



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

For the Half Year Ended June 30, 2013

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COMPANY INFORMATION

Board of Directors:

Syed Asghar Ali Shah - Chairman
Nadir Rahman - Chief Executive Officer
Saeed Yousuf Chinoy
Irfan Nadeem
Salman Naqvi
Mahmood Ali Shah Bukhari
Asad Mustafa Shafqat - Chief Financial Officer

Audit Committee:

Saeed Yousuf Chinoy - Chairman
Syed Asghar Ali Shah
Irfan Nadeem
Zia-ul-Haq - Secretary

Company Secretary:

Zia-ul-Haq

Auditors:

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
Karachi, Pakistan

Bankers:

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
State Bank of Pakistan
United Bank Limited

Legal Advisor:

Bawaney & Partners
404, 4th Floor, Beaumont Plaza,
6-CL-10, Beaumont Road, Civil Lines,
Karachi, Pakistan
Ph: (92-21) 35657658-59 & 35657674
E-mail: bawaney@cyber.net.pk

Registered & Head Office:

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I.I. Chundrigar Road,
Karachi, Pakistan
Ph : (92-21) 111-222-000
Fax: (92-21) 32630202
E-mail: kasbho@kasb.com

Branches:

Faisalabad

Ground Floor State Life Building,
2- Liaquat Road.
Ph: (92-41) 2541006-7, 2541186-7
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Gulshan-e-Iqbal - Karachi

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KDA Scheme - 24, Main University Road.
Ph : (92-21) 34980763-4 and 34980766
Fax: (92-21) 34980761
E-mail: kasbgul@kasb.com

Islamabad

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Ph : (92-42) 111-222-000
Fax: (92-42) 35787545
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Ground Floor, State Life Building, Abdali Road.
Ph : (92-61) 4500273-76
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Peshawar

1st Floor, State Life Building, 34 - The Mall.
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Rahim Yar Khan

Plot No. 24, Model Town,
Near Town Hall Road.
Ph: (92-68) 5873252-54
Fax: (92-68) 5873251
E-mail: rahimyar khan@kasb.com

Website:

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 unaudited standalone and consolidated financial statements of the Company, and review for the half year ended June 30, 2013.

Economic Review

The first half of 2013 witnessed general elections in the country and a smooth political transition, following which the incoming government has sought to address domestic and external economic issues, particularly the resolution of circular debt and negotiations over a new loan package from the International Monetary Fund (IMF). A conclusive agreement was reached for a loan of USD 5.3 billion under the Extended Fund Facility, subject to final approval by IMF's Board of Directors in September.

With CPI inflation dipping to an average of 5.6% in the second quarter of the year, the State Bank of Pakistan (SBP) managed to cut the discount rate by a further 50bp to 9.0%. However, recent budgetary measures as well as the government's resolve to reduce subsidies could take a toll on inflation in the second half of 2013.

Fiscal slippages in the run-up to the elections have led to the fiscal deficit reportedly approaching 9.0% of the GDP in FY13. Reduction in the deficit will remain a challenging task for the government, while balancing its pro-development spending stance and budgeted deficit reduction to 6.3% of GDP in FY 2014 will be of key importance.

Equity Market Review

Equity markets performed handsomely in the first half of 2013, rising by ~24.0%. The key driver of the market rally was the smooth political transition in the May 2013 general elections. The elections resulted in a stronger than expected mandate for the PML-N government. The market viewed this result with much optimism; the PML-N government is largely viewed as pro-business, and their strong mandate would allow them to push through tough but necessary structural reforms, without being constrained by coalition politics.

Foreign portfolio investment remained strong during the same period, at ~USD 403.0 million. This was a significant driver of the market rally. The strong equity market performance since January 2012 and smooth political transition have driven increased participation by foreign funds.

Market volumes increased nearly ~28.0% year-on-year to ~250.0 million shares per day, while value traded rose ~32.0% to ~USD 74.0 million per day. In the period following the May elections, value traded has risen dramatically to ~USD 109.0 million per day.

Debt and Currency Market Review

The SBP was successful in restricting weekly Open Market Operations to between PKR 200.0 billion and PKR 300.0 billion by the end of the first half of the year, compared to operations of between PKR 600.0 billion and PKR 650.0 billion last year. The decline was attributed mainly to unmet market Treasury bill auction targets which resulted in net inflow in inter-bank market. While money market rates remained stable during most part of the year, the 50bp cut in discount rate towards the end of the period resulted in the T-bill yields declining by 60bp. SBP has conducted fortnightly T-bill auctions worth ~PKR 2.4 trillion, six PIB auctions worth PKR 124.0 billion (including 3 auctions rejected) and one Jjara Sukuk auction worth PKR 43.0 billion.

The inter-bank currency market saw relative stability towards the start of 2013. However June 2013 saw depreciation of 1.1% on the back of uncertainty surrounding the Pak-IMF loan talks and US\$ 220.0 million repaid to IMF during the month. As a result, the period closed with PKR losing 2.6% against USD, closing at PKR 99.66 to the USD.

Operating and Financial Performance

The Company remained focused on building its market share across its key business functions. In equities brokerage, in addition to the Company's increased market share, higher trading volumes in the equity market also resulted in notable growth in earnings. In commodities brokerage, KSL was named the Best Broker for 2012 by PMEX. The Company has continued its upward growth trajectory in 2013 and has consistently ranked in the top 2 brokers on the weekly PMEX rankings.

KASB SECURITIES

The Company is also pleased to announce that it has been serving as Purchase Agent in the largest delisting transaction ever seen in the Pakistani equity markets.

Details of financial performance for the half year are as follows:

	AMOUNTS IN PKR MILLIONS			
	Half Year ended June 30		2nd Qtr ended June 30	
	2013	2012	2013	2012
Operating revenue	228.37	157.03	141.47	81.53
Mark-up / profit on bank deposits, investments & Other receivables	15.48	25.58	7.65	15.92
(Loss) / gain on sale of investments – net	(11.24)	13.10	(14.94)	1.72
Dividend Income	0.38	0.72	0.02	0.62
Unrealized gain on investments	7.76	4.49	4.57	1.61
Other Income	4.30	4.52	2.07	2.53
Total Income	245.05	205.44	140.84	103.93
Operating and administrative expenses	(189.81)	(159.92)	(104.19)	(83.01)
Finance cost	(2.74)	(14.39)	(1.09)	(6.94)
Total Expenses	(192.55)	(174.31)	(105.28)	(89.95)
Net Profit (before provision)	52.50	31.13	35.56	13.98
Reversal of provision	21.83	20.90	21.83	10.00
Net Profit before tax	74.33	52.03	57.39	23.98
Taxation	(24.75)	(4.38)	(19.48)	(2.04)
Net Profit after tax	49.58	47.65	37.91	21.94

Future Outlook

For 2H 2013, focus remains on capitalizing on high market volumes in both the equities and commodities markets. This goes alongside strengthening a new branch that was launched in the second quarter of the year and continuing efforts to establish another branch operation.

Political stability, expected through the rest of the year, should drive daily volumes and values traded upward and approaching levels seen in 2004-07. Although daily volumes have grown manifold in the last 18 months, there continues to remain large potential upside in daily values traded which are only approaching half of the levels witnessed in 2004-07.

It is also expected that the discount rate will be revised upwards in the coming quarter, strengthening trading in the money markets.

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 06, 2013



Building a better
working world

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Chartered Accountants
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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 30 June 2013 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

Engagement Partner: Arslan Khalid

Karachi

Date: 06 August 2013

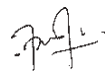
INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2013

	Note	(Un-audited) June 30, 2013	(Audited) December 31, 2012
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment	4	41,259	35,838
Intangible assets	5	8,860	12,736
Investment properties		7,085	7,429
Long-term investments	6	868,351	866,372
Long-term loans and advances		2,636	1,448
Long-term deposits and prepayments		3,616	3,616
Long-term receivable	7	18,368	23,480
Deferred tax asset - net		37,484	53,538
		987,659	1,004,457
Current assets			
Short-term investments	8	237,832	175,978
Trade debts	9	669,697	298,133
Advances, deposits, prepayments and other receivables	10	222,574	147,078
Taxation - net		32,013	18,278
Cash and bank balances	11	88,655	363,088
		1,250,771	1,002,555
TOTAL ASSETS		2,238,430	2,007,012
EQUITY AND LIABILITIES			
Share capital and reserves			
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		138,505	140,121
Unappropriated profit		14,261	14,679
		1,171,518	1,173,552
Non-current liabilities			
Long-term loan	12	100,000	-
Current liabilities			
Trade and other payables	13	883,672	580,748
Short-term borrowings	14	81,575	250,000
Accrued mark-up		1,665	2,712
		966,912	833,460
TOTAL EQUITY AND LIABILITIES		2,238,430	2,007,012
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The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

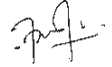
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2013

	Note	Half year ended		Quarter ended	
		June 30,		June 30,	
		2013	2012	2013	2012
..... (Rupees in '000)					
Operating revenue	16	228,365	157,031	141,467	81,534
Net (loss) / gain on investments 'at fair value through profit and loss'					
Net (loss) / gain on sale of equity investments		(11,245)	13,103	(14,938)	1,724
Net unrealised gain on re-measurement of investments 'at fair value through profit or loss'		7,763	4,483	4,570	1,607
		(3,482)	17,586	(10,368)	3,331
Dividend income		383	718	15	624
Mark-up / profit on bank deposits, investments and other receivables	17	15,483	25,582	7,648	15,914
		240,749	200,917	138,762	101,403
Operating and administrative expenses		(189,813)	(159,917)	(104,193)	(83,012)
Reversal of provision against doubtful debts	9.2	7,846	20,904	7,846	10,000
Reversal of provision against long-term receivable	7.2	13,988	-	13,988	-
		(167,979)	(139,013)	(82,359)	(73,012)
Operating profit		72,770	61,904	56,403	28,391
Finance cost		(2,736)	(14,393)	(1,085)	(6,938)
		70,034	47,511	55,318	21,453
Other income		4,300	4,524	2,071	2,529
Profit before taxation		74,334	52,035	57,389	23,982
Taxation					
Current - for the period		(8,698)	(4,491)	(7,097)	(2,044)
Deferred		(16,054)	105	(12,383)	3
		(24,752)	(4,386)	(19,480)	(2,041)
Profit after taxation		49,582	47,649	37,909	21,941
Other comprehensive (loss) / income:					
<i>Item to be reclassified to profit and loss in subsequent periods:</i>					
Net unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net		(1,616)	34,252	8,710	(6,062)
Total comprehensive income for the period		47,966	81,901	46,619	15,879
..... (Rupees)					
Earnings per share - basic and diluted		0.50	0.48	0.38	0.22

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2013

	Half year ended June 30,	
	2013	2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	74,334	52,035
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	4,705	4,334
Amortisation	281	425
(Loss) / gain on sale of investments - net	11,245	(13,103)
Gain on sale of property and equipments	(67)	(533)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(7,763)	(4,483)
Reversal of provision against doubtful debts	(7,846)	(20,904)
Reversal of provision against long-term receivable	(13,988)	-
Finance cost	2,736	14,393
Dividend income	(383)	(718)
	(11,080)	(20,589)
	63,254	31,446
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(363,515)	(39,573)
Advances, deposits, prepayments and other receivables	(56,599)	10,559
	(420,114)	(29,014)
Increase in current liabilities		
Trade and other payables	302,066	454,127
	(54,794)	456,559
Finance cost paid	(3,783)	(15,975)
Income tax paid	(22,433)	(11,708)
	(81,010)	428,876
Net cash flows (used in) / generated from operating activities	(81,010)	428,876
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(65,336)	(51,848)
Purchase of property and equipment	(10,524)	(2,900)
Proceeds from disposal of property and equipment	809	87,114
Dividend received	383	793
Net cash flows (used in) / generated from investing activities	(74,668)	33,159
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,188)	(648)
Long-term deposits and prepayments	-	(84)
Repayment of redeemable capital	-	(166,500)
Short-term borrowing - net	(168,425)	-
Long-term loan	100,000	-
Long-term receivable	-	(13,260)
Dividend paid	(49,142)	-
Net cash flows used in financing activities	(118,755)	(180,492)
Net (decrease) / increase in cash and cash equivalents	(274,433)	281,543
Cash and cash equivalents at the beginning of the period	363,088	142,308
Cash and cash equivalents at the end of the period	88,655	423,851

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	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)					
Balance as at January 01, 2012	1,000,000	18,752	(116,717)	88,229	990,264
Total comprehensive income for the period	-	-	47,649	34,252	81,901
Balance as at June 30, 2012	1,000,000	18,752	(69,068)	122,481	1,072,165
Total comprehensive income for the period	-	-	83,747	17,640	101,387
Balance as at December 31, 2012	1,000,000	18,752	14,679	140,121	1,173,552
Dividend for the year ended December 31, 2012	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	49,582	(1,616)	47,966
Balance as at June 30, 2013	1,000,000	18,752	14,261	138,505	1,171,518

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
 Chairman


Nadir Rahman
 Chief Executive Officer


Asad Mustafa Shafqat
 Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013****1. STATUS AND NATURE OF BUSINESS**

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 Limited (KSE) [formerly: Karachi Stock Exchange (Guarantee) Limited]. 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% 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 Karachi Stock Exchange Limited [formerly :Karachi Stock Exchange (Guarantee) Limited] 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

- 2.1 These interim condensed financial statements of the Company for the half year ended June 30, 2013 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.
- 2.2 These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2012.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New, amended and revised standards and interpretations of International Financial Reporting Standards (IFRSs)

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective on 01 January 2013 :

IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IFRS 7 - Financial Instruments : Disclosures – (Amendment)
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 19 – Employee Benefits –(Revised)

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision, amendments and interpretation of the standards did not have any effect on the financial statements.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

4. PROPERTY AND EQUIPMENT

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

	Half year ended (Un-audited)			
	June 30, 2013		June 30, 2012	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Computers and office equipment	6,377	517	2,294	1,532
Furniture and fixtures	41	1,484	606	-
Motor vehicles - owned	2,685	-	-	-
	<u>9,103</u>	<u>2,001</u>	<u>2,900</u>	<u>1,532</u>

(Un-audited) (Audited)
Note June 30, December 31,
2013 2012

(Rupees in '000)

5. INTANGIBLE ASSETS

Written Down Value of:

- Membership card of Karachi Stock Exchange Limited (KSE) Trading Right Entitlement Certificates (TREC)	5.1	1,350	4,945
- Membership card of PMEL		500	500
- Rooms at KSE		5,804	5,804
- Booths at KSE		950	950
- Computer Software		256	537
		<u>8,860</u>	<u>12,736</u>

- 5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) 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 equity shares of KSE and a Trading Right Entitlement (TRECs) in lieu of its membership card of KSE. The Company's entitlement in respect of KSE's shares is determined on the basis of valuation of assets and liabilities of KSE as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account 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.

The cost / book value of the KSE membership card amounts to Rs. 4,945 million as at June 30, 2013. In the absence of an active market of the shares of KSE and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TRC (an intangible asset) has been made by the Company on the basis of the face value of ordinary shares and the TREC value assigned by the KSE for minimum capital requirement purposes applicable to the stock exchange brokers currently.

6. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	6.1	379,770	377,791
		<u>868,351</u>	<u>866,372</u>

6.1 'Available-for-sale' investments

Name of the investee companies			
Quoted shares			
KASB Bank Limited - (Parent company)	6.1.1	42,696	48,256
Unquoted shares			
Karachi Stock Exchange Limited	5.1	3,595	-
Al Jomaih Power Limited	6.1.2	301,850	297,906
New Horizon Exploration and Production Limited - (Related party)			
-Class 'A' ordinary shares		31,629	31,629
		<u>379,770</u>	<u>377,791</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 The Company's investment in unquoted shares of Al Jomaih Power Limited valued at its fair value as at period end base on the net assets value of the investee Company as at December 31, 2012.

Note	(Un-audited) June 30, 2013	(Audited) December 31, 2012
..... (Rupees in '000)		
7. LONG-TERM RECEIVABLE		
Receivable from client	58,068	79,268
Less: current maturity shown in current assets	(39,700)	(41,800)
	18,368	37,468
Less: provision against long-term receivable	-	(13,988)
7.1 & 7.2	<u>18,368</u>	<u>23,480</u>

7.1 On February 01, 2011, the Company has entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99.64 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 have agreed to pay an aggregate sum of Rs. 99.64 million to the Company along with the mark-up at the rate used in (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. 24.10 million and mark-up of Rs. 6.99 million aggregating to Rs. 31.09 million by the period ended June 30, 2013 (December 31, 2012: Rs. 23.41 million). Against the said amount, the Company has received an aggregate of Rs. 27.37 million (December 31, 2012: Rs. 17.70 million). Subsequent to the period end, the Company has received Rs. 3.72 million from the customer. The above receivable is secured against marketable securities of the customers, held by the Company. The market value of such securities as at June 30, 2013 was Rs. 179.69 million (December 31, 2012: Rs. 117.67 million).

7.2 In view of the regular repayments made by the customer and also due to significant increase in the market value of securities held as collateral, during the period, the Company has reversed the provisions for Rs.13.988 million held against the above receivable.

8. SHORT-TERM INVESTMENTS

'At fair value through profit or loss' (held for trading)

Open end mutual funds units

	8.1	
- KASB Cash Fund	75,228	72,315
- MCB Cash Management Optimizer	22,374	21,523
- ABL Cash Fund	22,360	21,513
- UBL Liquidity Plus Fund	22,339	21,520
- JS Cash Fund	62,264	10,425
- Askari Sovereign Cash Fund	16,763	16,132
	<u>221,328</u>	<u>163,428</u>

Listed Shares

	8.2	
- Fauji Fertilizer Company Limited	1,074	-
- IGI Insurance Limited	2,880	-
	<u>3,954</u>	<u>-</u>

Listed Shares

- PACE Pakistan Limited	12,550	12,550
	<u>237,832</u>	<u>175,978</u>

8.1 This includes investment in mutual fund units of a related party amounting to Rs. 75.23 million (December 31, 2012: Rs. 72.32 million). Further Mutual Fund Units of Rs. 220.77 million (December 31, 2012: Rs. 160.73 million) are pledged with KSE against exposure margin.

8.2 This includes shares of Rs. 3.68 million pledged with KSE against exposure margin.

	Note	(Un-audited) June 30, 2013	(Audited) December 31, 2012
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..... (Rupees in '000)

9. TRADE DEBTS

Receivable against purchase of marketable securities - net of provisions	9.1	663,955	293,527
Inter-bank brokerage		3,051	2,124
Fees		2,691	2,482
		<u>669,697</u>	<u>298,133</u>

9.1 Considered good

Secured		617,828	236,446
Unsecured		569	187

Considered doubtful		618,397	236,633
		153,607	172,789

Provision for doubtful debts	9.2	772,004	409,422
		(108,049)	(115,895)
		<u>663,955</u>	<u>293,527</u>

9.2 Reconciliation of provisions against trade debts

Opening balance		115,895	149,349
Reversal of provision during the period / year		(7,846)	(33,454)
		<u>108,049</u>	<u>115,895</u>

9.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 45.56 million (December 31, 2012: Rs. 56.89 million) held in custody by the Company against the respective customer accounts.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, deposits, prepayments and other receivables as at June 30, 2013 includes exposure deposit placed with the Karachi Stock Exchange Limited of Rs. 151.8 million (December 31, 2012: Rs. 73 million).

11. CASH AND BANK BALANCES

Cash at bank in:			
- Current accounts		24,594	19,928
- Savings accounts	11.1	64,043	343,159
		88,637	363,087
Cash in hand		18	-
Stamps in hand		-	1
		<u>88,655</u>	<u>363,088</u>

11.1 These carry profit at the rates ranging from 1.25% to 8.35% (December 31, 2012: 1% to 11.25%) per annum.

12. LONG-TERM LOAN

Long-term loan from KASB Bank Limited (the Parent Company)	12.1	100,000	-
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12.1 During the period, the Company has obtained a long term loan of Rs.100 million from the Parent company. The loan carries mark-up at the rate of 3 months KIBOR + 2.5% per annum and payable on quarterly basis starting from September 2013 to January 2015. The principal amount will be paid as a bullet payment in January 2015. The loan is secured by way of hypothecation charge over all moveable assets including trade debts and receivables.

	Note	(Un-audited) June 30, 2013	(Audited) December 31, 2012		
..... (Rupees in '000)					
13. TRADE AND OTHER PAYABLES					
Trade creditors		819,591	525,860		
Accrued expenses		49,539	50,459		
Withholding tax		9,341	2,668		
Unclaimed dividend		609	609		
Dividend payable		858	-		
Others		3,734	1,152		
		<u>883,672</u>	<u>580,748</u>		
14. SHORT-TERM BORROWINGS					
- from KASB Bank Limited (the Parent Company)		-	250,000		
- from a commercial bank	16.2	81,575	-		
		<u>81,575</u>	<u>250,000</u>		
15. CONTINGENCIES AND COMMITMENTS					
Contingencies					
There were no material contingencies as at period / year end.					
Commitments					
Following commitments are outstanding as at period / year end:					
- Outstanding purchases against commodities futures		1,907	-		
		<u>1,907</u>	<u>-</u>		
..... (Un-audited)					
		Half year ended June 30,	Quarter ended June 30,		
		2013	2012		
		2013	2012		
..... (Rupees in '000)					
16. OPERATING REVENUE					
Brokerage		223,813	153,134	138,494	80,283
Subscription research income		906	1,800	454	444
Financial advisory fee		1,235	1,440	665	570
Custody services		673	403	401	236
Profit on margin trading system		1,738	254	1,453	1
		<u>228,365</u>	<u>157,031</u>	<u>141,467</u>	<u>81,534</u>
16.1	In December 2012, the Company has been engaged by a foreign bank as sub-contractor to provide financial advisory services and act as a purchase agent in connection with the de-listing of securities of a multinational company from all stock exchanges in Pakistan. As per the terms of the subject agreement, the Company is entitled to a cash fee of USD 200,000 upon the successful de-listing of the securities of all stock exchanges in Pakistan and an additional fee of USD 100,000 based on the satisfactory provision of services and is payable at the sole discretion of the multinational company.				
	As the above fee is conditional upon the successful completion of the transaction, the same would be recognised as income at the time the transaction is complete and therefore is not included in the current period revenue.				
16.2	In order to finance and comply with the KSE cash margin requirements in relation to the above referred service agreement, the Company has obtained running finance facility of up to Rs. 700 million carrying mark up at 1 month KIBOR + 0.5%. Out of the total available facility, the Company has availed Rs. 81.575 million as at June 30, 2013. The said facility is secured by an unconditional / irrevocable guarantee of USD 8 million issued by a foreign bank in favor of the Company.				

17. MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES

Profit on bank deposits	8,725	16,436	4,439	11,013
Profit on term finance certificates	577	2,159	323	1,475
Profit on long-term receivable	5,527	6,987	2,587	3,426
Mark-up on receivable from related party	654	-	299	-
	15,483	25,582	7,648	15,914

18. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of KASB Bank Limited (the Parent company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2013 and transactions with related parties during the half year ended June 30, 2013 are as follows:

As at June 30, 2013 (Un-audited)					
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	60	6	248	55	369
Prepaid rent	41	-	-	-	41
Profit receivable on bank deposit	42	-	-	-	42
Receivable against expenses	-	221	-	4	225
Bank balances	62,395	-	-	-	62,395
Trade payables	-	3	2,668	-	2,671
Long-term loan	100,000	-	-	-	100,000
Payable against expenses	1,170	181	-	-	1,351
Accrued mark-up	493	-	-	-	493
OFF BALANCE SHEET ITEM					
Bank guarantee	51,000	-	-	-	51,000
As at December 31, 2012 (Audited)					
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	115	31	1,052	221	1,419
Other receivables	-	-	396	12,410	12,806
Prepaid rent	332	-	-	-	332
Profit receivable on bank deposit	1,059	-	-	-	1,059
Receivable against expenses	-	480	-	-	480
Bank balances	339,980	-	-	-	339,980
Trade payables	-	2	4,029	-	4,031
Short-term borrowing	250,000	-	-	-	250,000
Payable against expenses	4,435	2,663	312	-	7,410
Accrued mark-up	2,712	-	-	-	2,712
Rent payable	631	-	-	-	631
OFF BALANCE SHEET ITEM					
Bank guarantee	51,000	-	-	-	51,000

For the half year ended June 30, 2013 (Un-audited)

	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	1,066	-	1,298	192	2,556
Custody services	3	81	12	-	96
Profit on bank deposits	5,785	-	-	-	5,785
Rent income	2,704	1,191	-	-	3,895
Others	-	-	-	654	654
Expenses					
Bank charges	1,367	-	-	-	1,367
Charge in respect of contributory plan	-	-	-	2,963	2,963
Communication expenses	-	6,277	-	-	6,277
Donation	-	-	-	1,020	1,020
Locker Rent	4	-	-	-	4
Mark-up expense	971	-	-	-	971
Reimbursement of expenses	172	2,064	-	335	2,571
Remuneration to management personnel	-	-	59,980	-	59,980
Rent expense	307	-	-	-	307
Other transactions					
Mutual fund's bonus units issued	-	-	-	2,828	2,828
Loans disbursed	-	-	7,317	-	7,317
Loans repayment	-	-	3,320	-	3,320

For the half year ended June 30, 2012 (Audited)

	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	205	5	616	273	1,099
Custody services	4	64	26	5	99
Profit on bank deposits	11,848	-	-	-	11,848
Gain on sales of "assets held for sale"	-	-	-	510	510
Rent income	2,458	1,299	-	-	3,757
Expenses					
Bank charges	848	-	-	-	848
Charge in respect of contributory plan	-	-	-	2,889	2,889
Communication expenses	-	4,211	-	-	4,211
Donation	-	-	-	1,020	1,020
Locker rent	4	-	-	-	4
Mark-up expense	224	-	-	-	224
Reimbursement of expenses	6,293	1,153	-	2	7,448
Remuneration to management personnel	-	-	47,465	-	47,465
Rent expense	286	-	-	-	286
Salary expense reimbursed	-	24	-	-	24
Service level agreement charges	-	1,234	-	-	1,234
Other transactions					
Loans disbursed	-	-	2,899	-	2,899
Loans repayment	-	-	3,430	-	3,430
Mutual fund's bonus units issued	-	5,024	-	-	5,024
Sale of 'assets held for sale'	-	-	-	87,000	87,000

19. GENERAL

19.1 Figures for the quarters ended 30 June 2013 and 30 June 2012 have not been subject to limited scope review by the statutory auditors.

19.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.


19.3 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

20. DATE OF AUTHORISATION


These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on August 06, 2013.



Syed Asghar Ali Shah
Chairman



Nadir Rahman
Chief Executive Officer



Asad Mustafa Shafqat
Chief Financial Officer



**Consolidated Interim
Condensed Financial Statements**

**CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT JUNE 30, 2013**

(Un-audited) (Audited)
June 30, December 31,
2013 2012

..... (Rupees in '000).....

ASSETS

Non-current assets

Property and equipment	41,259	35,838
Intangible assets	8,860	12,736
Investment properties	382,085	382,429
Long-term investments	423,141	421,162
Long-term loans and advances	2,636	1,448
Long-term deposits and prepayments	3,616	3,616
Long-term receivable	18,368	23,480
Deferred tax asset - net	37,484	53,538
	917,449	934,247

Current assets

Short-term investments	237,832	175,978
Trade debts	669,697	298,133
Advances, deposits, prepayments and other receivables	222,574	147,078
Taxation - net	32,176	18,430
Cash and bank balances	91,992	366,663
	1,254,271	1,006,282
TOTAL ASSETS	2,171,720	1,940,529

EQUITY AND LIABILITIES

Share capital and reserves

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	138,505	140,121
Accumulated loss	(53,611)	(53,029)
	1,103,646	1,105,844

Non-current liabilities

Long-term loan	100,000	-
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Current liabilities

Trade and other payables	884,834	581,973
Short-term borrowings	81,575	250,000
Accrued mark-up	1,665	2,712
	968,074	834,685

TOTAL EQUITY AND LIABILITIES

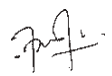
2,171,720 **1,940,529**

CONTINGENCIES AND COMMITMENTS

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

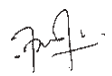
**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	Half year ended June 30,		Quarter ended June 30,	
	2013	2012	2013	2012
	(Rupees in '000)			
Operating revenue	228,365	157,031	141,467	81,534
Net (loss) / gain on investments 'at fair value through profit and loss'				
Net (loss) / gain on sale of equity investments	(11,245)	13,103	(14,938)	1,724
Net unrealised gain on re-measurement of investments 'at fair value through profit or loss'	7,763	4,483	4,570	1,607
	(3,482)	17,586	(10,368)	3,331
Dividend income	383	718	15	624
Mark-up / profit on bank deposits, investments and other receivables	15,594	25,719	7,701	15,981
	240,860	201,054	138,815	101,470
Operating and administrative expenses	(190,087)	(160,031)	(104,407)	(83,045)
Reversal of provision against doubtful debts	7,846	20,904	7,846	10,000
Reversal of provision against long-term receivable	13,988	-	13,988	-
	(168,253)	(139,127)	(82,573)	(73,045)
Operating profit	72,607	61,927	56,242	28,425
Finance cost	(2,736)	(14,393)	(1,085)	(6,938)
	69,871	47,534	55,157	21,487
Other income	4,300	4,524	2,071	2,529
Profit before taxation	74,171	52,058	57,228	24,016
Taxation				
Current - for the period	(8,699)	(4,492)	(7,098)	(2,044)
Deferred	(16,054)	105	(12,383)	3
	(24,753)	(4,387)	(19,481)	(2,041)
Profit after taxation	49,418	47,671	37,747	21,975
Other comprehensive (loss) / income: <i>Item to be reclassified to profit and loss in subsequent periods:</i>				
Net unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net				
Total comprehensive income for the period	(1,616)	34,252	8,710	(6,062)
	47,802	81,923	46,457	15,913
Earnings per share - basic and diluted	(Rupees)			
	0.49	0.48	0.38	0.22

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	Half year ended June 30,	
	2013	2012
 (Rupees in '000).....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	74,171	52,058
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	4,705	4,334
Amortisation	281	425
(Loss) / gain on sale of investments - net	11,245	(13,103)
Gain on sale of property and equipment	(67)	(533)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(7,763)	(4,483)
Reversal of provision against doubtful debts	(7,846)	(20,904)
Reversal of provision against long-term receivable	(13,988)	-
Finance cost	2,736	14,393
Dividend income	(383)	(718)
	<u>(11,080)</u>	<u>(20,589)</u>
	63,091	31,469
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(363,515)	(39,573)
Advances, deposits, prepayments and other receivables	(56,599)	10,559
	<u>(420,114)</u>	<u>(29,014)</u>
Increase in current liabilities		
Trade and other payables	302,003	453,997
	<u>(55,020)</u>	<u>456,452</u>
Finance cost paid	(3,783)	(15,975)
Income tax paid	(22,445)	(11,722)
	<u>(26,228)</u>	<u>(27,700)</u>
Net cash flows (used in) / generated from operating activities	<u>(81,248)</u>	<u>428,755</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(65,336)	(51,848)
Purchase of property and equipment	(10,524)	(2,900)
Proceeds from disposal of property and equipment	809	87,114
Dividend received	383	793
	<u>(74,668)</u>	<u>33,159</u>
Net cash flows (used in) / generated from investing activities	<u>(74,668)</u>	<u>33,159</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,188)	(648)
Long-term deposits and prepayments	-	(134)
Long-term receivable	-	(13,260)
Repayment of redeemable capital	-	(166,500)
Short-term borrowing - net	(168,425)	-
Long-term loan	100,000	-
Dividend paid	(49,142)	-
	<u>(118,755)</u>	<u>(180,542)</u>
Net cash flows used in financing activities	<u>(118,755)</u>	<u>(180,542)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(274,671)</u>	<u>281,372</u>
Cash and cash equivalents at the beginning of the period	366,663	145,835
Cash and cash equivalents at the end of the period	<u>91,992</u>	<u>427,207</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


Asad Mustafa Shafqat
Chief Financial Officer

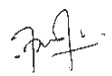
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	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)					
Balance as at January 01, 2012	1,000,000	18,752	(184,497)	88,229	922,484
Total comprehensive income for the period	-	-	47,671	34,252	81,923
Balance as at June 30, 2012	1,000,000	18,752	(136,826)	122,481	1,004,407
Total comprehensive income for the period	-	-	83,797	17,640	101,437
Balance as at December 31, 2012	1,000,000	18,752	(53,029)	140,121	1,105,844
Dividend for the year ended December 31, 2012	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	49,418	(1,616)	47,802
Balance as at June 30, 2013	1,000,000	18,752	(53,611)	138,505	1,103,646

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

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

FOR THE HALF YEAR ENDED JUNE 30, 2013

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 Limited (KSE) [formerly: Karachi Stock Exchange (Guarantee) Limited]. 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% 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 Karachi Stock Exchange Limited [formerly: Karachi Stock Exchange (Guarantee) Limited] 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, 2012.

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, 2012.

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. GENERAL

6.1 Figures for the quarters ended 30 June 2013 and 30 June 2012 have not been subject to limited scope review by the statutory auditors.

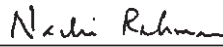
6.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

7. DATE OF AUTHORISATION

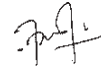
These interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on August 06, 2013.



Syed Asghar Ali Shah
Chairman



Nadir Rahman
Chief Executive Officer



Asad Mustafa Shafqat
Chief Financial Officer









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