

## INDEPENDENT AUDITOR'S REPORT TO THE CHIEF EXECUTIVE ON STATEMENT OF NET CAPITAL BALANCE

We have audited the accompanying "Statement of Net Capital" of KASB Securities Limited (the Company) and other explanatory notes (together the 'financial information') prepared on the basis of unaudited financial statements of the Company for the period ended 30 June 2014. The financial information has been prepared by management based on the provisions of Securities and Exchange Rules, 1971 and the guidelines issued by the Securities and Exchange Commission of Pakistan (herein after referred to as the 'net capital reporting framework').

### Management's Responsibility for the Financial Information

Management is responsible for the preparation of the financial information in accordance with the net capital reporting framework, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Opinion

In our opinion, the financial information of KASB Securities Limited for the period ended 30 June 2014 is prepared, in all material respects, in accordance with the net capital reporting framework.

## Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial information, which describes the basis of preparation. The financial information is prepared to assist KASB Securities Limited to meet the requirements of the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange Limited. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for KASB Securities Limited, the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange Limited, and should not be distributed to other parties.

**Chartered Accountants**

**Audit Engagement Partner: Arslan Khalid**

**Date: 19 August 2014**

**Karachi**

**KASB Securities Limited**

Statement of **NET CAPITAL** prepared for the purpose of Rule 2 (d) and the third schedule to the Securities and Exchange Rules, 1971

**As at 30 June 2014**

DESCRIPTION	VALUATION BASIS	30 June 2014 (Rupees in '000) (Un-audited)
<b>CURRENT ASSET</b>		
Cash in hand	As per book value	34
Cash at banks		
- Bank Balances pertaining to brokerage house	As per book value	2,846
- Bank Balances pertaining to Clients	As per book value	381,506
		384,352
Exposure deposit with Karachi Stock Exchange Limited	As per book value	134,362
Trade receivables		
- Total receivables	As per book value	587,324
- Outstanding for more than 14 days	As per book value	(198,087)
	Book value less those overdue for more than fourteen days	389,237
Investment in listed securities in the name of broker	Securities on the exposure limit marked to market less 15% discount	316,831
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within fourteen days	194,258
		<b>1,419,074</b>
<b>CURRENT LIABILITIES</b>		
Trade payable	Book value less those overdue for more than 30 days	632,682
Other liabilities	As classified under the generally accepted accounting principles (including trade payable overdue for more than 30 days)	519,883
		<b>1,152,565</b>
<b>NET CAPITAL BALANCE AS AT 30 JUNE 2014</b>		<b>266,509</b>
<b>APPORTIONMENT</b>		
Allocation of Karachi Stock Exchange Limited		<b>226,509</b>
Allocation of Pakistan Mercantile Exchange Limited		<b>20,000</b>
Allocation of National Clearing Company of Pakistan Limited - For BATS		<b>20,000</b>

**Note 1:**

The financial information has been prepared in conformity with the accounting policies of KASB Securities Limited, provisions of Securities and Exchange Rules, 1971 and the guidelines issued by the Securities and Exchange Commission of Pakistan.

*Nadim Rahman*  
CHIEF EXECUTIVE



*[Signature]*  
DIRECTOR