



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

For the Quarter Ended March 31, 2012

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COMPANY INFORMATION

Board of Directors:	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
Audit Committee:	Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Irfan Nadeem Zia-ul-Haq - Secretary
CFO & Company Secretary:	Saeed Jamal Tariq
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
Internal Auditor:	Zia-ul-Haq
Bankers:	Allied Bank Limited Askari Bank Limited Bank Al-Habib 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
Legal Advisor:	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan
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E-mail: kasbpsh@kasb.com

Website:

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Share Registrar:

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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 quarter ended March 31, 2012.

Economic Review

The year 2012 started off on heightened concerns regarding persistent current account deficit, however these concerns cooled off somewhat on the back of a measured improvement in Pak US ties and potential unlocking of foreign flows. While a seemingly stricter tone adopted by IMF in its post-program detailed note triggered concern, resumption of loan pledge of US\$ 1.6 bn by the World Bank for new projects added a touch of comfort to concerns about the foreign exchange reserves arising from IMF repayments. Surprisingly, the relative up tick in inflation has been modest in 1Q12 with CPI clocking in a lower than expected 10.8%. However, due to continued pressure on the banking system on account of government borrowings, State Bank maintained its policy rate at 12%.

Equity Market Review

The Karachi Stock Exchange enjoyed a remunerative 1Q12 with the benchmark KSE-100 index clocking gains of 21% and emerging as one of the better performing markets in the region. Coming off a lackluster 2011, the impressive run was triggered by the Finance Minister's statement in mid January that the government had accepted all proposals of the SECP to address investor concerns on the capital gains tax. Resurgent volumes added to the excitement with average daily volumes just shy of 200 mn shares a day compared to 59 mn in the preceding three months and 88 mn for CY11. The increased vibrancy of the stock market also attracted international investors as Foreign Portfolio Inflows (FPI) turned positive in Feb / Mar-12 after an eight month run of nominal but persistent outflows.

Debt and Currency Markets Review

1Q12 started off broadly with expectations of stable benchmark interest rate, with some corners hoping for a last round of rate cut in the current fiscal year. However a cautious tone on discount rate and inflation by the State Bank reversed any hope for a rate cut within market participants, with participation pattern in T-bill auctions gradually moving towards the shorter end of the curve.

Pak Rupee gained relative stability during the quarter against USD, losing 0.8% of its value by Mar-12 vs 2.8% depreciation in quarter ended Dec-11 on the back of an improved outlook on flows.

Operating Performance

During 1Q12 the Company reported Net Profit (after tax) of PKR 25.71 mn as compared to Net Loss (after tax) of PKR 9.80 mn in 1Q11. Breakdown is as follows:

	QUARTER ENDED MARCH 31,	
	2012 PKR mn	2011 PKR mn
Brokerage and fee	73.72	54.42
Other operating income	11.44	11.96
Gain on sale of investments-net	11.38	23.37
Dividend income	0.09	2.77
Unrealized gain on investments	2.88	4.78
Other income	2.00	4.74
Total income	101.51	102.04
Operating and admin expenses	(76.90)	(77.63)
Financial cost	(7.46)	(21.01)
Total expenses	(84.36)	(98.64)
Net profit (before provisions)	17.15	3.40
Reversals / (provisions)	10.90	(11.37)
Taxation	(2.34)	(1.83)
Net profit / (loss) after tax	25.71	(9.80)

Net profit (before provisions) in 1Q12 was PKR 17.15 mn as compared to PKR 3.40 mn during 1Q11. Main factors contributing to improved profitability are:

- (i) Significant increase in traded volumes in 1Q12 as highlighted in the Equity Market Review resulted in an increase in Brokerage Income (from Equities).
- (ii) Reversal in Provisions during 1Q12 due to increase in the price of shares held in custody against certain overdue trade debts, compared to added provisions in 1Q11.
- (iii) Slight reduction in Operating Expenses and significant reduction in Financial Costs due to improved Cash Management.
- (iv) Investment gains / dividends declined in 1Q12, however 1Q11 gains included PKR 20.2 mn from the sale of Available for Sale investment in an Equity Mutual Fund.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) revised the Company's long term rating to "A-" (A Minus) and short term rating to "A2" (A Two). The rating of the secured and privately placed TFC issue of PKR 500 million has also been revised to "A" (Single A). 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 market is likely to closely track any development on the official notification of the CGT relief package announced by the Finance Minister. In addition, Pak-US relations will also be closely tracked as they are likely to shape foreign flows and macro outlook. Maintaining the current tempo of profitability will be largely dependent on the KSE maintaining its momentum and the Company liquidating some of its Long-term Assets, efforts for which will continue.

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: April 25, 2012


INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
ASSETS			
Non-current assets			
Property and equipment	4	35,579	36,588
Intangible assets		13,377	13,590
Investment properties		7,964	8,129
Long-term investments	5	866,490	826,176
Long-term loans and advances		2,076	2,017
Long-term deposits and prepayments		3,688	3,604
Long-term receivable	6	49,680	27,920
Deferred tax asset - net		571	468
		979,425	918,492
Current assets			
Assets held for sale	7	86,490	86,490
Short-term investments	8	231,595	221,864
Trade debts	9	1,173,420	227,617
Advances, deposits, prepayments and other receivables	10	185,642	66,084
Taxation - net		5,651	2,853
Cash and bank balances	11	85,273	142,308
		1,768,071	747,216
TOTAL ASSETS		2,747,496	1,665,708
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		128,543	88,229
Accumulated loss		(91,009)	(116,717)
		1,056,286	990,264
Current liabilities			
Trade and other payables		1,471,667	507,362
Short-term borrowing	12	46,655	-
Accrued mark-up		6,388	1,582
Current maturity of redeemable capital		166,500	166,500
		1,691,210	675,444
TOTAL EQUITY AND LIABILITIES		2,747,496	1,665,708
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The annexed notes 1 to 18 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 QUARTER ENDED MARCH 31, 2012**

	Note	Quarter ended March 31,	
		2012	2011
..... (Rupees in '000)			
Operating revenue	14	73,721	54,422
Net gain on investments 'at fair value through profit or loss'			
Gain on sale of investments - net		11,379	2,260
Net unrealised gain on re-measurement of investments		2,876	4,781
		14,255	7,041
Net gain on 'available-for-sale' investments		-	21,108
Dividend income		94	2,772
Other operating revenue	15	11,444	14,754
		99,514	100,097
Operating and administrative expenses		(76,905)	(77,631)
Reversal / (provision) against doubtful debts		10,904	(11,371)
		(66,001)	(89,002)
Operating profit		33,513	11,095
Finance cost		(7,455)	(21,012)
		26,058	(9,917)
Other income		1,995	1,948
Profit / (loss) before taxation		28,053	(7,969)
Taxation			
Current - for the period		(2,447)	(2,139)
Deferred		102	312
		(2,345)	(1,827)
Profit / (loss) after taxation		25,708	(9,796)
Other comprehensive income:			
Net unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net		40,314	(38,359)
Other comprehensive income / (loss) for the period		40,314	(38,359)
Total comprehensive income / (loss) for the period		66,022	(48,155)
..... (Rupees)			
Earnings / (loss) per shares - basic		0.26	(0.10)

The annexed notes 1 to 18 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

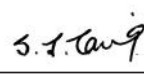
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2012

	Note	Quarter ended March 31,	
		2012	2011
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		28,053	(7,969)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:			
Depreciation		2,134	2,640
Amortisation		213	606
Gain on sale of investments - net		(11,379)	(23,368)
Gain on sale of property and equipment		(14)	(28)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net		(2,876)	(4,781)
Reversal of provision against doubtful debts		(10,904)	(2,216)
Provision against doubtful debts		-	13,587
Finance cost		7,455	21,012
Dividend income		(94)	(2,772)
		(15,465)	4,680
		12,588	(3,289)
Working capital adjustments:			
(Increase) / decrease in assets			
Trade debts		(934,899)	(11,670)
Advances, deposits, prepayments and other receivables		(119,540)	26,135
		(1,054,439)	14,465
Increase / (decrease) in current liabilities			
Trade and other payables		964,305	(32,366)
		(77,546)	(21,190)
Finance cost paid		(2,649)	(1,652)
Income tax paid		(5,246)	(5,848)
Net cash flows used in operating activities		(85,441)	(28,690)
CASH FLOW FROM INVESTING ACTIVITIES			
'Available-for-sale' investments - net		-	84,793
Investments 'at fair value through profit or loss' - net		4,524	79,034
Purchase of property and equipment		(1,018)	(2,284)
Proceeds from disposal of property and equipment		72	660
Dividend received		76	996
Net cash flows generated from investing activities		3,654	163,199
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans and advances		(59)	(1,594)
Long-term deposits and prepayments		(84)	(264)
Long-term receivable		(21,760)	-
Short-term borrowing (Repo)		46,655	-
Net cash flows generated from / (used in) financing activities		24,752	(1,858)
Net (decrease) / increase in cash and cash equivalents		(57,035)	132,651
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	85,273	229,596

The annexed notes 1 to 18 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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012**

	Share capital	General reserve	Unappropriated profit / (accumulated loss)	Unrealised gain / (loss) on re-measurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2011	1,000,000	18,752	29,509	15,125	1,063,386
Total comprehensive loss for the period	-	-	(9,796)	(38,359)	(48,155)
Balance as at March 31, 2011	1,000,000	18,752	19,713	(23,234)	1,015,231
Total comprehensive loss for the period	-	-	(136,430)	111,463	(24,967)
Balance as at December 31, 2011	1,000,000	18,752	(116,717)	88,229	990,264
Total comprehensive income for the period	-	-	25,708	40,314	66,022
Balance as at March 31, 2012	<u>1,000,000</u>	<u>18,752</u>	<u>(91,009)</u>	<u>128,543</u>	<u>1,056,286</u>

The annexed notes 1 to 18 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 QUARTER ENDED MARCH 31, 2012

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. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

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.

The Company has corporate membership of the Karachi Stock Exchange (Guarantee) Limited (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.

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 quarter ended March 31, 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.

These interim condensed financial statements are un-audited.

3. ACCOUNTING POLICIES

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

4. PROPERTY AND EQUIPMENT

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

	(Un-audited) Quarter ended March 31,		(Un-audited) Quarter ended March 31,	
	2012		2011	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Computers and office equipment	669	1,327	894	135
Furniture and fixtures	349	-	-	-
Vehicles - owned	-	-	1,390	1,994
	<u>1,018</u>	<u>1,327</u>	<u>2,284</u>	<u>2,129</u>

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
..... (Rupees in '000)			
5. LONG-TERM INVESTMENTS			
Subsidiary company		488,581	488,581
'Available-for-sale' investments	5.1	377,909	337,595
		866,490	826,176

5.1 Description of 'available-for-sale' investments

Name of the entity			
Quoted shares			
KASB Bank Limited - (Parent company)	5.1.1 & 5.1.2	62,158	21,844
Unquoted shares			
Al Jomaih Power Limited	5.1.3	272,426	272,426
KASB Funds Limited - (Related Party)	5.1.4	11,696	11,696
New Horizon Exploration and Production Limited - (Related Party)			
- Class 'A' ordinary shares		31,629	31,629
		377,909	337,595

5.1.1 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.

5.1.2 Unrealised gain on re-measurement credited to equity during the quarter on the investment in the Parent company amounted to Rs. 40.314 million.

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

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
..... (Rupees in '000)			
6. LONG-TERM RECEIVABLE			
Receivable from client	6.1	81,638	81,638
Less: current maturity shown in current assets	10	(17,970)	(39,730)
		63,668	41,908
Less: provision against long-term receivable		(13,988)	(13,988)
		49,680	27,920

6.1 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 mark-up at the rate based on three months KIBOR ask side rate plus 3.28%, in monthly installments over a period upto January 2015.

The above receivable is secured against marketable securities of the customers, held by the Company. The market value of such securities as at the quarter end was Rs. 86.66 million.

7. ASSETS HELD FOR SALE

This represents ownership interest in 25 residential plots in Defence Housing Authority, Lahore acquired from its Subsidiary Company inclusive of the registration fee of Rs. 1.2 million. Currently, these plots are registered in the name of a related party and the Company is in the process of completing the legal formalities for the transfer of legal ownership of these plots in its name. The Company intends to sell these plots in the near future and accordingly these have been classified as assets held for sale.

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
..... (Rupees in '000)			
8. SHORT-TERM INVESTMENTS			
'At fair value through profit or loss'			
Open end mutual funds units	8.1	140,721	78,779
Listed shares	8.2	19,145	117,986
Term finance certificates		25,099	25,099
Government securities	8.3 & 12	46,630	-
		<u>231,595</u>	<u>221,864</u>

8.1 This includes investment in mutual fund units of a related party amounting to Rs. 80.709 million (December 31, 2011: Rs. 74.922 million). Further Mutual Fund Units valued at Rs. 96.852 million (December 31, 2011: Rs. Nil) are pledged with Karachi Stock Exchange (Guarantee) Limited (KSE) against exposure margin.

8.2 This includes shares valued at Rs. 3.389 million (at the rates quoted on KSE) (December 31, 2011: Rs. 157.965 million) pledged with KSE against exposure margin.

8.3 This represents investment in Pakistan Investment Bonds of 10 years tenor (PIB-10 years) which are pledged against a Repo facility of Rs. 46.655 million from a financial institution (Refer note 12).

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
..... (Rupees in '000)			
9. TRADE DEBTS			
Receivable against purchase of marketable securities			
- net of provisions	9.1	1,169,959	224,636
Inter-bank brokerage		1,702	1,803
Fees		1,759	1,178
		<u>1,173,420</u>	<u>227,617</u>

	(Un-audited) Note March 31, 2012	(Audited) December 31, 2011
..... (Rupees in '000)		
9.1 Considered good		
Secured	1,102,623	186,212
Unsecured	55	550
	<u>1,102,678</u>	<u>186,762</u>
Considered doubtful	205,726	187,223
	<u>1,308,404</u>	<u>373,985</u>
Provision for doubtful debts	9.2 (138,445)	(149,349)
	<u><u>1,169,959</u></u>	<u><u>224,636</u></u>
9.2 Reconciliation of provisions against trade debts		
Opening balance	149,349	129,817
Provision for the period / year	-	20,519
Reversal of provision during the period / year	<u>(10,904)</u>	<u>(987)</u>
	<u>(10,904)</u>	19,532
	<u><u>138,445</u></u>	<u><u>149,349</u></u>
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to:		
- Employees and executives	2,038	-
- Suppliers	551	861
	<u>2,589</u>	861
Current portion of long-term loans and advances to employees and executives	-	2,506
Deposits:		
- Exposure with KSE	130,000	-
- Exposure with PMEL	3,003	2,283
- Others	2,815	2,354
	<u>135,818</u>	4,637
Prepayments:		
- Rent	2,654	1,247
- Insurance	929	188
- Software development and maintenance	3,949	4,235
- Others	753	1,902
	<u>8,285</u>	7,572
Other receivables:		
- Dividends	93	75
- Profit on bank deposits	1,068	555
- Profit on exposure deposit with KSE	644	-
- Profit on long-term receivables	2,714	3,153
- Profit on debt securities	705	-
- Current portion of long-term receivable	17,970	39,730
- Margin trading system	26	990
- Related parties	7,201	4,772
- PMEL	8,254	1,058
- Others	275	175
	<u>38,950</u>	<u>50,508</u>
	<u><u>185,642</u></u>	<u><u>66,084</u></u>

- 10.1 In addition to Mutual Fund Units and listed companies shares pledged with KSE against exposure (Refer Notes 8.1 and 8.2), the Company also arranged for the issuance of a bank guarantee amounting to Rs. 51 million from the Parent Company which was placed with KSE in lieu of exposure requirements. The guarantee is secured by a second charge over all present and future current assets (Refer Note 12.1).

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

11. CASH AND BANK BALANCES

Cash at bank in:		
- Current accounts		4,250
- Saving accounts	11.1	55,975
- Certificate of deposit	11.2	15,015
- Term deposit		67,000
		84,239
Cash in hand		64
Stamps in hand		4
		85,273
		142,240

- 11.1 These carry profit at the rates ranging from 1% to 11.25% (December 31, 2011: 1% to 11.25%).

- 11.2 This carries profit at the rate of 14.48% (December 31, 2011: 14.48%) and is due to mature in June 2012.

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

12. SHORT-TERM BORROWING

Repo against PIB - 10 years	8.3	-
		46,655

- 12.1 Running finance facility of Rs. 299 million (December 31, 2011: Rs. 299 million) is available to the Company from the Parent Company which remained unutilised as at the quarter end. The facility is subject to mark-up at the rate of 14.48% (December 31, 2011: 15.17% to 15.52%) per annum during the quarter and requires this to be secured by second ranking charge over all present and future current assets of the Company.

- 12.2 Further, the facilities for short-term running finances available from various other banks amounted to Rs.850 million (December 31, 2011: Rs. 850 million) which remained unutilised as at the quarter end. These facilities are subject to mark-up at rates ranging from 14.92% to 15.39% (December 31, 2011: 15.03% to 17.04%) per annum and are required to be secured by pledge of securities for the purposes of utilisation of finance

(Un-audited) (Audited)
March 31, December 31,
2012 2011

..... (Rupees in '000)

13. CONTINGENCES 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	<u>1,516</u>	<u>-</u>
- Outstanding sales against commodities futures	<u>491</u>	<u>1,782</u>

(Un-audited) (Un-audited)
March 31, March 31,
2012 2011

..... (Rupees in '000)

14. OPERATING REVENUE

Brokerage	72,851	54,395
Financial advisory fee	870	27
	<u>73,721</u>	<u>54,422</u>

15. OTHER OPERATING REVENUE

Custody services	167	287
Subscription research income	1,356	1,179
Profit on bank deposits	5,423	4,723
Profit on debt securities	684	5,772
Profit on long-term receivable	3,561	2,793
Profit on margin trading system	253	-
	<u>11,444</u>	<u>14,754</u>

16. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of KASB Finance (Private) Limited (the ultimate parent), 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 March 31, 2012 and transactions with related parties during the quarter ended March 31, 2012 are as follows:

	(Un-audited)				(Audited)	
	As at March 31, 2012				As at December 31, 2011	
	Parent company	Subsidiary / associated	Key management personnel	Others	Total	Total
	(Rupees in '000)					
BALANCES						
Long-term investments	62,158	531,905	-	-	594,063	553,750
Long-term deposits	-	142	-	-	142	142
Short-term investments	-	-	-	80,709	80,709	78,779
Trade receivables	71	23	1,904	82	2,080	1,464
Advances	-	-	2,060	-	2,060	2,644
Prepaid rent	18	-	-	-	18	315
Profit receivable on bank deposit	461	-	-	-	461	389
Receivable against expenses	5,769	1,223	-	-	6,992	4,772
Bank balances	63,987	-	-	-	63,987	56,149
Trade payables	-	-	1,319	-	1,319	112,112
Payable against expenses	5,942	922	-	-	6,864	6,225
Accrued mark-up	224	-	-	-	224	1,265
Rent payable	564	-	-	-	564	850
Rent receivable	-	217	-	-	217	-
OFF BALANCE SHEET ITEM						
Bank guarantee	51,000	-	-	-	51,000	51,000

	(Un-audited)				(Un-audited)	
	Quarter ended March 31, 2012				Quarter ended March 31, 2011	
	Parent company	Subsidiary / associated	Key management personnel	Others	Total	Total
	(Rupees in '000)					
TRANSACTIONS						
Income						
Brokerage income earned	82	5	313	78	478	436
Custody services	1	14	7	-	22	18
Profit on bank deposits	2,050	-	-	-	2,050	1,926
Rent income	1,229	650	-	-	1,879	1,630
Expenses						
Bank charges	767	-	-	-	767	842
Charge in respect of contributory plan	-	-	-	1,485	1,485	1,637
Communication expenses	-	2,093	-	-	2,093	1,631
Donation	-	-	-	510	510	300
Mark-up expense	224	-	-	-	224	418
Reimbursement of expenses	6,602	900	-	-	7,502	-
Remuneration to management personnel	-	-	22,432	-	22,432	15,685
Rent expense	143	-	-	-	143	212
Salary expense reimbursed	-	12	-	-	12	12
Service level agreement	-	617	-	-	617	1,004
Other transactions						
Loans disbursed	-	-	724	-	724	300
Loans repayment	-	-	1,307	-	1,307	1,525
Mutual fund's bonus units issued	-	-	-	2,824	2,824	6,666
Purchase of property and equipment	-	-	-	-	-	1,390
Property and equipment disposed off	-	-	-	-	-	209
Sale of 'available-for-sale' investments	-	-	-	-	-	84,793
Short-term investments	-	-	-	-	-	84,793

17. DATE OF AUTHORISATION


These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on April 25, 2012.

18. GENERAL

18.1 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

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

For the Quarter Ended March 31, 2012

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
 (Rupees in '000)	
ASSETS		
Non-current assets		
Property and equipment	35,579	36,588
Intangible assets	13,377	13,590
Investment properties	382,964	383,129
Long-term investments	421,280	380,966
Long-term loans and advances	2,076	2,017
Long-term deposits and prepayments	3,738	3,604
Long-term receivable	49,680	27,920
Deferred tax asset - net	571	468
	909,265	848,282
Current assets		
Assets held for sale	86,490	86,490
Short-term investments	231,595	221,864
Trade debts	1,173,420	227,617
Advances, deposits, prepayments and other receivables	185,642	66,084
Taxation - net	5,785	2,981
Cash and bank balances	88,722	145,835
	1,771,654	750,871
TOTAL ASSETS	<u>2,680,919</u>	<u>1,599,153</u>
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 remeasurement of 'available-for-sale' investments to fair value - net	128,543	88,229
Accumulated loss	(158,801)	(184,497)
	988,494	922,484
Current liabilities		
Trade and other payables	1,472,882	508,587
Short-term borrowing	46,655	-
Accrued mark-up	6,388	1,582
Current maturity of redeemable capital	166,500	166,500
	1,692,425	676,669
TOTAL EQUITY AND LIABILITIES	<u>2,680,919</u>	<u>1,599,153</u>
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	 Saeed Jamal Tariq Chief Financial Officer
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**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012**

	Quarter ended March 31,	
	2012	2011
 (Rupees in '000)	
Operating revenue	73,721	54,422
Net gain on investments 'at fair value through profit or loss'		
Gain on sale of investments - net	11,379	2,260
Net unrealised gain on re-measurement of investments	2,876	4,781
	14,255	7,041
Net gain on 'available-for-sale' investments	-	21,108
Dividend income	94	2,772
Other operating revenue	11,514	14,929
	99,584	100,272
Operating and administrative expenses	(76,986)	(79,169)
Provision for doubtful debts	10,904	(11,371)
	(66,082)	(90,540)
Operating profit	33,502	9,732
Finance cost	(7,455)	(21,012)
	26,047	(11,280)
Other income	1,995	1,948
Profit / (loss) before taxation	28,042	(9,332)
Taxation		
Current - for the period	(2,448)	(2,141)
Deferred	102	312
	(2,346)	(1,829)
Profit / (loss) after taxation	25,696	(11,161)
Other comprehensive income:		
Net unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net	40,314	(38,359)
Other comprehensive income / (loss) for the period	40,314	(38,359)
Total comprehensive income / (loss) for the period	66,010	(49,520)
 (Rupees)	
Earnings / (loss) per shares - basic	0.26	(0.11)

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 QUARTER ENDED MARCH 31, 2012**

	Quarter ended March 31,	
	2012	2011
 (Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	28,042	(9,332)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation	2,134	2,640
Amortisation	213	606
Gain on sale of investments - net	(11,379)	(23,368)
Gain on sale of property and equipment	(14)	(28)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(2,876)	(4,781)
Reversal of provision against doubtful debts	(10,904)	(2,216)
Provision against doubtful debts	-	13,587
Finance cost	7,455	21,012
Dividend income	(94)	(2,772)
	(15,465)	4,680
	12,577	(4,652)
Working capital adjustments: (Increase) / decrease in assets		
Trade debts	(934,899)	(11,670)
Advances, deposits, prepayments and other receivables	(119,540)	27,635
	(1,054,439)	15,965
Increase / (decrease) in current liabilities		
Trade and other payables	964,295	(32,335)
	(77,567)	(21,022)
Finance cost paid	(2,649)	(1,652)
Income tax paid	(5,253)	(5,867)
Net cash flows used in operating activities	(85,469)	(28,541)
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	-	84,793
Investments 'at fair value through profit or loss' - net	4,524	79,034
Purchase of property and equipment	(1,018)	(2,684)
Proceeds from disposal of property and equipment	72	660
Dividend received	76	996
Net cash flows generated investing activities	3,654	162,799
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(59)	(1,594)
Long-term deposits and prepayments	(134)	(264)
Long-term receivable	(21,760)	-
Short-term borrowing (Repo)	46,655	-
Net cash flows generated from / (used in) financing activities	24,702	(1,858)
Net (decrease) / increase in cash and cash equivalents	(57,113)	132,400
Cash and cash equivalents at the beginning of the period	145,835	105,829
Cash and cash equivalents at the end of the period	88,722	238,229

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 STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012**

	Share capital	General reserve	Unappro- priated profit / (accumulated loss)	Unrealised gain / (loss) on remeasurement of available- for-sale investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2011	1,000,000	18,752	22,083	15,125	1,055,960
Total comprehensive loss for the period	-	-	(11,161)	(38,359)	(49,520)
Balance as at March 31, 2011	1,000,000	18,752	10,922	(23,234)	1,006,440
Total comprehensive loss for the period	-	-	(195,419)	111,463	(83,956)
Balance as at December 31, 2011	1,000,000	18,752	(184,497)	88,229	922,484
Total comprehensive income for the period	-	-	25,696	40,314	66,010
Balance as at March 31, 2012	<u>1,000,000</u>	<u>18,752</u>	<u>(158,801)</u>	<u>128,543</u>	<u>988,494</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

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

FOR THE QUARTER ENDED MARCH 31, 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. 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 Karachi Stock Exchange (Guarantee) Limited (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

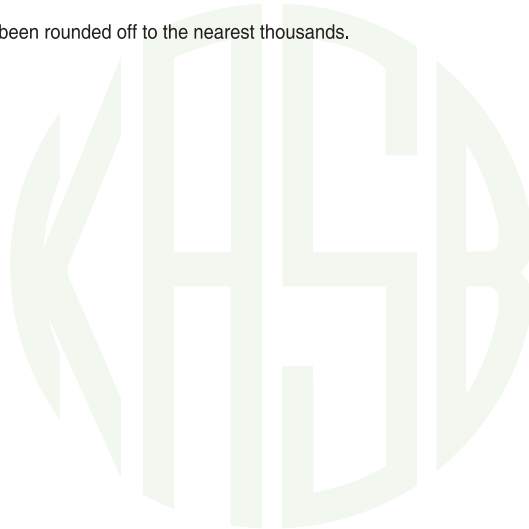
The financial statements of the subsidiary are included in the consolidated interim condensed financial statements from the date the control commences until the date the control ceases. In preparing consolidated interim condensed financial statements, the financial statements of the Holding Company and 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 April 25, 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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