



**Interim Financial Statements  
(Un-Audited)**

**For the Half Year Ended June 30, 2012**



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## COMPANY INFORMATION

<b>Board of Directors:</b>	Syed Asghar Ali Shah - Chairman Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Irfan Nadeem Mahmood Ali Shah Bukhari Syed Asad Mustafa Shafqat Nadir Rahman - Chief Executive Officer
<b>Audit Committee:</b>	Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Irfan Nadeem Zia-ul-Haq - Secretary
<b>CFO &amp; Company Secretary:</b>	Saeed Jamal Tariq
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
<b>Internal Auditor:</b>	Zia-ul-Haq
<b>Bankers:</b>	Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Deutsche Bank AG Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
<b>Legal Advisor:</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan
<b>Registered &amp; Head Office:</b>	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 32630202 E-mail: kasbho@kasb.com

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**Rahim Yar Khan**

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Fax: (92-68) 5873251  
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**Website:**

[www.kasb.com](http://www.kasb.com)

**Share Registrar:**

THK Associates (Private) Limited  
Ground Floor, State Life Building No.3,  
Dr. Ziauddin Ahmed Road, Karachi, Pakistan  
Ph : (92-21) 111-000-322  
Fax: (92-21) 35655595

## DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the un-audited standalone and consolidated financial statements of the Company and review for the half year ended June 30, 2012.

### ECONOMIC REVIEW

The macro environment remained increasingly challenging in 1H12. The external account position deteriorated on account of ~20% higher oil prices and global demand slowdown affecting exports growth. As a result, the current account deficit in 1H12 expanded to US\$ 2.1 bn vs a surplus of US\$ 192 mn in the same period last year. Continued tense relations between Pakistan and the United States, resulting in freezing of potential inflows as well as higher loan repayments to IMF post-Feb 2012 added to the pressure on foreign exchange reserves. However, decline in international oil prices and improved Pak-US relations towards the end of 1H12, should help stabilize the external account position going forward.

Inflation on the other hand, has stabilized to an average 11.1% in 1H12 compared to 13% last year, where food shortages emanating from floods had increased pressure on food prices. This let SBP maintain status quo and the discount rate was kept unchanged at 12% through 1H12. In contrast, fiscal account slippages continued to persist in the run-up to the elections, where shortfall in revenue collections and persistent losses of state-owned entities remain key issues to be addressed in the short to medium term. As a result the government's growing need for borrowing from the banking system remained under the limelight, leading to crowding out of private sector.

### EQUITY MARKET REVIEW

The equity market found a new lease of life in 1H12 following the announcement by the Finance Minister in mid January that the government was agreeing to all proposals of SECP with respect to Capital Gains Tax regime for individuals. While a number of changes were agreed, the market positively welcomed 1) centralized calculation and collection of CGT, reducing hassle for individual investors and 2) exemption for investors from questions over source of income, subject to minimum holding period.

This proved to be a major trigger which not only saw the benchmark KSE-100 index post a strong return of 22% in 1H12, but also revived volumes which averaged 196 mn shares/day in 1H12, compared to 60 mn shares/day in the preceding six months. FPIs too staged a recovery where excluding the one off USD 65 mn outflow due to sale of a strategic stake in Hubco, the market witnessed an inflow of USD 33 mn during 1H12.

### DEBT AND CURRENCY MARKETS REVIEW

During 1H12, the State Bank of Pakistan frequently conducted Open Market Operations in order to maintain fluctuating liquidity conditions in the money market. A prominent shift in participation was witnessed towards 3M paper in 2Q12, in line with the view of potential monetary tightening in the future on growing fiscal risks. However since then, the money market appears to have realigned its view towards increased chances of future monetary easing on stabilization of near-term external risks as well as easing inflation. Post 1H12, a 150 bps cut in key policy rate by SBP has been announced.

PKR depreciated by 5% during 1H12 on account of decline in foreign exchange reserves by USD1.7 bn in 1H12. This was mainly driven by a higher current account deficit and repayments to IMF starting in Feb-2012. Moreover, geo-political jitters involving tense relations between Pakistan and US, resulted in freezing of potential inflows.

### OPERATING PERFORMANCE

During 1H12 the Company reported Net Profit (after tax) of PKR 47.65 mn (PKR 21.94 mn during 2Q11) as compared to Net Loss (after tax) of PKR 77.84 mn in 1H11. Breakdown is as follows:

	AMOUNTS IN PKR MILLIONS			
	Half Year ended June 30		2nd Qtr ended June 30	
	2012	2011	2012	2011
Operating Revenues	154.58	99.66	80.85	45.24
Other Operating Revenue	28.04	33.46	16.60	17.80
Gain on sale of investments-net	13.10	26.91	1.72	3.54
Dividend Income	0.72	4.43	0.62	1.67
Net unrealized gain / (loss) on investments 'at fair value through profit and loss'	4.48	(17.63)	1.61	(22.41)
Other Income	4.52	6.80	2.53	4.85
<b>Total Income</b>	<b>205.44</b>	<b>153.63</b>	<b>103.93</b>	<b>50.69</b>
Operating and Admin Expenses	(159.92)	(152.19)	(83.01)	(73.64)
Financial Cost	(14.39)	(40.50)	(6.94)	(19.50)
<b>Total Expenses</b>	<b>(174.31)</b>	<b>(192.69)</b>	<b>(89.95)</b>	<b>(93.14)</b>
<b>Net Profit / (loss) (before provisions)</b>	<b>31.13</b>	<b>(39.06)</b>	<b>13.98</b>	<b>(42.45)</b>
Impairment of AFS Investments	-	(22.24)	-	(22.24)
Reversal / (provision) thereof	20.90	(12.95)	10.00	(1.58)
<b>Net Profit / (loss) (before taxation)</b>	<b>52.03</b>	<b>(74.25)</b>	<b>23.98</b>	<b>(66.27)</b>
Taxation	(4.38)	(3.59)	(2.04)	(1.77)
<b>Net Profit / (loss) (after taxation)</b>	<b>47.65</b>	<b>(77.84)</b>	<b>21.94</b>	<b>(68.04)</b>

## **KASB SECURITIES**

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Increase in profit over 2011 is mainly the result of increased revenues, both due to increased market volumes, as well as the Company's continued focus on client acquisition. Efforts on recovering overdues also paid off, with a provision reversal of PKR 20.9 mn.

### **CREDIT RATING**

The Pakistan Credit Rating Agency (PACRA) had revised the Company's long term rating to "A-" (A minus) and short term rating to "A2" (A two) in 2011. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

### **FUTURE OUTLOOK**

Looking ahead, the political situation both domestic and international is likely to be a key driver of the market. 2013 is slated to be an election year but the market is likely to closely track any prospects of early elections and the kind of impact it can have on economic policies. On the international front, the relations with the United States will garner most attention given the impact it can have on pending sovereign flows and hence external account situation of Pakistan.

Post 1H12, equity volumes show a slowing of the momentum witnessed so far and therefore it may become a challenge to match the increase in brokerage income witnessed so far. However, to improve profitability, the Company will continue to pursue the core focus goals for 2012 and beyond, highlighted in our 2011 Report.

### **ACKNOWLEDGEMENT**

The Directors wish to record their gratitude to the Company's valued clients, shareholders, business partners and other stakeholders for their continued trust that they have reposed in the Company.

The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

On behalf of the Board of Directors



**Syed Asghar Ali Shah**  
Chairman

Karachi: August 24, 2012



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

### Introduction

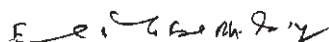
We have reviewed the accompanying interim condensed balance sheet of KASB Securities Limited as at June 30, 2012 and the related interim condensed profit and loss account, interim condensed statement of changes in equity and interim condensed Cash flow statement together with the explanatory notes (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 the 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Karachi

Date: 24 August 2012



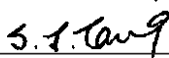
## INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2012

	Note	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
ASSETS			
----- (Rupees in '000) -----			
<b>Non-current assets</b>			
Property and equipment	4	35,396	36,588
Intangible assets	5	13,165	13,590
Investment properties		7,796	8,129
Long-term investments	6	860,428	826,176
Long-term loans and advances		2,665	2,017
Long-term deposits and prepayments		3,688	3,604
Long-term receivable	7	41,180	27,920
Deferred tax asset - net		573	468
<b>Total non-current assets</b>		<b>964,891</b>	<b>918,492</b>
<b>Current assets</b>			
Assets held for sale	8	-	86,490
Short-term investments	9	291,298	221,864
Trade debts	10	288,094	227,617
Advances, deposits, prepayments and other receivables		55,450	66,084
Taxation - net		10,070	2,853
Cash and bank balances	11	423,851	142,308
<b>Total current assets</b>		<b>1,068,763</b>	<b>747,216</b>
<b>TOTAL ASSETS</b>		<b>2,033,654</b>	<b>1,665,708</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on re-measurement of 'available- -for-sale' investments to fair value - net		122,481	88,229
Accumulated loss		(69,068)	(116,717)
<b>Shareholders' equity</b>		<b>1,072,165</b>	<b>990,264</b>
<b>Current liabilities</b>			
Trade and other payables		961,489	507,362
Accrued mark-up		-	1,582
Current maturity of redeemable capital		-	166,500
<b>Total current liabilities</b>		<b>961,489</b>	<b>675,444</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,033,654</b>	<b>1,665,708</b>
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The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

  
Syed Asghar Ali Shah  
Chairman

  
Nadir Rahman  
Chief Executive Officer

  
Saeed Jamal Tariq  
Chief Financial Officer

## INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2012

	Note	Half year ended June 30,		Quarter ended June 30,	
		2012	2011	2012	2011
(Rupees in '000)					
Operating revenue	13	154,574	99,665	80,853	45,243
<b>Net gain / (loss) on investments 'at fair value through profit and loss'</b>					
Net gain on sale of investments		13,103	6,691	1,724	3,541
Net unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss'		4,483	(17,632)	1,607	(22,413)
		17,586	(10,941)	3,331	(18,872)
<b>Net gain / (loss) on available-for-sale investments</b>					
Net gain on sale of investments		-	20,218	-	-
Impairment loss		-	(22,241)	-	(22,241)
		-	(2,023)	-	(22,241)
Dividend income		718	4,433	624	1,661
Other operating revenue	14	28,039	33,458	16,595	17,790
		200,917	124,592	101,403	23,581
Operating and administrative expenses		(159,917)	(152,185)	(83,012)	(73,640)
Reversal of provision / (provision) against doubtful debts		20,904	(12,949)	10,000	(1,578)
		(139,013)	(165,134)	(73,012)	(75,218)
<b>Operating profit / (loss)</b>		61,904	(40,542)	28,391	(51,637)
Finance cost		(14,393)	(40,504)	(6,938)	(19,492)
		47,511	(81,046)	21,453	(71,129)
Other income		4,524	6,800	2,529	4,852
<b>Profit / (loss) before taxation</b>		52,035	(74,246)	23,982	(66,277)
<b>Taxation</b>					
Current		(4,491)	(4,173)	(2,044)	(2,034)
Deferred		105	581	3	269
		(4,386)	(3,592)	(2,041)	(1,765)
<b>Profit / (loss) after taxation</b>		47,649	(77,838)	21,941	(68,042)
<b>Other comprehensive income:</b>					
Unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net		34,252	12,772	(6,062)	51,131
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments		-	(15,125)	-	(15,125)
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss		-	22,241	-	22,241
Other comprehensive income / (loss) for the period		34,252	19,888	(6,062)	58,247
<b>Total comprehensive income / (loss) for the period</b>		81,901	(57,950)	15,879	(9,795)
(Rupees)					
Earnings / (loss) per share - basic and diluted		0.48	(0.78)	0.22	(0.68)

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Saeed Jamal Tariq Chief Financial Officer
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## INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2012

	Note	Half year ended June 30,	
		2012	2011
..... (Rupees in '000) .....			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		52,035	(74,246)
<b>Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:</b>			
Depreciation		4,334	5,249
Amortisation		425	1,079
Gain on sale of investments		(13,103)	(26,909)
Gain on sale of property and equipment		(533)	(3,108)
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' - net		(4,483)	17,632
Impairment loss on 'available-for-sale' investments		-	22,241
Reversal of provision against doubtful debts		(20,904)	(2,902)
Provision against doubtful debts		-	15,851
Finance cost		14,393	40,504
Dividend income		(718)	(4,433)
		(20,589)	65,204
		31,446	(9,042)
<b>Working capital adjustments:</b>			
Trade debts		(39,573)	(239)
Advances, deposits, prepayments and other receivables		10,559	(24,368)
		(29,014)	(24,607)
<b>Increase in current liabilities</b>			
Trade and other payables		454,127	141,444
		456,559	107,795
Finance cost paid		(15,975)	(41,031)
Income tax paid		(11,708)	(11,867)
<b>Net cash flows generated from operating activities</b>		<b>428,876</b>	<b>54,897</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
'Available-for-sale' investments - net		-	84,793
Investments 'at fair value through profit or loss' - net		(51,848)	(6,978)
Purchase of property and equipment		(2,900)	(3,302)
Proceeds from disposal of property and equipment		87,114	4,940
Dividend received		793	3,123
<b>Net cash flows generated from investing activities</b>		<b>33,159</b>	<b>82,576</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long-term loans and advances		(648)	(1,019)
Long-term deposits and prepayments		(84)	1,534
Long-term receivable		(13,260)	(58,788)
Repayment of redeemable capital		(166,500)	(166,400)
<b>Net cash flows used in financing activities</b>		<b>(180,492)</b>	<b>(224,673)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>281,543</b>	<b>(87,200)</b>
Cash and cash equivalents at the beginning of the period		142,308	96,945
Cash and cash equivalents at the end of the period	11	423,851	9,745

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Saeed Jamal Tariq Chief Financial Officer
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000) .....					
<b>Balance as at January 01, 2011</b>	1,000,000	18,752	29,509	15,125	1,063,386
Total comprehensive loss for the period	-	-	(77,838)	19,888	(57,950)
<b>Balance as at June 30, 2011</b>	1,000,000	18,752	(48,329)	35,013	1,005,436
Total comprehensive loss for the period	-	-	(68,388)	53,216	(15,172)
<b>Balance as at December 31, 2011</b>	1,000,000	18,752	(116,717)	88,229	990,264
Total comprehensive income for the period	-	-	47,649	34,252	81,901
<b>Balance as at June 30, 2012</b>	<u>1,000,000</u>	<u>18,752</u>	<u>(69,068)</u>	<u>122,481</u>	<u>1,072,165</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

  
Syed Asghar Ali Shah  
Chairman

  
Nadir Rahman  
Chief Executive Officer

  
Saeed Jamal Tariq  
Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited (KSE). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Company is a subsidiary of KASB Bank Limited (the Parent company) which holds 77.12 percent of the shares of the Company. The ultimate parent of the Group is KASB Finance (Private) Limited.
- 1.3 The Company has corporate membership of the KSE and Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.
- 1.4 These are separate interim condensed financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

**2. STATEMENT OF COMPLIANCE**

These interim condensed financial statements of the Company for the half year ended June 30, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

The disclosures made in these interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2011.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the purpose of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2011 except as follows:

The Company has adopted the following new amended IAS and IFRS which became effective during the period:

IFRS 7 - Financial Instruments : Disclosures (Amendment)  
IAS 12 – Income Taxes (Amendment) Recovery of Underlying Assets

The adoption of the above amendments did not have any effect on the interim condensed financial statements.

#### 4. PROPERTY AND EQUIPMENT

The details of additions and disposals during the period are as follows:

	Half year ended (Un-audited)			
	June 30, 2012		June 30, 2011	
	Additions	Disposals	Additions	Disposals
	..... (Rupees in '000) .....			
Office premises - leasehold	-	-	-	2,656
Computers and office equipment	2,294	1,532	1,751	438
Furniture and fixtures	606	-	161	51
Motor vehicles- owned	-	-	1,390	2,984
	<u>2,900</u>	<u>1,532</u>	<u>3,302</u>	<u>6,129</u>

	Note	June 30, 2012	December 31, 2011
		(Un-audited)	(Audited)
		..... (Rupees in '000) .....	

#### 5. INTANGIBLE ASSETS

##### Written Down Value of:

- Membership card of KSE	5.1	4,945	4,945
- Membership card of PMEL		500	500
- Rooms at KSE		5,804	5,804
- Booths at KSE		950	950
- Computer Software		966	1,391
		<u>13,165</u>	<u>13,590</u>

5.1 In accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the Company is entitled to receive equity shares of KSE and a trading right entitlement in lieu of its membership card of KSE. The Company's entitlement in respect of KSE's shares will be determined based on the valuation of assets and liabilities of KSE as approved by the SECP. The said process of demutualization is expected to be completed in September 2012.

#### 6. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	6.1	371,847	337,595
		<u>860,428</u>	<u>826,176</u>

##### 6.1 Description of 'available-for-sale' investments

Name of the entity			
<b>Quoted shares</b>			
KASB Bank Limited (Parent company)	6.1.1	41,703	21,844
<b>Unquoted shares</b>			
Al Jomaih Power Limited	6.1.2	286,819	272,426
KASB Funds Limited (related party)	6.1.3	11,696	11,696
New Horizon Exploration and Production Limited (related party)		31,629	31,629
-Class 'A' ordinary shares		<u>371,847</u>	<u>337,595</u>

6.1.1 These shares have been blocked by the Central Depository Company of Pakistan Limited in compliance with BPRD Circular No.4 dated May 22, 2008 issued by the State Bank of Pakistan. No activity (including pledge and withdrawal) in these shares is allowed without prior written permission of the State Bank of Pakistan.

**6.1.2** Unquoted shares of Al Jomaih Power Limited are valued on the basis of net asset value of the investee company as per the latest available reviewed financial statements for the period ended December 31, 2011.

**6.1.3** These shares have been blocked by the Central Depository Company of Pakistan Limited in compliance with SECP Circular No. NBFCD/D/Misc/271-9 dated June 15, 2006 issued by the Securities and Exchange Commission of Pakistan. No activity (including pledge and withdrawal) in these shares is allowed without prior written permission of the Commission.

	Note	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
..... (Rupees in '000) .....			
<b>7. LONG-TERM RECEIVABLE</b>			
Long-term receivable - principal	7.1	<b>81,638</b>	81,638
Less: current maturity shown under current assets		<b>(26,470)</b>	(39,730)
		<b>55,168</b>	41,908
Less: provision against long-term receivable		<b>(13,988)</b>	(13,988)
		<b>41,180</b>	27,920

**7.1** On February 01, 2011, the Company entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99.638 million (as of the date of the agreement) in respect of the securities transactions undertaken by them through the Company.

Under the agreement, the obligations of these three customers have been taken over by another customer, who has agreed to pay an aggregate sum of Rs. 99.638 million to the Company along with the mark-up at the rate based upon (three months) KIBOR ask rate plus 3.28% per annum, in monthly installments over a period up to January 2015. In accordance with the terms of the agreement, the customer was required to pay principal of Rs. 19.56 million and mark-up of Rs. 20.77 million aggregating to Rs. 40.33 million by the period ended June 30, 2012. Against the said amount, the Company has received principal of Rs. 17.75 million (December 31, 2011: Rs. 17.75 million) and markup of Rs. 19.88 million (December 31, 2011: Rs. 13 million) aggregate to Rs. 37.63 million (December 31, 2011: Rs. 30.75 million) by the period ended June 30, 2012. The management expects that the overdue amount will be received from the customer in due course. However, as a matter of prudence, the Company has made a provision to the extent of Rs. 13.98 million against the above receivable after taking into account the market value of securities held by the Company in respect of the said account.

**8. ASSET HELD FOR SALE**

During the period, the Company has sold 25 residential plots in Defence Housing Authority, Lahore to its related party at a sale consideration of Rs. 87 million, resulting in the gain of Rs. 0.51 million.

**9. SHORT-TERM INVESTMENTS**

**'At fair value through profit or loss'**

Open end mutual funds units	9.1	<b>159,503</b>	78,779
Listed shares	9.2	<b>106,696</b>	117,986
Term finance certificates		<b>25,099</b>	25,099
		<b>291,298</b>	221,864

**9.1** This includes investment in mutual fund units of a related party amounting to Rs. 82.658 million (December 31, 2011: Rs. 74.922 million). Further open end mutual fund units valued amounting to Rs. 155.259 million (December 31, 2011: Rs. Nil) are pledged with Karachi Stock Exchange (Guarantee) Limited (KSE) against exposure margin.

**9.2** This includes shares valued at Rs. 103.046 million (at the rates quoted on KSE) (December 31, 2011: Rs. 157.965 million) pledged with KSE against exposure margin.

	Note	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
..... (Rupees in '000) .....			
<b>10. TRADE DEBTS</b>			
Receivable against purchase of marketable securities	10.1	284,238	224,636
Inter-bank brokerage		1,530	1,803
Fees		2,326	1,178
		<u>288,094</u>	<u>227,617</u>
<b>10.1 Considered good</b>			
Secured		259,718	186,212
Unsecured		179	550
		259,897	186,762
<b>Considered doubtful</b>		152,786	187,223
		412,683	373,985
Less: Provision for doubtful debts	10.2	(128,445)	(149,349)
		<u>284,238</u>	<u>224,636</u>
<b>10.2 Reconciliation of provisions against trade debts</b>			
Opening balance		149,349	129,817
Provision for the period / year		-	20,519
Reversal of provision during the period / year		(20,904)	(987)
		(20,904)	19,532
		<u>128,445</u>	<u>149,349</u>
<b>10.2.1</b> Provisions against doubtful debts have been made after considering the market value of listed shares amounting to Rs. 24.341 million (December 31, 2011: Rs. 37.874 million) held in custody by the Company against respective customers accounts.			
<b>11. CASH AND BANK BALANCES</b>			
Cash at bank in:			
- Current accounts		19,300	4,250
- Savings accounts	11.1	404,474	55,975
- Certificate of deposit		-	15,015
- Term deposit		-	67,000
		423,774	142,240
Cash in hand		72	64
Stamps in hand		5	4
		<u>423,851</u>	<u>142,308</u>
<b>11.1</b> These carry profit at the rates ranging from 1% to 10.50% (December 31, 2011: 1% to 11.25%) per annum.			



**Note**      **June 30, December 31,**  
                  **2012            2011**  
                  **(Un-audited) (Audited)**  
                  ..... (Rupees in '000) .....

**12. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There were no contingencies as at period / year end.

**Commitments**

Following commitments are outstanding as at period / year end:

- Outstanding sales against commodities futures 30,928      1,782

	Half year ended June 30,		Quarter ended June 30,	
	2012	2011	2012	2011
	..... (Rupees in '000) .....			
	..... (Un-audited) .....			
<b>13. OPERATING REVENUE</b>				
Brokerage	153,134	98,155	80,283	43,760
Financial advisory fee	1,440	585	570	558
Other fee and commission	-	925	-	925
	<b>154,574</b>	<b>99,665</b>	<b>80,853</b>	<b>45,243</b>
<b>14. OTHER OPERATING REVENUE</b>				
Profit on bank deposits	16,436	10,837	11,013	6,114
Profit on Term Finance Certificates	2,159	8,199	1,475	2,427
Profit on margin trading system transactions	254	3,912	1	3,912
Custody service charges	403	2,145	236	944
Profit on long-term receivable	6,987	6,750	3,426	3,957
Subscription research income	1,800	1,615	444	436
	<b>28,039</b>	<b>33,458</b>	<b>16,595</b>	<b>17,790</b>

## 15. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of its parent Company, associated undertakings, employee contributory plans and its key management personnel. The balances with related parties as at June 30, 2012 and transactions with related parties during the half year ended June 30, 2012 are as follows:

	(Un-audited)				(Audited)	
	As at June 30, 2012				As at December 31, 2011	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
..... (Rupees in '000) .....						
<b>BALANCES</b>						
Long-term investments	41,703	531,906	-	-	573,609	553,750
Long-term deposits	-	142	-	-	142	142
Short-term investments	-	-	-	82,658	82,658	78,779
Trade receivables	4	21	2,041	62	2,128	1,464
Advances	-	-	1,838	-	1,838	2,644
Prepaid rent	39	-	-	-	39	315
Profit receivable on bank deposit	837	-	-	-	837	389
Receivable against expenses	-	228	-	-	228	4,772
Bank balances	413,618	-	-	-	413,618	56,149
Trade payables	199,978	-	1,495	-	201,473	112,112
Payable against expenses	4,750	1,756	-	-	6,506	6,225
Accrued mark-up	-	-	-	-	-	1,265
Rent payable	277	-	-	-	277	850
<b>OFF BALANCE SHEET ITEM</b>						
Bank guarantee	51,000	-	-	-	51,000	51,000

	(Un-audited)				(Un-audited)	
	For the half year ended June 30, 2012				For the half year ended June 30, 2011	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
(Rupees in '000)						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	205	5	616	273	1,099	1,143
Bonus units issued	-	5,024	-	-	5,024	6,666
Custody services	4	64	26	5	99	33
Profit on bank deposits	11,848	-	-	-	11,848	5,609
Gain on sales of "assets held for sale"	-	-	-	510	510	-
Rent income	2,458	1,299	-	-	3,757	3,260
<b>Expenses</b>						
Bank charges	848	-	-	-	848	901
Charge in respect of contributory plan	-	-	-	2,889	2,889	3,140
Communication expenses	-	4,211	-	-	4,211	3,264
Donation	-	-	-	1,020	1,020	600
Locker rent	4	-	-	-	4	4
Mark-up expense	224	-	-	-	224	534
Reimbursement of expenses	6,293	1,153	-	2	7,448	2,180
Remuneration to management personnel	-	-	47,465	-	47,465	49,471
Rent expense	286	-	-	-	286	316
Salary expense reimbursed	-	24	-	-	24	20
Service level agreement charges	-	1,234	-	-	1,234	1,897
<b>Other transactions</b>						
Loans disbursed	-	-	2,899	-	2,899	2,073
Loans repayment	-	-	3,430	-	3,430	2,244
Purchase of property and equipment	-	-	-	-	-	1,390
Property and equipment disposed off	-	-	-	-	-	209
Sale of investments 'available-for-sale'	-	-	-	-	-	84,793
Sale of 'assets held for sale'	-	-	-	87,000	87,000	-
Short-term investments	-	-	-	-	-	84,793
Sale of short-term investments	-	-	-	-	-	180,000

**16. DATE OF AUTHORISATION**

These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on August 24, 2012.


**17. GENERAL**

**17.1** These interim condensed financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance. Further, figures of the interim condensed profit and loss account for the quarter ended June 30, 2012 and June 30, 2011 have not been subjected to limited scope review by the auditors.


**17.2** Figures have been rounded off to the nearest thousands.



Syed Asghar Ali Shah  
Chairman



Nadir Rahman  
Chief Executive Officer



Saeed Jamal Tariq  
Chief Financial Officer



**Consolidated Interim  
Condensed Financial Statements**

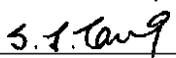
**CONSOLIDATED INTERIM CONDENSED BALANCE SHEET  
AS AT JUNE 30, 2012**

	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
	..... (Rupees in '000) .....	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	35,396	36,588
Intangible assets	13,165	13,590
Investment properties	382,796	383,129
Long-term investments	415,218	380,966
Long-term loans and advances	2,665	2,017
Long-term deposits and prepayments	3,738	3,604
Long-term receivable	41,180	27,920
Deferred tax asset - net	573	468
<b>Total non-current assets</b>	<b>894,731</b>	<b>848,282</b>
<b>Current assets</b>		
Assets held for sale	-	86,490
Short-term investments	291,298	221,864
Trade debts	288,094	227,617
Advances, deposits, prepayments and other receivables	55,450	66,084
Taxation - net	10,211	2,981
Cash and bank balances	427,207	145,835
<b>Total current assets</b>	<b>1,072,260</b>	<b>750,871</b>
<b>TOTAL ASSETS</b>	<b>1,966,991</b>	<b>1,599,153</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Issued, subscribed and paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain on re-measurement of 'available- -for-sale' investments to fair value - net	122,481	88,229
Accumulated loss	(136,826)	(184,497)
<b>Shareholders' equity</b>	<b>1,004,407</b>	<b>922,484</b>
<b>Current liabilities</b>		
Trade and other payables	962,584	508,587
Accrued mark-up	-	1,582
Current maturity of redeemable capital	-	166,500
<b>Total current liabilities</b>	<b>962,584</b>	<b>676,669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,966,991</b>	<b>1,599,153</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		

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

  
Syed Asghar Ali Shah  
Chairman

  
Nadir Rahman  
Chief Executive Officer

  
Saeed Jamal Tariq  
Chief Financial Officer


**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Half year ended June 30,		Quarter ended June 30,	
	2012	2011	2012	2011
..... (Rupees in '000) .....				
Operating revenue	154,574	99,665	80,853	45,243
<b>Net gain / (loss) on investments 'at fair value through profit and loss'</b>				
Net gain on sale of investments	13,103	6,691	1,724	3,541
Net unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss'	4,483	(17,632)	1,607	(22,413)
	17,586	(10,941)	3,331	(18,872)
<b>Net gain / (loss) on available-for-sale investments</b>				
Net gain on sale of investments	-	20,218	-	-
Impairment loss	-	(22,241)	-	(22,241)
	-	(2,023)	-	(22,241)
Dividend income	718	4,433	624	1,661
Other operating revenue	28,176	33,841	16,662	17,998
	201,054	124,975	101,470	23,789
Operating and administrative expenses	(160,031)	(153,193)	(83,045)	(73,110)
Reversal of provision / (provision) for doubtful debts	20,904	(12,949)	10,000	(1,578)
	(139,127)	(166,142)	(73,045)	(74,688)
<b>Operating profit / (loss)</b>	61,927	(41,167)	28,425	(50,899)
Finance cost	(14,393)	(40,504)	(6,938)	(19,492)
	47,534	(81,671)	21,487	(70,391)
Other income	4,524	6,800	2,529	4,852
<b>Profit / (loss) before taxation</b>	52,058	(74,871)	24,016	(65,539)
<b>Taxation</b>				
Current	(4,492)	(4,177)	(2,044)	(2,036)
Deferred	105	581	3	269
	(4,387)	(3,596)	(2,041)	(1,767)
<b>Profit / (loss) after taxation</b>	47,671	(78,467)	21,975	(67,306)
<b>Other comprehensive income:</b>				
Unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net	34,252	12,772	(6,062)	51,131
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments	-	(15,125)	-	(15,125)
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss	-	22,241	-	22,241
Other comprehensive income / (loss) for the period	34,252	19,888	(6,062)	58,247
<b>Total comprehensive income / (loss) for the period</b>	81,923	(58,579)	15,913	(9,059)
..... (Rupees) .....				
Earnings / (loss) per share - basic and diluted	0.48	(0.78)	0.22	(0.67)

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

  
Syed Asghar Ali Shah  
Chairman

  
Nadir Rahman  
Chief Executive Officer



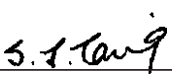
  
Saeed Jamal Tariq  
Chief Financial Officer



**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Half year ended June 30,	
	2012	2011
	..... (Rupees in '000) .....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	52,058	(74,871)
<b>Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:</b>		
Depreciation	4,334	5,249
Amortisation	425	1,079
Gain on sale of investments	(13,103)	(26,909)
Gain on sale of property and equipment	(533)	(3,108)
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' - net	(4,483)	17,632
Impairment loss on 'available-for-sale' investments	-	22,241
Reversal of provision against doubtful debts	(20,904)	(2,902)
Provision against doubtful debts	-	15,851
Finance cost	14,393	40,504
Dividend income	(718)	(4,433)
	<u>(20,589)</u>	<u>65,204</u>
	31,469	(9,667)
<b>Working capital adjustments:</b>		
Trade debts	(39,573)	(239)
Advances, deposits, prepayments and other receivables	10,559	(19,226)
	<u>(29,014)</u>	<u>(19,465)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	453,997	141,446
	<u>456,452</u>	<u>112,314</u>
Finance cost paid	(15,975)	(41,031)
Income tax paid	(11,722)	(11,913)
	<u>(27,697)</u>	<u>(52,944)</u>
<b>Net cash flows generated from operating activities</b>	428,755	59,370
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
'Available-for-sale' investments - net	-	84,793
Investments 'at fair value through profit or loss' - net	(51,848)	(6,978)
Purchase of property and equipment	(2,900)	(3,702)
Proceeds from disposal of property and equipment	87,114	4,940
Dividend received	793	3,123
	<u>33,159</u>	<u>82,176</u>
<b>Net cash flows generated from investing activities</b>	33,159	82,176
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term loans and advances	(648)	(1,019)
Long-term deposits and prepayments	(134)	1,534
Long-term receivable	(13,260)	(58,788)
Prepayment of redeemable capital	(166,500)	(166,400)
	<u>(180,542)</u>	<u>(224,673)</u>
<b>Net cash flows used in financing activities</b>	(180,542)	(224,673)
<b>Net increase / (decrease) in cash and cash equivalents</b>	281,372	(83,127)
Cash and cash equivalents at the beginning of the period	145,835	105,829
Cash and cash equivalents at the end of the period	<u>427,207</u>	<u>22,702</u>

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

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Saeed Jamal Tariq Chief Financial Officer
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**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES  
IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Share capital	General reserve	(Accum- ulated loss) / unappro- priated profit	Unrealised gain on remeasurement of 'available- for-sale' investments to fair value - net	Total
..... (Rupees in '000) .....					
<b>Balance as at January 01, 2011</b>	1,000,000	18,752	22,083	15,125	1,055,960
Total comprehensive loss for the period	-	-	(78,467)	19,888	(58,579)
<b>Balance as at June 30, 2011</b>	1,000,000	18,752	(56,384)	35,013	997,381
Total comprehensive loss for the period	-	-	(128,113)	53,216	(74,897)
<b>Balance as at December 31, 2011</b>	1,000,000	18,752	(184,497)	88,229	922,484
Total comprehensive income for the period	-	-	47,671	34,252	81,923
<b>Balance as at June 30, 2012</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(136,826)</b>	<b>122,481</b>	<b>1,004,407</b>

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

  
Syed Asghar Ali Shah  
Chairman

  
Nadir Rahman  
Chief Executive Officer

  
Saeed Jamal Tariq  
Chief Financial Officer

**NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS  
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED JUNE 30, 2012**

**1. STATUS AND NATURE OF BUSINESS**

**The Group comprises of:**

**Holding company**

- KASB Securities Limited

**Subsidiary company**

- Structured Venture (Private) Limited

- 1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited (KSE). The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Holding Company is a subsidiary of KASB Bank Limited which holds 77.12 percent of the shares of the Group. The ultimate parent of the Group is KASB Finance (Private) Limited.

The Holding Company has corporate membership of the KSE and Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.

- 1.2 Structured Venture (Private) Limited (the subsidiary) was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The subsidiary is wholly owned by KASB Securities Limited.

The subsidiary's core objective is to capitalize on opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the subsidiary can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

**2. BASIS OF PREPARATION**

These consolidated interim condensed financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

**3. STATEMENT OF COMPLIANCE**

These consolidated interim condensed 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.

The disclosures made in these consolidated interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Group for the year ended December 31, 2011.

These Consolidated interim condensed financial statements are un-audited.

**4. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in the preparation of these consolidated interim condensed financial statements are consistent with those followed in the preparation of the Group consolidated annual published financial statements for the year ended December 31, 2011.

**5. BASIS OF CONSOLIDATION**

The financial statements of the subsidiary are included in the consolidated interim condensed financial statements from the date the control commences until the date the control ceases. In preparing consolidated interim condensed financial statements, the financial statements of the Holding Company and subsidiary are consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

**6. DATE OF AUTHORISATION**

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on August 24, 2012.

**7. GENERAL**

- 7.1 Figures have been rounded off to the nearest thousands.

  
\_\_\_\_\_  
**Syed Asghar Ali Shah**  
Chairman  
\_\_\_\_\_  
**Nadir Rahman**  
Chief Executive Officer  
\_\_\_\_\_  
**Saeed Jamal Tariq**  
Chief Financial Officer





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