<b>December 31,</b> <b>2018</b>
<b>----- Rupees -----</b>			

## 21 OPERATING REVENUE

Brokerage income	<b>39,780,694</b>	17,143,957	<b>31,052,227</b>	12,199,652
Dividend income	<b>988,680</b>	421,988	<b>988,680</b>	421,988
	<u><b>40,769,374</b></u>	<u>17,565,945</u>	<u><b>32,040,907</b></u>	<u>12,621,639</u>

## 22 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and chief executive officer. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial statement, are as under:

<i>Relationship with party</i>	<i>Transactions with</i>	<i>Nature of Transactions</i>	<i>December 31, 2019 Rupees</i>	<i>December 31, 2018 Rupees</i>
Shareholder	Paramount Commodities (Pvt) Limited	Trade receivables	<b>2,886,335</b>	28,242,540
		The maximum aggregate amount outstanding during the year was Rs.1,7815,012		
		Brokerage commission earned	<b>532,673</b>	852,081
Shareholder	MG Media (Private) Limited	Trade receivables	<b>3,185,299</b>	506,608
		The maximum aggregate amount outstanding during the year was Rs. 3,185,299		
		Brokerage commission earned	<b>63,031</b>	94,477
Shareholder	Nash Advertising (Private) Limited	Trade receivables	<b>3,042,891</b>	-
		Trade payable	-	18
		The maximum aggregate amount outstanding during the year was Rs.3,043,823		
Shareholder	Mr. Sikander Mahmood	Brokerage commission earned	<b>9,000</b>	111,180
		Trade receivables	<b>388</b>	-
		Trade payables	-	362,210
Shareholder	Mr. Sikander Mahmood	Subordinated loan	-	8,900,000
		The maximum aggregate amount outstanding during the year was Rs. 2,473,888		
		Brokerage commission earned	<b>4,560</b>	4,715
Common shareholding	Arabian Sea Enterprises Limited	Trade receivables	<b>8,946,016</b>	-
		The maximum aggregate amount outstanding during the year was Rs.29,298,197		
		Brokerage commission earned	<b>3,397,405</b>	-
Non Executive Director	Mr. Junaid Shehzad Ahmed	Trade receivables	<b>15,750</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 15,750		
		Trade receivables	<b>632,496</b>	7,413
Non Executive Director	Mr. Khizer Hayat	The maximum aggregate amount outstanding during the year was Rs. 4,992,722		
		Brokerage commission earned	<b>10,053</b>	50
		Trade payable	<b>75,671</b>	17,466
Executive Director	Mr. Zulfiqar Ali Anjum	The maximum aggregate amount outstanding during the year was Rs. 2,283,565		
		Brokerage commission earned	<b>198,752</b>	4,535.00
Non Executive Director	Mr. Muhammad Talha Razi	Trade payables	<b>252,893</b>	-
		Trade receivables	-	17,751
		The maximum aggregate amount outstanding during the year was Rs. 252,893		
Close family member of Director	Mrs. Mehreen Khurram	Brokerage commission earned	<b>1,875</b>	945
		Trade receivables	<b>355,399</b>	249,071
		The maximum aggregate amount outstanding during the year was Rs. 452,831		
		Brokerage commission earned	<b>41,373</b>	11,650



3 **DATE OF AUTHORIZATION OF ISSUE**


These financial statements were authorized for issue by the Board of Directors of the Company on  
FEBRUARY 20, 2020

24 **GENERAL**

Figures have been rounded off to the nearest rupee.



*Chief Executive*



*Chief Financial Officer*



*Director*










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