KASB SECURITIES

Annual Report 2014

CONTENTS

Vision

To invest in Quality Human Resource ensuring sustained growth enabling provision of par excellence financial services fuelled with innovation.

Mission

Building a team of professionals, managing relationships with all stakeholders their families and businesses on the principles of integrity and accountability with a tradition of trust.

Vision	Customer Oriented, Innovative
Attitude	Proactive, Based on Commitment & Respect
Leadership	Based on Integrity, Trust & Teamwork
Upright	Credible & Reliable
Excellence	In Customer Services with Quality
Synergy	In Team Results

COMPANY INFORMATION

Board of Directors:

Saeed Yousuf Chinoy - Chairman
Irfan Nadeem - Cheif Executive Officer
Salman Naqvi
Mahmood Ali Shah Bukhari
Mohammad Muzaffar Khan
Tahir Iqbal
Asad Mustafa Shafqat - Chief Financial Officer

Audit Committee:
Mohammad Muzaffar Khan - Chairman
Saeed Yousuf Chinoy
Mahmood Ali Shah Bukhari
Zia-ul-Haq - Secretary

HR Committee:
Salman Naqvi - Chairman
Saeed Yousuf Chinoy
Mahmood Ali Shah Bukhari
Najmus Saqib - 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
Bank Al-Falah 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
United Bank Limited

Legal Advisor:
Bawaney & Partners
Advocates & Investment & Corporate Advisers
3rd & 4th Floors, 68-C, Lane-13,
Bokhari Commercial Area, Phase-VI,
DHA, Karachi, Pakistan
Ph : (92-21) 35156191-4, Fax: 35156195
E-mail: bawaney@cyber.net.pk

Registered and Head Office:
5th Floor, Trade Centre, I.I. Chundrigar Road,
Karachi, Pakistan
Ph : (92-21) 111-222-000
Fax: (92-21) 32630202
E-mail: kasbho@kasb.com

Branches:

Gujranwala
81, Ground Floor,
Gujranwala Developement Authority Trust Plaza.
Ph: (92-55) 3822501-4
Fax: (92-55) 3822505
Email: kasbgrw@kasb.com

Gulshan-e-Iqbal - Karachi
Friends Paradise, 1st Floor, SB-36, Block No. 13-B,
KDA Scheme # 24, Main University Road.
Ph: (92-21) 34980763-4 & 66
Fax: (92-21) 34980761
E-mail: kasbgul@kasb.com

Islamabad
90-91, Razia Sharif Plaza, Jinnah Avenue, Blue Area.
UAN: (92-51) 111-222-000
Fax: (92-51) 2272841
E-mail: kasbisb@kasb.com

Lahore
2nd Floor, Fountain Avenue Building,
64-A, Main Boulevard, Main Gulberg.
UAN: (92-42) 111-222-000
Fax: (92-42) 35787545
E-mail: kasblhr@kasb.com

Multan
Ground Floor, State Life Building, Abdali Road.
Ph : (92-61) 4500273-6
Fax: (92-61) 4500272
E-mail: kasbmul@kasb.com

Peshawar Cantt
1st Floor, State Life Building, 34 - The Mall.
Ph : (92-91) 5276025-8
Fax: (92-91) 5273683
E-mail: kasbpsh@kasb.com

Rahim Yar Khan
Plot No. 24, Model Town, Near Town Hall Road,
Ph: (92-68) 5873252-4
Fax: (92-68) 5873251
E-mail: rahimyarkhan@kasb.com

Rawalpindi
3rd Floor, East Wing, Ferozsons Chamber,
Saddar Road,
Ph: (92-51) 5701520-4
Fax: (92-51) 5701525
E-mail: rawalpindi@kasb.com

Sialkot
Ground Floor, City Tower,
Shahab Pura Road,
Ph: (92-52) 3256035-7
E-mail: kasbsecuritiessialkot@kasb.com

Website:
www.kasb.com

Share Registrar:
THK Associates (Private) Limited
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan.
Ph : (92-21) 111-000-322
Fax: (92-21) 35655595

CODE OF CONDUCT

KASB Securities is a strong supporter of corporate decorum and ensures that its employees endeavor to maintain highest ethical standards during the discharge of their duties. The Company has adopted a Code of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. A summary of the Code is as follows:

Conflict of Interest

Employees must act at all times in the Company's best interests and are expected to avoid situations in which their financial or other personal interests or dealings are in conflict with the interests of the Company. Matters involving conflict of interest are prohibited as a matter of policy and any conflict that arises in a specific situation or transaction must be disclosed and resolved.

Gifts or entertainment

Offering or acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any existing or potential customer, supplier or business associate of the Company, other than occasional gifts of a modest value and entertainment on a modest scale as part of customary business practice.

Bribery

The making or receiving of facilitation payments or inducements such as bribes and similar acts in cash or kind are prohibited and the resources of the Company are not utilized for any such purpose.

Accounting Standards

Compliance with applicable accounting standards and procedures is always necessary. The information supplied to the external auditors, shareholders and other third parties must be complete and not misleading.

Human Resources

Human Resource policies are consistent, transparent and fair and staff members are encouraged to make suggestions or raise business concerns. Selection for employment and promotion is based on objective assessment of ability, qualification and experience, free from discrimination on any grounds. Discrimination on the basis of caste, culture, religion, disability or sex is intolerable.

Compliance with Regulatory Requirements

KASB Securities transacts its business in accordance with the applicable laws, rules and regulations and cooperates fully with the government and regulatory bodies.

Confidentiality

Employees are bound to protect the confidentiality of information and are obliged to keep delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

Community Responsibility

KASB aims to operate as a responsible corporate citizen, supporting the communities locally and globally and recognizes its responsibilities towards these communities.

Environmental Responsibility

KASB is concerned with the conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and it aims to limit its use of all finite resources.

PROFILE OF DIRECTORS

Saeed Yousuf Chinoy – Chairman

Mr. Saeed Yousuf Chinoy is a business and management consultant with over forty years global experience in corporate consultancy and project development. He is appointed to the Board of Directors of KASB Securities Limited as an independent non-executive Director and is currently the President of the Oxford & Cambridge Society, an educational charity raising money to fund university education of the financially disadvantaged. He has also served on the Boards of various other companies in Pakistan including Singer Pakistan Limited, Premier Sugar and Distillery Company Limited, Phipson & Co. Limited, Pakistan Agencies Limited, and Continental Furnishing Co. Limited, as well as companies in Saudi Arabia and Dubai. He remains engaged in international financial services and equity markets and holds investments in Pakistan Real Estate and Capital Markets. He holds a Bachelors as well as a Masters degree from Cambridge University, United Kingdom.

Irfan Nadeem – Cheif Executive Officer & Director

Mr. Irfan Nadeem is a senior retired civil servant and during his service with the Government of Pakistan, Mr. Nadeem served as (a) Federal Secretary-Ministry of Science and Technology, (b) Director General, Pakistan Standards and Quality Control Authority, (c) Deputy/Acting Chairman-National Accountability Bureau (d) Additional Director General, Economic Crimes Wing-Federal Investigation Agency and (e) Member Inland Revenue FBR apart from various field positions in Income Tax. Mr. Nadeem also served as a member of the governing body of the Higher Education Commission, COMSATS, NUST apart from being the Chairman Board of Governors of Commecs Institute for nearly 14 years.

Mr. Nadeem holds a bachelor's degree in Law and Commerce from the University of Karachi. While serving the Government of Pakistan, he attended specialized training programs such as the Executive Leadership Development Program in Honors category from the JFK School of Government, Harvard University, Cambridge, USA, Advance Management for Senior Tax Officials at Lincoln, England, International Taxation in Tokyo, Japan, apart from many other short and long courses. He is certified under Directors' Training Program organized by Institute of Cost & Management accountants of Pakistan, required by the code of Corporate Governance. He has lead Pakistani delegations in many National and International conferences and is recipient of many Awards.

Salman Naqvi – Director

Mr. Salman Naqvi has over 32 years of experience from banking and different industries. He is currently working with KASB Bank as Group Head of Branch Banking and is responsible for looking after a portfolio of branches around Pakistan. Prior to joining KASB Bank, he was Retail and Distribution Banking Head at NIB Bank Ltd. He has also worked with ABN Amro bank as Head of country assets, liability, consumer branch & non stop banking center. He has also served as Director production / sales and General Manager positions of Europe & Srilankan regions.

Mahmood Ali Shah Bukhari – Director

Mr. Mahmood Ali Shah Bukhari is a Director in KASB Finance Limited and an Economic Consultant with KASB Modaraba where his primary focus is on devising feasibilities of new ventures with group companies.

As a KASB Foundation Ambassador, Mr. Bukhari also plays an active role in fulfilling social responsibilities by volunteering for human relief efforts, and special children projects. In addition, he has also participated in various national and international conferences organized by outfits, such as Young Presidents Organization (YPO) and United Nations.

Mr. Bukhari has a BSc in Liberal Studies from University of Waterloo, Waterloo-Canada. Furthermore, he has received professional training in various aspects of Asset Management, Investment Analysis, Core Banking and Brokerage at leading companies such as Citi Group, Tikehau Capital and Stanhope Capital.

Tahir Iqbal – Director

Mr. Tahir Iqbal joined KASB Securities Limited in February 1994. Mr. Iqbal has over a decade long association with KASB Securities Limited where he has been engaged with settlements, custody and general operations of the company and has been a key resource in designing and automating its business and back office systems. Prior to joining KASB Securities he was Associated as a Cost Accountant with Associated Industries Pakistan (Pvt) Ltd., one of the most prominent export houses in Pakistan. Mr. Iqbal has an MBA (Finance & Accounts) degree from Preston University, USA and has completed various courses from the Institute of Cost and Management Accountants of Pakistan.

Asad Mustafa Shafqat – Director

Mr. Asad Mustafa Shafqat possesses more than 15 years of experience in Investment Banking, Capital Markets and Private Equity. During his career, Mr. Shafqat has lead-managed large ticket domestic and international transactions, including M&A, debt and equity raising, project finance, corporate restructurings & reorganizations, portfolio and investment management, asset valuation and loan resolution/workouts.

Previously, Mr. Shafqat has held senior level positions at renowned organizations including Faysal Bank, Foundation Securities, Fauji Foundation, Actis Capital and Ernst & Young Pakistan.

Mr. Shafqat received his Bachelors in Finance & Accounting from The University of Hull UK in 1998 and is a CFA Charter holder.

Mohammad Muzaffar Khan – Director

Mr. Muzaffar Khan has 15 years of extensive and diversified exposure of the banking sector. He is serving as the Country Treasurer of KASB Bank Limited since 2008 and has handled senior level positions in both local and international institutions. Prior to joining KASB Bank, Mr. Muzaffar Khan was associated with Emirates Bank, Union Bank and Silk Bank (formerly Saudi Pak Commercial Bank Ltd), Pakistan. Mr. Muzaffar Khan is an MBA in MIS and Finance from University of Houston, Texas, USA.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the audited financial statements of the Company, and commentary for the year ended December 31, 2014.

Economic Review

Pakistan's macro-economic landscape saw some consistent progress in 2014 particularly on the external front, driven by favorable external factors as well as domestic reform agenda of the government. Many milestones were set in 2014 which include Pakistan's re-entry into the Euro bond market after a hiatus of 7 years; auction of 3G/4G licenses and revival of the government's privatization program. Improvement in external account is quite visible as import cover jumped from a low of less than 1-month to 2.6-months by end of December. This led the currency to appreciate 6% during 1HCY14.

Benefit of sharp decline in international oil prices have started emerging as current account posted its first surplus in Dec 2014. Fiscal deficit remained on track at 2.3% of GDP in 1HFY15, after closing FY14 at 5.5% of GDP. Going forward, fiscal deficit target for FY15 is set lower at 4.9% of GDP. Due to shortfall in revenue collection by over PRs 100bn to date, federal PSDP target of PRs 525 billion for FY15E (up from PRs 400 billion disbursed in FY14) could be cut in order to meet the fiscal deficit target.

With reduced government borrowing from SBP, lower oil prices and exchange rate gaining its lost strength, the CPI inflation has declined considerably from range of 8%-9% in 1H14, closing the year at around 4%. This helped the central bank slash the discount rate by 50 bp in November and an additional 100bp in January 2015. In 2015, while benefit of lower oil prices should reflect in its full magnitude on growth and external account, continuation of the government's ambitious privatization program, along with impending energy and fiscal reforms will be key to sustainable growth.

Equity Market Review

The strong momentum in Pakistan's equity market seen in the past few years has continued unabated in 2014 and helped set KSE-100 index a new all-time high of 32,149. With 32% return (in US Dollar) in 2014, KSE-100 has emerged as the best performing frontier market and 3rd best global equity market in 2014. Interestingly, KSE-100 index has returned a cumulative 185% return in the past three years. Pakistan's investment case has further strengthened in 2014 as lower oil prices and interest rate environment supported macro stability and broad-based corporate earnings growth. Significant upgrade in Pakistan's weight in MSCI FM Index, a key benchmark for funds with frontier market mandates, and revival of the government's divestment program, a key plank in the government's new privatization strategy, drew significant interest from foreign and local investors crystalized in the form of yet another healthy net foreign inflow of US$ 382 million in equity market. Listing activity picked up significant pace with six companies making their debut on the exchange. A total of PRs 27 billion equity fund was raised in 2014 either through IPO or secondary offering, making it the best year for capital raising since 2011. While political stalemate in second half of the year triggered uncertainty; its smooth conclusion set the platform for continuation of macro reforms and was a major relief to investors. In terms of activity, volumes declined by 6% to 209 million shares per day but value traded was up by significant 24% YoY to US$ 93 million per day.

Debt and Currency Market Review

For the money market, conditions remained manageable for most of the year as requirement of government borrowing from banking system also saw a decline in the wake of increased foreign flows. However since last quarter the SBP had to conduct open market operations to inject liquidity to the tune of PRs 300-600 billion every week due to below trend deposit growth and heavy investment of banks in long term bonds.

Banking system remained a major source of domestic deficit financing, where SBP conducted fortnightly T-bill auctions worth PRs 4 trillion, monthly PIB auctions cumulatively worth PRs 2.5 trillion and only one Ijarah Sukuk auction worth PRs 49.5 billion during the year.

The exchange rate, after gaining 6.6% against USD in the first quarter, saw relative stability in the entire year apart from a brief period of depreciation in the third quarter due to political uncertainty. However thanks to smooth progress on IMF program since then, the currency has remained stable around PRs 101 in the last three months, closing the year with 4.3% gain.

Operating and Financial Performance

Profit after tax for CY14 amounted to PKR 108.7 million as compared to a profit after tax of PKR 81.5 million for CY13. Monetary impact of key P&L items on the Company's bottom-line are highlighted as under:

- Operating revenue increased 7% from PKR 481.1 million in CY13 to PKR 514.8 million in CY14, reflecting the increase in brokerage fees / income due to increased market activity during the year;
- Reversal of provisions (net) were of PKR 1 million in CY 14 as against PKR 9.7 million in CY13;
- Operating and administrative costs increased by 16.4% from PKR 400.7 million in CY13 to PKR 466.3 million in CY14;
- The Company generated an operating profit of PKR. 144.1 million in CY14, as against anoperating profit of PKR 126.8 million in CY13, an increase of 13.6%;
- The Company posted profit before tax of PKR 129.7 million in CY14 as against PKR 125.1 million in CY13;
- After due taxation adjustments, the Company's profit after tax was PKR 108.7 million (EPS of 1.09) in CY14 as compared to PKR 81.5 million (EPS of 0.81) in CY13;

Corporate Governance

The directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance for the following:

- Proper books of account of the Company have been maintained;
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies, as more fully explained in notes 4.2 to 4.16 of the financial statements have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- Approved Accounting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission as also stated in note 4.1 to the financial statements, have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;

- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;

- The Company maintains a balance of executive and non-executive directors in the Board of Directors, with two directors meeting the criteria for independent directors as laid out in the listing regulations. Executive Directors do not number more than one third of the elected directors. Details of the composition of the Board of Directors appear on page 5.

- The Board of Directors has ensured that all regulations concerning responsibilities, powers and functions of the Directors have been carefully considered and acted upon. In addition, Company Secretary, CFO and Head of Internal Audit who meet the requirements laid out in the Code have been appointed;

- Key operating and financial data of the preceding years is appearing on page 12;

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2014 except for those disclosed in the financial statements;

- Related-party transactions have been placed before the Audit Committee and their recommendations placed;

- The Company operates an approved contributory provident fund for its eligible employees. The value of investments as per the un-audited financial statements for the year ended December 31, 2014 amounts to approximately PKR 53 million;

- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet date and the date of the Directors Report.

Corporate Social Responsibility

Responsibility towards the Community: KASB continues to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. KASB will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

Responsibility towards the Environment: KASB is concerned with conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and aims to limit its use of all finite resources, with specific focus on its waste management practices and usage of energy.

KASB has integrated Corporate Social Responsibility (CSR) into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives.

Summary of CSR activities during 2014 are as follows:

- Adherence to regulatory requirements: The Company and its employees contributed an amount of PKR 49.5 million to the national exchequer in the form of taxes.

- People/Human Resources: The Company follows a policy of contributing to employees' professional development and promoting physical, mental and emotional health. To this end:
  - Employees were awarded study scholarships for pursuing in higher education
  - Various in-house and external training programs have been conducted and arranged to improve HR quality

- Philanthropic contributions are made via KASB Foundation. This year a total contribution of PKR 1.7 million was made to the Foundation.

The Board

The Board comprised of two independent directors, three non-executive directors and three executive directors. The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices and the Chairman has been elected from among the Non-Executive Directors. The Board has established a separate Audit Committee and an HR & Remuneration Committee to assist the Board in the performance of its functions. Further, none of the Directors is elected or nominated in more than seven listed companies, including unlisted subsidiaries of listed companies.

Six meetings of the Board of Directors were held during the year 2014. As per the requirements of the Code of Corporate Governance, written notices were circulated at least 7 days in advance except for emergent meetings and significant issues as detailed in the Code were placed for the information, consideration and decision of the Board and the Audit Committee. Minutes were appropriately recorded, including any dissenting views.

The attendance of Directors at the Board meetings was as follows:

Name of Director	Meetings held during 2014	Meetings attended during 2014*
Saeed Yousuf Chinoy, Chairman	6	5
Irfan Nadeem	6	5
Salman Naqvi	6	4
Mahmood Ali Shah Bukhari	6	5
Muzaffar Khan	6	1
Nadir Rahman, Chief Executive Officer	6	6
Asad Mustafa Shafqat	6	6
Tahir Iqbal	6	6

*Against all absences, leave of absence was duly granted by the Board.

The directors wish to report the following changes during 2014 in the composition of the Board of Directors:

- Election of Directors took place on January 28, 2014. Syed Asghar Ali Shah did not apply for re-election. Tahir Iqbal was the new director elected. Rest of the directors were reelected.
- Nadir Rahman, appointed on January 01, 2011, resigned and in his place, Mohammad Muzaffar Khan was co-opted on December 18, 2014, being nominee of KASB Bank Limited.

The Board welcomes the new directors on the Board and places on record its sincere appreciation for the services rendered by the outgoing director.

Audit Committee

As per the requirements of the Code of Corporate Governance, the Audit Committee consists entirely of non executive directors.The attendance of Directors at the Committee's meetings was as follows:

Name of Director	Meetings held during 2014	Meetings attended during 2014*
Irfan Nadeem, Chairman	4	4
Saeed Yousuf Chinoy	4	4
Mahmood Ali Shah Bukhari	4	3

*Against all absences, leave of absence was duly granted by the Committee.

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee consists entirely of non-executive directors. The attendance of Directors at the Committee's meetings was as follows:

Name of Director	Meetings held during 2014	Meetings attended during 2014*
Irfan Nadeem, Chairman	2	2
Saeed Yousuf Chinoy	2	2
Mahmood Ali Shah Bukhari	2	1

*Against all absences, leave of absence was duly granted by the Committee.

Financial Responsibility

The management of the Company is responsible for the preparation of financial statements and the related notes contained therein.These financial statements are reviewed by the Audit Committee before being approved by the Board of Directors.

The Audit Committee assists the Board in monitoring and managing risks associated with the business and the internal controls put in place to mitigate these risks.The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance and the terms of reference approved by the Board. The Committee comprises of three Non-Executive Directors and held four meetings during the year.

The Human Resource & Remuneration committee assists the Board in the Human Resources management including selection, evaluation and compensation of key management personnel.

Appointment of External Auditors

The external auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants stand retired following expiry of their tenor. As per the recommendations of the Audit Committee the new auditors would be recommended to the shareholders holders of the Company for approval after consultation with the Parent Company.

Shareholding

The pattern of shareholding as on December 31, 2014 appears on page 76. Transactions in the shares of the Company as reported by the Directors, Chief Executive Officer,ChiefFinancial Officer and Company Secretary of the Company on their own account and on account of their spouses and minor children are also reported therein.

Dividends

In order to accumulate liquidity for expansion and growth prospects, the Board has decided to retain the profits.

Future Outlook

YTD 2014 KSE-100 index has shown strong performance of 7.5%, hitting new highs of 27,300 this year. Pak Rupee at the same time has also appreciated by 6.7% Jan-Mar 2014 on back of increased foreign inflows and commitments. Going forward, privatization and secondary offerings of key government owned entities, materialization of expected foreign inflows and portfolio investment, leading to strengthening Pak Rupee, decline in inflation and thus monetary easing would be the key trigger for the equity markets. Increase in Pakistan’s weight in MSCI Frontier Market Index scheduled in May-2014 from exclusion of UAE and Qatar would also be a key trigger to watch out for this year.

Upkeeping Stakeholders’ Trust & Employees’ Confidence

On November 14, 2014, the Federal Government, on the application of the State Bank of Pakistan (“SBP”), and in exercise of the powers conferred upon it under the Section 47 of the Banking Companies Ordinance, 1962, imposed a 6 months moratorium on KASB Bank Limited (“KBL”), the majority shareholder of KSL, and also suspended payment of debts and obligations from KBL, allowing a maximum withdrawal of up to PKR 300,000/- for all deposit account holders of KBL with balance of more than PKR 300,000/-.

As KSL uses KBL for majority of its banking arrangements, including daily clearing for all transactions executed on the Karachi Stock Exchange (“KSE”) through KSL, the moratorium on KBL temporarily affected KSL’s liquidity position in view of KSL’s stuck funds at KBL. As a result, on November 17, 2014, the Securities & Exchange Commission of Pakistan (“SECP”) temporarily restricted KSL’s trading facilities on the Karachi Stock Exchange (“KSE”) and the Pakistan Mercantile Exchange (“PMEX”). Therefore all new investments for KSL’s clients were temporarily put on hold, due to the quantum of money stuck in KSL’s deposit accounts with KBL, a result of the moratorium placed by SBP, which applies equally to all deposit account holders of KBL.

The Company remained in close dialogue with the SECP, and the concerned stakeholders, KSE, PMEX, CDC, and NCCPL with respect to the curtailment of its trading facilities and the steps required for reinstatement. During the restriction period, all requests for transfer of shares and payments by the company’s clients were honored successfully.

KSL’s trading rights on the KSE were subsequently restored by the SECP in a controlled environment effective December 02, 2014, whereas the SECP granted further relaxations to KSL on its trading rights on February 03, 2015. The SECP also restored KSL’s trading rights on PMEX effective January 23, 2015. The Company’s trading rights at the KSE will be fully restored once KBL’s moratorium is removed during Q2 2015.

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

Saeed Yousuf Chinoy
Chairman

Karachi: March 19, 2015

FINANCIAL HIGHLIGHTS

	Year Ended December 31,					
	2014	2013	2012	2011	2010	2009
Operating Performance						
(Rupees in '000)						
Revenue	609,305	517,717	385,856	267,937	335,171	511,732
Operating and administrative expenses	(466,292)	(400,656)	(323,617)	(281,319)	(301,574)	(242,964)
Reversal of provision / (provision) / impairment	1,070	9,695	33,454	(61,521)	102,324	(450,858)
Finance cost	(21,040)	(8,942)	(18,439)	(69,774)	(72,600)	(85,320)
Other income	6,669	7,263	8,770	10,813	11,710	14,117
Profit / (loss) before taxation	129,712	125,077	86,024	(133,864)	75,031	(253,293)
Profit / (loss) after taxation	108,658	81,454	131,396	(146,226)	68,872	(298,270)
Per Ordinary Share						
(Rupees)						
Earnings / (loss) per share	1.09	0.81	1.31	(1.46)	0.69	(2.98)
Break-up value per share	12.57	12.18	11.74	9.90	10.63	10.18
Dividends						
(Percentage)						
Final dividend	-	5%	5%	-	-	-
Financial Position						
(Rupees in '000)						
Assets and Liabilities						
Total assets	1,986,947	2,257,847	2,007,012	1,665,708	2,034,743	2,305,027
Current assets	1,014,969	1,272,453	1,002,555	747,216	1,151,957	1,876,991
Current liabilities	579,991	939,432	833,337	675,444	804,791	785,478
Equity						
Shareholders' equity	1,256,956	1,218,415	1,173,552	990,264	1,063,386	1,018,202
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	256,956	218,415	173,552	(9,736)	63,386	18,202
No. of Shares outstanding						
(Number in '000)	100,000	100,000	100,000	100,000	100,000	100,000
Return on capital employed - (%)	10.32	10.27	7.33	(13.52)	7.06	(24.88)
Return on total assets - (%)	7.59	5.94	5.20	(3.85)	7.26	(7.29)
Current ratio-times	1.75	1.35	1.20	1.11	1.43	2.39
Interest cover ratio-times	7.17	14.99	5.67	(0.92)	2.03	(1.97)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of KASB Securities Limited (the Company) will be held at **Beach Luxury Hotel**, Karachi, on **Tuesday April 28, 2015 at 11:00am** to transact the following business:

Ordinary Business:

- To confirm the minutes of the Annual General Meeting held on April 22, 2014.
- To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2014 together with the Directors' and Auditors' Report thereon.
- To appoint Avais Hyder Liaquat Noman, Chartered Accountants as the auditors for the year ending December 31, 2015 and fix their remuneration.
- Any other business with the permission of the chair.

By order of the Board

Zia-ul-Haq
Company Secretary

Karachi
April 06, 2015

Notes:

(i) Share transfer books of the Company will remain closed from April 22, 2015 to April 28, 2015 (both days inclusive). Transfers received in order at the office of our Share Registrar, Messrs THK Associates (Private) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road Karachi 75530, Tel: (92-21) 111-000-322, Fax: (92 21) 35655595; by the close of business on April 21, 2015 will be treated in time.

(ii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy will have the same rights as are available to the member.

(iii) Proxy must be received at the office of our Share Registrar not later than 48 hours before the time of the meeting. The form of proxy submitted must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers must be mentioned on the form, along with the attested copies of CNIC or the passport of the beneficial owner and the proxy.

(iv) In case of proxy by a corporate entity, Board of Directors' resolution/power of attorney shall also be submitted along with the form.

(v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited and/or their proxies are required to produce their original CNIC or Passport for identification purpose at the time of attending the meeting.

(vi) Members are requested to promptly notify any change in their address to the office of our Share Registrar.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

EY
Building a better working world

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **KASB Securities Limited** (the Company) for the year ended 31 December 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

Further, we highlight the matter referred in note 9 of the Statement of Compliance which states that the Company has not arranged for the Directors training program during the year.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: 19 March 2015

Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. The Board includes:

Category	Names
Independent Directors	• Saeed Yousuf Chinoy • Irfan Nadeem*
Executive Directors	• Nadir Rahman* • Asad Mustafa Shafqat • Tahir Iqbal
Non-Executive Directors	• Salman Naqvi • Mahmood Ali Shah Bukhari • Mohammad Muzaffar Khan*

* Nadir Rahman resigned from the office of Directorship in December 2014 and in his place Mohammad Muzaffar Khan was coopted as the Director. Nadir Rahman vacated the office of Chief Executive in the month of January 2015. Mr. Irfan Nadeem has been appointed as the new Chief Executive Officer of the company in his place.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on December 18, 2014, was filled up by a new director within 90 days.

5. The Company has prepared a ‘’Code of Conduct’’ and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board is well aware of the training requirements of the directors under the code. During the previous year, one of the directors from the Board got certified under the Board Development Series. However, during the current year, no director got the certification. The Company is planning to arrange training programs for all other directors in the near future.

10. No fresh appointments of Chief Financial Officer and Company Secretary were made during the period.

11. The directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR & Remuneration Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.

18. Two meetings of the HR & Remuneration committee were held during the year.

19. The Board has set up an internal audit function. The Head of internal audit is suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the stock exchange.

23. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of Board of Directors

Saeed Yousuf Chinoy
Chairman

Karachi: March 19, 2015

STANDALONE FINANCIAL STATEMENTS

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KASB Securities Limited** (the Company) as at 31 December 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion :

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the profit, total comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

E a Young

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 19 March 2015

Karachi

BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	52,005	46,837
Intangible assets	8	8,854	8,854
Long-term investments	9	863,259	883,376
Long-term loans and advances	10	4,239	498
Long-term deposits and prepayments	11	6,443	6,429
Long-term receivable		-	218
Deferred tax asset - net	12	37,178	39,182
		971,978	985,394
Current assets			
Short-term investments	13	18,647	267,630
Trade debts	14	68,017	382,704
Advances, deposits, prepayments and other receivables	15	234,350	257,970
Taxation - net		41,375	26,752
Cash and bank balances	16	652,580	337,397
		1,014,969	1,272,453
TOTAL ASSETS		1,986,947	2,257,847
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	17	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		133,413	153,530
Unappropriated profit		104,791	46,133
		1,256,956	1,218,415
Non-current liabilities			
Long-term loan	18	150,000	100,000
Current liabilities			
Trade and other payables	19	579,939	939,399
Accrued mark-up		52	33
		579,991	939,432
TOTAL EQUITY AND LIABILITIES		1,986,947	2,257,847
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 38 form an integral part of these financial statements.

Saeed Yousuf Chinoy	Irfan Nadeem	Asad Mustafa Shafqat
Chairman	Chief Executive Officer	Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		(Rupees in '000)	
Operating revenue	22	**514,849**	481,126
Net Gain / (loss) on investments 'at fair value through profit or loss'			
Gain / (loss) on sale investments - net	23	**49,796**	(20,778)
Unrealised (loss) / gain on re-measurement of investments - net	13.4	**(8,144)**	16,652
		41,652	(4,126)
Dividend income		**1,137**	1,549
Mark-up / profit on bank deposits, investments and other receivables	24	**51,667**	39,168
		609,305	517,717
Operating and administrative expenses	25	**(466,292)**	(400,656)
Reversal of provision / (provision) against doubtful debts-net	14.4	**1,070**	(4,293)
Reversal of provision against long-term receivable		**-**	13,988
		(465,222)	(390,961)
Operating profit		**144,083**	126,756
Finance cost	26	**(21,040)**	(8,942)
		123,043	117,814
Other income	27	**6,669**	7,263
Profit before taxation		**129,712**	125,077
Taxation	28	**(21,054)**	(43,623)
Profit after taxation		**108,658**	81,454
Other comprehensive (loss) / income for the year:			
Unrealised (loss) / gain arising during the year on re-measurement of 'available-for-sale' investments - net	9.3.4	**(20,117)**	13,409
Total comprehensive income for the year		**88,541**	94,863
		(Rupees)	
Earnings per share - basic and diluted	29	**1.09**	0.81

The annexed notes 1 to 38 form an integral part of these financial statements.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**129,712**	125,077
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	**14,897**	10,120
Amortisation	**-**	537
(Gain) / loss on sale of investments - net	**(49,796)**	20,778
Gain on sale of property and equipment	**(995)**	(494)
Property and equipment written off	**-**	2,059
Unrealised loss / (gain) on re-measurement of investments 'at fair value through profit or loss' - net	**8,144**	(16,652)
(Reversal of provision) / provision against doubtful debts	**(1,070)**	4,293
Reversal of provision against long-term receivable	**-**	(13,988)
Finance cost	**21,040**	8,942
Dividend income	**(1,137)**	(1,549)
	(8,917)	14,046
	120,795	139,123
Working capital adjustments:		
Decrease / (increase) in assets		
Trade debts	**315,757**	(88,780)
Advances, deposits, prepayments and other receivables	**23,844**	(73,726)
	339,601	(162,506)
(Decrease) / increase in current liabilities		
Trade and other payables	**(359,532)**	357,925
	100,864	334,542
Finance cost paid	**(21,021)**	(11,621)
Income tax paid	**(33,673)**	(37,741)
Net cash flows generated from operating activities	**46,170**	285,180
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	**290,635**	(95,778)
Purchase of property and equipment	**(24,011)**	(17,249)
Proceeds from disposal of property and equipment	**4,941**	1,744
Dividend received	**1,131**	1,549
Net cash flows generated from / (used in) investing activities	**272,696**	(109,734)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	**(3,741)**	950
Long-term deposits and prepayments	**(14)**	(2,813)
Short-term borrowing	**-**	(250,000)
Long-term loan	**50,000**	100,000
Dividend paid	**(49,928)**	(49,274)
Net cash flows used in financing activities	**(3,683)**	(201,137)
Net increase / (decrease) in cash and cash equivalents	**315,183**	(25,691)
Cash and cash equivalents at the beginning of the year	**337,397**	363,088
Cash and cash equivalents at the end of the year	**652,580**	337,397

The annexed notes 1 to 38 form an integral part of these financial statements.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	General reserve	Unappropriated profit	Unrealised (loss) / gain on re-measurement of 'available-for-sale' investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 01, 2013	1,000,000	18,752	14,679	140,121	1,173,552
Total comprehensive income for the year	-	-	81,454	13,409	94,863
Dividend paid during the year	-	-	(50,000)	-	(50,000)
Balance as at December 31, 2013	**1,000,000**	**18,752**	**46,133**	**153,530**	**1,218,415**
Total comprehensive income for the year	-	-	108,658	(20,117)	88,541
Dividend paid during the year	-	-	(50,000)	-	(50,000)
Balance as at December 31, 2014	**1,000,000**	**18,752**	**104,791**	**133,413**	**1,256,956**

The annexed notes 1 to 38 form an integral part of these financial statements.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on 24 October 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 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. 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 Company is KASB Corporation Limited.

The Company has corporate membership of the Karachi Stock Exchange Limited (KSE) and Pakistan Mercantile Exchange Limited (PMEX) 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 During November 2014 the Federal Government issued an order whereby, a moratorium was imposed on KASB Bank Limited which is the Company's Parent Company. Subsequent to the said imposition of moratorium, the Securities and Exchange Commission of Pakistan (SECP) issued directives on November 17, 2014 pursuant to which the Company's trading activities in the KSE and the PMEX were suspended with effect from November 18, 2014.

1.3 Subsequent to the aforementioned suspension of trading operations of the Company, the SECP vide its directive dated December 02, 2014 issued to the KSE, allowed the KSE to reinstate the trading facilities of the Company in the ready market subject to the certain restrictions. The SECP further issued a directive to the KSE on February 03, 2015, allowing KSE to grant certain relaxations to the Company from the restrictions imposed earlier by the SECP. In view of this relaxations, the Company is now allowed to trade in the following manner:

i. In the ready market, Company to execute buy orders against atleast 50% cash deposit and sell orders against atleast 50% pre-existing holding in CDS sub-accounts maintained with Company. In order to comply with these restrictions, the Company would be required to deposit 50% cash if net payable and deliver 50% securities on trade date i.e. T+0;

ii. Trades executed on behalf of the Non-Broker Clearing Member clients shall be affirmed not later than one hour before closure of market;

iii. Company may also be allowed to trade in the Deliverable Future Market only on behalf of its clients and no proprietary exposure will be allowed in this segment; and

iv. Company shall submit to KSE, weekly reconciliations of clients cash balances as per back office record with the designated clients account available in their banks.

Further, the PMEX vide its letter dated January 23, 2015 also allowed the Company to resume its trading activities subject to certain conditions which mainly relates to initial increase in auto liquidation threshold and deposit margin requirements with gradual reduction within a period of 4 weeks.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.6 below.

2.2 These are separate financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

3. STATEMENT OF COMPLIANCE

These 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 (IASB) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 32 - Financial Instruments : Presentation – (Amendment) - Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets – (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 - Levies

The adoption of the above did not have any effect on the financial statements for the current year.

4.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

4.4 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.5 Financial assets

4.5.1 Investments

Investments in subsidiary company is stated at cost less provision for impairment, if any. Other investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments at fair value through profit or loss

Investments classified as 'investments at fair value through profit or loss' are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations. Unquoted securities are valued at cost less impairment in value, if any.

4.5.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.6 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

4.7 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.8 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.9 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised when realised.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / deficit arising on revaluation.

4.11 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.12 Employees' benefits

Defined contribution plan

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.13 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.

4.14 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

Foreign currency translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.15 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation and impairment	4.2 to 4.3, 4.6, 7 & 8
Classification of investments and impairment	4.5.1, 4.6, 9 & 13
Provision for doubtful debts	4.15 & 14
Deferred taxation and taxation	4.10, 12 & 28

6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or amendment			Effective date (accounting periods beginning on or after)
IFRS 10	–	Consolidated Financial Statements	January 01, 2015
IFRS 11	–	Joint Arrangements	January 01, 2015
IFRS 12	–	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	–	Fair Value Measurement	January 01, 2015
IAS 1	–	Presentation of Financial Statements – (Amendment) - Disclosure Initiative	January 01, 2016
IAS 16 & 38	–	Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	–	Property, Plant and Equipment & Agriculture - (Amendment) -Agriculture: Bearer Plants	January 01, 2016
IAS 19	–	Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	July 01, 2014

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Improvements to IFRS

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014 and January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard			Effective date (annual periods beginning on or after)
IFRS 9	–	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	–	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	–	Revenue from Contracts with Customers	January 01, 2017

7. PROPERTY AND EQUIPMENT

2014

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	23,490	68,724	6,642	138,636
Accumulated depreciation	(20,794)	(14,126)	(55,026)	(1,853)	(91,799)
Net book value at the beginning of the year	18,986	9,364	13,698	4,789	46,837
Changes during the year					
Additions during the year	-	830	20,013	3,190	24,033
Disposals during the year					
- Cost	-	(165)	(4,200)	(4,533)	(8,898)
- Depreciation	-	133	4,034	785	4,952
	-	(32)	(166)	(3,748)	(3,946)
Adjustment during the year	-	-	(22)	-	(22)
Depreciation charge for the year	(1,611)	(2,122)	(9,899)	(1,265)	(14,897)
	(1,611)	(1,324)	9,926	(1,823)	5,168
Net book value at the end of the year	17,375	8,040	23,624	2,966	52,005
Analysis of Net Book Value					
Cost	39,780	24,155	84,515	5,299	153,749
Accumulated depreciation	(22,405)	(16,115)	(60,891)	(2,333)	(101,744)
Net book value as at December 31, 2014	17,375	8,040	23,624	2,966	52,005
Depreciation rate (% per annum)	5	10	33.33	20	

2013

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	21,197	25,859	124,855	3,890	175,801
Accumulated depreciation	(6,173)	(14,699)	(116,719)	(2,372)	(139,963)
Net book value at the beginning of the year	15,024	11,160	8,136	1,518	35,838
Changes during the year					
Additions during the year	-	1,555	11,364	4,080	16,999
Disposals during the year					
- Cost	-	(1,923)	(3,671)	(1,328)	(6,922)
- Depreciation	-	1,107	3,503	1,062	5,672
	-	(816)	(168)	(266)	(1,250)
Written off during the year					
- Cost	(2,149)	(2,001)	(63,824)	-	(67,974)
- Depreciation	418	1,715	63,782	-	65,915
	(1,731)	(286)	(42)	-	(2,059)
Depreciation charge for the year	(1,217)	(2,249)	(5,592)	(543)	(9,601)
Transfer from investment properties during the year					
- Cost	20,732	-	-	-	20,732
- Depreciation	(13,822)	-	-	-	(13,822)
	6,910	-	-	-	6,910
	3,962	(1,796)	5,562	3,271	10,999
Net book value at the end of the year	18,986	9,364	13,698	4,789	46,837
Analysis of Net Book Value					
Cost	39,780	23,490	68,724	6,642	138,636
Accumulated depreciation	(20,794)	(14,126)	(55,026)	(1,853)	(91,799)
Net book value as at December 31, 2013	18,986	9,364	13,698	4,789	46,837
Depreciation rate (% per annum)	5	10	33.33	20	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year having book value of more than Rs. 50,000 are as follows:

	Cost	Accum-ulated depre-ciation	Written down value	Sale proce-eds	Gain	Particular of buyers	Mode of disposal
	(Rupees in '000)						
Vehicles							
Toyota Corolla GLI	1,343	395	948	1,402	454	Mr. Atiq Jindani	Negotiation
Toyota Hilux VIGO	3,190	390	2,800	3,150	350	Mr. Muhammad Hasan	Negotiation
Computers and Office Equipment							
Photocopier	312	312	-	4	4	Mr. Adam Khan	Negotiation
PABX Systems	483	483	-	35	35	Zaka Group of Companies	Negotiation
UPS 10KVA	535	467	68	85	17	Various	Negotiation
Computer Server	152	152	-	1	1	System Care	Negotiation
Airconditioners	1,865	1,865	-	130	130	Various	Negotiation
The aggregate amount of property and equipment disposed off during the year having book value less than Rs. 50,000:							
Furniture and fixtures	165	133	32	35	3		
Computer and office equipment	853	755	98	99	1		
December 31, 2014	**8,898**	**4,952**	**3,946**	**4,941**	**995**		
December 31, 2013	6,922	5,672	1,250	1,744	494		

8. INTANGIBLE ASSETS

	2014					
	Computer software	Membership of PMEX	Rooms at KSE (Note 8.1)	Booths at KSE	Membership of KSE	Total
	(Rupees in '000)					
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortization	(8,575)	-	-	-	-	(8,575)
Net book value at the beginning of the year	-	750	5,804	950	1,350	8,854
Net book value at the end of the year	-	750	5,804	950	1,350	8,854
Analysis of Net Book Value						
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortization	(8,575)	-	-	-	-	(8,575)
Net book value as at December 31, 2014	-	750	5,804	950	1,350	8,854
Amortization rate (% per annum)	33.33	-	-	-		

8.1 Currently, rooms at KSE are used by KASB Bank Limited (the Parent Company) under rental arrangements.

	2013					
	Computer software	Membership of PMEX	Rooms at KSE	Booths at KSE	Membership of KSE	Total
	(Rupees in '000)					
Cost	8,575	500	5,804	950	4,945	20,774
Accumulated amortisation	(8,038)	-	-	-	-	(8,038)
Net book value at the beginning of the year	537	500	5,804	950	4,945	12,736
Adjustment during the year	-	250	-	-	(3,595)	(3,345)
Amortisation for the year	(537)	-	-	-	-	(537)
Net book value at the end of the year	-	750	5,804	950	1,350	8,854
Analysis of Net Book Value						
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortisation	(8,575)	-	-	-	-	(8,575)
Net book value as at December 31, 2013	-	750	5,804	950	1,350	8,854
Amortisation rate (% per annum)	33.33	-	-	-	-	-

	Note	2014	2013
		(Rupees in '000)	
9. LONG-TERM INVESTMENTS			
Subsidiary company (48,858,120 shares of Rs. 10 each)	9.1 & 9.2	**488,581**	488,581
'Available-for-sale' investments	9.3	**374,678**	394,795
		863,259	883,376

9.1 Structured Venture (Private) Limited [SVPL] is subsidiary of the Company. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 22, 2010 is Rs. 625 million. As of the balance sheet date, the Company has invested a total sum of Rs. 488.58 million. The book value of each ordinary share is Rs. 9.39 (2013: Rs. 9.79) based on the audited financial statements of SVPL for the year ended December 31, 2014.

9.2 The SVPL holds investments in a property of Rs. 375 million which is being developed as a housing scheme by Noor Developers (Private) Limited [the Developer]. The housing scheme is pending final approval by the Cantonment Board Korangi Creek (CBKC) for last few years, due to modification and revisions required by the CBKC in the housing scheme plan.

The developer has informed the management of the SVPL that the revised lay out plan which was submitted for approval to CBKC is still under process and the matter has been forwarded by CBKC to their Scrutiny Committee and the developer is expecting early disposal of the matter by the concerned authorities. The fair value of such properties has been determined by an independent professional valuer on the basis of its location and market potential of the proposed housing scheme project, which amounts to Rs. 600 million as of balance sheet date (2013: Rs. 465 million).

The management is confident that no loss would be occasioned due to delay in the approval of the housing scheme by the relevant authorities and hence, no provision for impairment against the said investment has been considered necessary in these financial statements.

9.3 Description of 'available-for-sale' investments

2014	2013			2014		2013	
Number of shares		Name of the Investee Company	Note	Cost*	Carrying value	Cost*	Carrying value
		Quoted shares		(Rupees in '000)			
19,858,649	19,858,649	KASB Bank Limited (Parent Company)	9.3.1 & 9.3.4	**21,844**	**39,519**	21,844	38,129
		Unquoted shares					
2,915,925	2,915,925	Karachi Stock Exchange Limited	9.3.2	**3,595**	**3,595**	3,595	3,595
3,370	3,370	Al Jomaih Power Limited	9.3.3 & 9.3.4	**184,197**	**299,935**	184,197	321,442
		New Horizon Exploration and Production Limited (related party)					
14,760,000	14,760,000	Class 'A' ordinary shares	9.3.5	**31,629**	**31,629**	31,629	31,629
				241,265	**374,678**	241,265	394,795

(*) adjusted for impairment charge

9.3.1 These shares have been blocked by the Central Depository Company of Pakistan Limited (CDC) 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.

9.3.2 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 Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 [the Act] within two years from the date of promulgation of the Act.

9.3.3 The Company's investment in unquoted shares of Al Jomaih Power Limited is valued at its fair value as at the year end based on the net assets value of the investee Company as at December 31, 2013.

	Note	2014	2013
		(Rupees in '000)	
9.3.4 Unrealized (loss) / gain on re-measurement of 'available-for-sale' investments - net			
KASB Bank Limited (Parent Company)		**1,390**	(10,127)
Al Jomaih Power Limited		**(21,507)**	23,536
		(20,117)	13,409

9.3.5 During the year, the management has carried out impairment testing of its investment in New Horizon Exploration and Production Limited, as required by IAS 36 – "Impairment of Assets". The recoverable amounts of this investment have been estimated using 'value in use' approach. Value in use computations are performed by taking into account the discount rate of 17.64%.

In addition, the management has used various business assumptions for estimating future cash flows which are based on industry data, historical performance and trends for growth rates, market share etc. Based on such analysis, no impairment loss in respect of the Company's investment in New Horizon Exploration and Production Limited is required to be recognised in these financial statements.

	Note	2014	2013
		----- (Rupees in '000) -----	
10. LONG-TERM LOANS AND ADVANCES - Considered good			
Loans and advances to:			
Employees		**2,786**	1,025
Executives		**6,370**	454
	10.1	**9,156**	1,479
Current maturity shown in current assets	15	**(4,917)**	(981)
		4,239	498

10.1 This represents loans and advances given to executives and employees for purchase of motor vehicles and as general purpose cash advances in accordance with their terms of employment. These loans and advances (except for loan given for purchase of motorcycle) carry mark-up at the rate of 12% (2013: 12%) per annum and are recovered through deduction from salaries over varying periods up to a maximum period of 120 months. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the Company, whereas general purpose cash advances are secured against staff provident fund balances.

11. LONG-TERM DEPOSITS AND PREPAYMENTS

	2014	2013
Deposits with:		
- Karachi Stock Exchange Limited	**262**	262
- National Clearing Company of Pakistan Limited	**350**	350
- Pakistan Mercantile Exchange Limited	**2,500**	2,500
- Central Depository Company of Pakistan Limited	**200**	200
- Rental deposits	**1,485**	1,485
- Others	**1,632**	1,632
	6,429	6,429
Prepayments	**14**	-
	6,443	6,429

12. DEFERRED TAX ASSET - NET

	2014	2013
Deductible temporary differences arising from:		
- Provision against trade debts	**39,182**	40,864
Taxable temporary differences arising from:		
- Differences between written down values and tax base of assets	**(2,004)**	(1,682)
	37,178	39,182

13. SHORT-TERM INVESTMENTS

	Note	2014	2013
"At fair value through profit or loss' - held for trading			
- Open end mutual funds units	13.1	**-**	255,080
- Listed shares	13.2	**11,156**	-
- Term finance certificates	13.3	**7,491**	12,550
		18,647	267,630

13.1 All open end mutual funds units were sold during the year.

13.2 LISTED SHARES

2014	2013	Name of investee Company	Note	2014 Cost	2014 Carrying value	2013 Cost	2013 Carrying value
Number of shares				----- (Rupees in '000) -----			
5,000	-	United Bank Limited		**955**	**883**	-	-
2,500	-	Oil & Gas Development Corporation Limited		**583**	**515**	-	-
13,800	-	Pakistan Petroleum Limited		**3,003**	**2,436**	-	-
19,300	-	Pakistan Oilfields Limited		**9,701**	**7,322**	-	-
			13.2.1	**14,242**	**11,156**	-	-

13.2.1 These shares are pledged with KSE against exposure margin.

13.3 Term Finance Certificates

Number of certificates 2014	Number of certificates 2013	Name of investee Company	Note	2014 Cost*	2014 Carrying value	2013 Cost*	2013 Carrying value
				(Rupees in '000)			
10,000	10,000	Pace Pakistan Limited (Face value of Rs. 5,000 each)	13.3.1	**7,491**	**7,491**	12,550	12,550

(*) adjusted for impairment charge

13.3.1 The above TFCs are secured and carry mark-up at the rate of 6 month KIBOR + 2% and will mature on February 15, 2017. These TFCs are currently rated as 'non-performing' by the Mutual Funds Association of Pakistan and accordingly, the purchase cost of the TFCs amounts to Rs. 45.37 million and the Company has made a provision for decline in the value of investment to the extent of Rs. 37.88 million (2013 : Rs. 32.82 million) as at December 31, 2014.

	Note	2014	2013
		(Rupees in '000)	
13.4 Unrealised (loss) / gain on re-measurement of investments - net			
Listed shares		**(3,085)**	-
Term finance certificates		**(5,059)**	-
Open end mutual funds units		**-**	16,652
		(8,144)	16,652
14. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	14.1, 14.2 & 14.3	**63,321**	378,880
Inter-bank brokerage	14.2	**4,324**	2,707
Fees		**372**	1,117
		68,017	382,704
14.1 Considered good			
Secured		**27,878**	338,928
Unsecured		**3,173**	491
		31,051	339,419
Considered doubtful		**151,388**	159,649
Provision for doubtful debts	14.4	**(119,118)**	(120,188)
		63,321	378,880

14.2 This includes receivables from related parties amounting to Rs. 0.15 million (2013 : Rs. 0.20 million).

14.3 This includes receivable from NCCPL amounting to Rs. 16.27 million (2013: Rs. Nil) in respect of trading in securities settled subsequent to the year end.

14.4 Reconciliation of provisions against trade debts

	2014	2013
Opening balance	**120,188**	115,895
Provision for the year	**-**	13,104
Reversal of provision during the year	**(1,070)**	(8,811)
	(1,070)	4,293
	119,118	120,188

14.4.1 Provisions against doubtful debts have been made after considering the market value of listed shares amounting to Rs. 32.27 million (2013: Rs. 39.46 million) held in custody by the Company against respective customers accounts.

	Note	2014	2013
		------ (Rupees in '000) ------	
15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
-Suppliers		**2,491**	4,476
-Current portion of long-term loans and advances to employees and executives	10	**4,917**	981
		7,408	5,457
Deposits:			
-Exposure deposit with KSE		**212,815**	207,008
-Exposure deposit with PMEX		**941**	1,190
		213,756	208,198
Prepayments:			
-Rent		**3,087**	1,925
-Insurance		**299**	350
-Software development and maintenance		**376**	969
-Others		**3,048**	2,595
		6,810	5,839
Other receivables:			
-Dividends		**6**	-
-Profit on bank deposits		**945**	145
-Profit on exposure deposit with KSE		**2,069**	821
-Current portion of long-term receivable		**.**	37,250
-Receivable from related parties	15.1	**2,190**	152
-Others		**1,166**	108
		6,376	38,476
		234,350	257,970

15.1 Receivables from related parties comprises of:

	2014	2013
KASB Funds Limited	**166**	152
KASB Bank Limited (the Parent Company)	**2,024**	-
	2,190	152

16. CASH AND BANK BALANCES

	Note	2014	2013
Cash at bank in:			
- Current accounts		**274,597**	68,661
- Saving accounts	16.1	**377,970**	268,697
	16.1 & 16.2	**652,567**	337,358
Cash in hand		**7**	36
Stamps in hand		**6**	3
		652,580	337,397

16.1 These carry profit at rates ranging from 1.25% to 9.25% (2013: 1.25% to 9.25%) per annum.

16.2 This includes Rs. 371.05 million (2013:Rs. 303.75 million) with KASB Bank Limited (the Parent Company). On November 14, 2014 the Federal Government have imposed a moratorium for 6 months on the KASB Bank Limited under the applicable banking laws. During the moratorium period the depositors (including the Company) would not be allowed to withdraw over Rs. 0.3 million from the accounts maintained with the KASB Bank Limited. As a result, the above referred balance shall not be available to the Company until the expiry of moratorium period.

17. SHARE CAPITAL

17.1 Authorised Capital

2014	2013		2014	2013
---- (Number of shares) -----			------ (Rupees in '000) ------	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	**2,000,000**	2,000,000

			Note	2014	2013
				(Rupees in '000)	

17.2 Issued, subscribed and paid-up share capital

2014	2013		2014	2013
89,867,900	89,867,900	Ordinary shares of Rs 10 each fully paid-up in cash	**898,679**	898,679
10,132,100	10,132,100	Ordinary shares of Rs 10 each fully paid-up as part of the scheme of arrangement	**101,321**	101,321
100,000,000	100,000,000		**1,000,000**	1,000,000

17.3 The following shares were held by related parties of the Company:

	2014		2013	
	Share held	**Percentage**	Share held	Percentage
KASB Bank Limited	**77,117,500**	**77.118%**	77,117,500	77.118%
KASB Bank Limited -Employees Provident Fund Trust	**400,000**	**0.400%**	400,000	0.400%
KASB Securities Limited -Employees Provident Fund Trust	**32,000**	**0.032%**	32,000	0.032%
KASB Funds PS Limited -Employees Provident Fund Trust	**3,000**	**0.003%**	3,000	0.003%
KASB Corporation Limited	**700,000**	**0.700%**	700,000	0.700%
Key Management Personnel	**3,700**	**0.004%**	825	0.001%
	78,256,200	**78.257%**	78,253,325	78.254%

	Note	2014	2013
		(Rupees in '000)	
18. LONG-TERM LOAN			
Long-term loan from KASB Bank Limited (the Parent Company)	18.1	**150,000**	100,000

18.1 This represents long-term loan obtained 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 from September 2013 to January 2016. The principal amount will be paid as a bullet payment in January 2016. The loan is secured by way of first pari passu hypothecation charge over all present and future current assets of the Company.

19. TRADE AND OTHER PAYABLES

	Note	2014	2013
Trade creditors	19.1	**455,170**	896,862
Accrued expenses	19.2	**95,588**	19,699
Withholding tax payable		**26,384**	11,795
Unclaimed dividends		**609**	609
Dividend payable		**798**	726
Others		**1,390**	9,708
		579,939	939,399

19.1 This includes payables to KSE and NCCPL amounting to Rs. NIL (2013: Rs. 2.61 million) and Rs. NIL (2013: Rs. 66.09 million) respectively in respect of trading in securities, settled subsequent to the year end.

19.2 This includes accrued expenses relating to various services provided by related parties amounting to Rs. 3.45 million (2013: 3.42 million).

20. SHORT-TERM RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - secured

20.1 Running finance facility of Rs. 149 million (2013: Rs. 199 million) is available to the Company from the Parent Company. The facility is subject to mark-up at the rates ranging from 12.59% to 12.68% (2013: 11.58% to 12.03%) per annum. The facility is secured by way of first pari passu hypothecation charge over all present and future current assets of the Company.

20.2 Further, the facilities for short-term running finances available from various banks amounted to Rs. 750 million (2013: Rs. 750 million) which remained unutilised as at the year end. These facilities are subject to mark-up at rates ranging from 12.56% to 13.44% (2013: 11.51% to 13.15%) per annum and are required to be secured by pledge of securities for the purposes of utlisation of finance.

21. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the year end.

	Note	2014	2013
		(Rupees in '000)	
22. OPERATING REVENUE			
Brokerage		**505,794**	447,081
Subscription research income		**1,858**	2,069
Financial advisory fee		**2,045**	28,563
Custody services		**5,152**	1,188
Profit on margin trading system		**-**	2,225
		514,849	481,126

23. NET GAIN / (LOSS) ON SALE OF INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

	Note	2014	2013
Listed securities		**(6,726)**	(9,875)
Debt securities		**36,315**	9,668
Open ended mutual Funds		**27,971**	-
Commodities		**(7,764)**	(20,571)
		49,796	(20,778)

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

	Note	2014	2013
Profit on bank deposits		**47,643**	28,328
Profit on term finance certificates		**686**	591
Profit on long-term receivable		**3,338**	9,595
Mark-up on receivable from related party		**-**	654
		51,667	39,168

25. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, allowances and other benefits	25.1	**266,527**	244,840
Staff training and development		**564**	212
Rent, rates and taxes		**36,929**	16,404
Insurance charges		**475**	333
Depreciation	25.2	**14,897**	10,120
Amortisation		**-**	537
Repairs and maintenance		**13,039**	12,352
Power and utilities		**14,855**	11,854
Communication		**13,694**	17,742
Trading Costs		**22,275**	21,193
Information technology related cost		**14,786**	15,170
Directors fee		**1,740**	1,560
Fees and subscription		**5,285**	4,674
Printing and stationery		**3,032**	4,131
Papers and periodicals		**166**	177
Advertisement and business promotion		**689**	910
Sales and marketing		**5,609**	3,739
Travelling and conveyance		**4,693**	5,951
Entertainment		**1,017**	333
Brokerage expense		**29,834**	15,799
Legal and professional charges		**8,402**	2,427
Auditor's remuneration	25.3	**1,076**	980
Stamp charges		**3**	48
Donations	25.4	**1,850**	2,105
Workers' Welfare Fund		**2,647**	2,553
Property and equipment written off		**-**	2,059
Kitchen Expenses		**2,027**	2,240
Others		**181**	213
		466,292	400,656

	Note	2014	2013
		(Rupees in '000)	

25.1 Salaries, allowances and benefits include Company's contribution to provident fund amounting to Rs. 6.97 million (2013: Rs.6.22 million).

25.2 Depreciation

	Note	2014	2013
Property and equipment	7	**14,897**	9,601
Investment properties		**-**	519
		14,897	10,120

25.3 Auditor's remuneration

		2014	2013
Statutory audit fee		**541**	536
Half-yearly review fee and other certifications		**438**	347
Out of pocket expenses		**97**	97
		1,076	980

25.4 Donation were not made to any donee fund in which any director of the Company or his spouse had any interest.

26. FINANCE COST

		2014	2013
Mark-up on:			
- Long-term loan (the Parent Company)		**16,197**	6,021
- Short-term running finance facility (the Parent Company)		**963**	519
- Short-term borrowing (the Related Party)		**691**	-
- Short-term borrowing (the Parent Company)		**-**	452
- Repurchase transaction		**607**	-
Bank charges		**2,582**	1,950
		21,040	8,942

27. OTHER INCOME

	Note	2014	2013
Gain on disposal of property and equipment	7.1	**995**	494
Rental income		**4,560**	6,002
Others		**1,114**	767
		6,669	7,263

28. TAXATION

	Note	2014	2013
Current			
- for the year		**(39,481)**	(40,839)
- for prior year		**20,431**	11,572
Deferred	12	**(2,004)**	(14,356)
		(21,054)	(43,623)

28.1 Relationship between tax expense and accounting profit

	2014	2013
Profit before taxation	**129,712**	125,077
Tax at the applicable rate of 33% (2013: 34%)	**(42,805)**	(42,526)
Tax effects of:		
- Expenses that are not deductible in determining taxable income	**(18,690)**	(14,982)
- Income taxed at reduced rate (dividend income, rental income and capital gains)	**13,262**	(783)
- Income under final tax regime	**6,820**	5,177
- Prior year taxation	**20,431**	11,572
- Others	**(72)**	(2,081)
	(21,054)	(43,623)

	Note	2014	2013
		------ (Rupees in '000) ------	

29. EARNINGS PER SHARE

		2014	2013
Profit after taxation attributable to ordinary shareholders		**108,658**	81,454
		---- (Number of shares) ----	
Weighted average number of ordinary shares		**100,000,000**	100,000,000
		--------- (Rupees) ---------	
Earnings per share - basic and diluted		**1.09**	0.81

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2014 and December 31, 2013 which could have any effect on the earnings per share.

30. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the chief executive, directors and executives of the Company are as follows:

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	---------- (Rupees in '000) ----------					
Managerial remuneration	**19,796**	**14,436**	**89,798**	17,930	8,512	77,705
Performance incentive	**-**	**-**	**-**	9,000	5,000	31,785
Fee (note 30.2)	**-**	**1,740**	**-**	-	1,560	-
Reimbursable expenses	**27**	**151**	**-**	45	445	-
Contribution to provident fund	**806**	**623**	**3,276**	722	372	2,967
	20,629	**16,950**	**93,074**	27,697	15,889	112,457
Number of persons	**1**	**6**	**53**	1	4	44

30.1 The Chief Executive and certain executives of the Company are provided with free use of Company owned and maintained cellular phones.

30.2 The fee was paid to the Directors for attending the Board, audit and HR committee meetings of the Company.

31. 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 December 31, 2014 and December 31, 2013 and transactions with related parties during the year ended December 31, 2014 and December 31, 2013 are as follows:-

	2014				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	10	33	50	61	154
Profit receivable on bank deposit	90	-	-	-	90
Receivable against expenses	2,024	166	-	7	2,197
Bank balances	371,050	-	-	-	371,050
Trade payables	-	-	2,098	-	2,098
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	294	3,157	-	-	3,451
Prepaid Rent	533	-	-	-	533
Accrued mark-up	52	-	-	-	52

	2013				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	18	13	50	118	199
Profit receivable on bank deposit	144	-	-	-	144
Receivable against expenses	-	152	-	3	155
Bank balances	303,753	-	-	-	303,753
Trade payables	-	1	1,546	-	1,547
Long-term loan	100,000	-	-	-	100,000
Pavable against expenses	3,012	232	180	-	3,424
Accrued mark-up	33	-	-	-	33
OFF BALANCE SHEET ITEMS					
Bank guarantee	51,000	-	-	-	51,000

	2014				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
TRANSACTIONS	(Rupees in '000)				
Income					
Brokerage income earned	309	2	600	283	1,194
Custody services	5	125	412	-	542
Profit on bank deposits	36,824	-	-	-	36,824
Rental income	4,560	-	-	-	4,560
Others	488	-	-	-	488
Expenses					
Bank charges	527	-	-	-	527
Charge in respect of contributory plan	-	-	-	6,969	6,969
Communication expenses	-	7,050	-	-	7,050
Donation	-	-	-	1,700	1,700
Locker rent	4	-	-	-	4
Mark-up expense	16,640	-	-	691	17,331
Reimbursement of expenses	1,631	4,376	1,358	47	7,412
Rent expense	1,462	-	-	-	1,462
Other transactions					
Loans disbursed	-	-	5,175	-	5,175
Loans repayment	-	-	2,417	-	2,417
Mutual Funds bonus units issued	-	-	-	8,719	8,719
Mutual Funds units purchased	-	-	-	125,000	125,000
Mutual Funds units redeemed	-	-	-	243,089	243,089
Short-term borrowing	-	-	-	100,000	100,000
Short-term borrowing repaid	-	-	-	100,000	100,000

	2013				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
TRANSACTIONS	(Rupees in '000)				
Income					
Brokerage income earned	1,189	-	1,716	421	3,326
Custody services	6	178	38	-	222
Profit on bank deposits	22,161	-	-	-	22,161
Rental income	4,811	1,191	-	-	6,002
Others	-	-	654	-	654
Expenses					
Bank charges	1,635	-	-	-	1,635
Charge in respect of contributory plan	-	-	-	6,224	6,224
Communication expenses	-	11,484	-	-	11,484
Donation	-	-	-	2,040	2,040
Locker rent	4	-	-	-	4
Mark-up expense	6,992	-	-	-	6,992
Reimbursement of expenses	555	3,781	211	48	4,595
Rent expense	889	-	-	-	889
Other transactions					
Loans disbursed	-	-	8,017	-	8,017
Loans repayment	-	-	8,642	-	8,642
Mutual Funds bonus units issued	-	-	-	6,395	6,395
Mutual Funds units purchased	-	-	-	25,000	25,000

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 30.

32. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2014	2013
		(Rupees in '000)	
Size of the fund -Total assets		**78,284**	64,119
Cost of investments made		**57,521**	49,794
Percentage of investments made		**67%**	93.54%
Fair value of investments	32.1	**52,748**	59,978

32.1 Fair value of investments is:

	2014		2013	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	**11,226**	**21.28%**	10,200	17.01%
Term deposits	**2,521**	**4.78%**	22,269	37.13%
Mutual Funds units	**38,636**	**73.25%**	27,282	45.49%
Listed shares	**365**	**0.69%**	227	0.37%
	52,748	**100.00%**	59,978	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33. NUMBER OF EMPLOYEES

The total number of employees during the year and as at December 31, 2014 and December 31, 2013 respectively are as follows:

	2014	2013
	Number of employees	
Average number of employees during the year	**161**	147
Number of employees as at year end	**159**	149

34. FINANCIAL INSTRUMENTS

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's total comprehensive income by Rs. 3.31 million (2013: Rs. 3.19 million) and a 1% decrease would result in decrease in the Company's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs. 299.94 million (2013: Rs. 321.44 million) [US dollars 2.99 million (2013: US dollars 3.06 million)].

Management of the Company estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Company by Rs. 29.99 million and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Company by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified on the balance sheet as investments 'at fair value through profit or loss' and 'available-for-sale' investments. The management believes that 10% increase or decrease in the value of investments at fair value through profit and loss', with all other factors remaining constant, would result in increase or decrease of the Company's profit by Rs.1.12 million (2013: Rs 25.51 million) and 10% increase or decrease in the value of 'available-for-sale' investments would result in increase or decrease of other comprehensive income by Rs. 3.95 million (2013: Rs 3.79 million).

34.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the Company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summarises the maturity profile of the Company's financial liabilities:

	2014				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
			(Rupees in '000)		
Long-term loan	**-**	**-**	**-**	**150,000**	**150,000**
Trade and other payables	**552,148**	**-**	**-**	**-**	**552,148**
Accrued mark-up	**52**	**-**	**-**	**-**	**52**
	552,200	**-**	**-**	**150,000**	**702,200**

	2013				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
			(Rupees in '000)		
Long-term loan	-	-	-	100,000	100,000
Trade and other payables	926,269	-	-	-	926,269
Accrued mark-up	33	-	-	-	33
	926,302	-	-	100,000	1,026,302

34.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Company's maximum exposure to credit risk:

	2014	2013
	(Rupees in '000)	
Trade debts	**182,439**	499,068
Bank balances (see note 34.3.2)	**652,567**	337,358
Long-term receivable	**-**	37,468
Long-term loans and advances	**9,156**	1,479
Long-term deposits and prepayments	**6,443**	6,429
Advances, deposits, prepayments and other receivables	**229,433**	219,739
	1,080,038	1,101,541

34.3.1 The table below shows analysis of the financial assets that are past due or impaired:

	2014	2013
	------ (Rupees in '000) ------	
Debts past due but not impaired	**35,747**	343,243
Debts impaired - net of provision	**32,270**	39,461
	68,017	382,704

34.3.2 The analysis below summarises the credit quality of the Company's bank balances with banks / financial institutions:

Rating (short-term) of Banks and Financial Institutions*		
A1	**249,512**	700
A1+	**31,895**	32,777
A-1	**-**	63
A-1+	**60**	65
P-1	**50**	-
A3	**-**	303,753
C	**371,050**	-
	652,567	337,358

*Rating performed by PACRA, JCR-VIS & Standard & Poor's.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital include :

- Reinforcing Company's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of Company's business operations.

In order to maintain the balance of its capital structure, the Company may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Company monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Company, general reserve and unappropriated profit and loss.

Net capital requirements of the Company are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

36. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

36.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2014 the Company held the following financial instruments measured at fair value:

	2014			
	Total	Level 1	Level 2	Level 3 (note 36.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	**339,454**	**39,519**	**-**	**299,935**
Investment 'at fair value through profit and loss' - held for trading	**18,647**	**11,156**	**-**	**7,491**
	358,101	**50,675**	**-**	**307,426**

	2013			
	Total	Level 1	Level 2	Level 3 (note 39.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	359,571	38,129	-	321,442
Investment 'at fair value through profit and loss' - held for trading	267,630	255,080	-	12,550
	627,201	293,209	-	333,992

36.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2014	2013
	(Rupees in '000)	
Opening balance	**333,992**	310,456
Additions during the year	**-**	23,536
Provision for impairment	**(5,059)**	-
Investment disposed during the year	**(21,507)**	-
Closing balance	**307,426**	333,992

37. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on March 19, 2015.

38. GENERAL

38.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassifications to report.

38.2 The Board of Directors of the Company has proposed a cash dividend of Rs. Nil (2013: Rs. 0.50 per share) amounting to Rs. Nil (2013: Rs. 50 million) at its meeting held on March 19, 2015 for the approval of members at the Annual General Meeting to be held on April 28, 2015. These financial statements do not reflect this appropriation as explained in note 4.11.

38.3 Figures have been rounded off to the nearest thousand.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors present the report on consolidated financial statements of KASB Securities Limited and its wholly owned subsidiary namely Structured Venture (Private) Limited, for the year ended December 31, 2014.

The consolidated financial results of the group for the year ended December 31, 2014, under review, are summarized as follows:

	2014	2013
	(Rupees in '000)	
Profit before taxation	**129,714**	124,933
Taxation	**(21,038)**	(43,651)
Profit after taxation	**108,676**	81,282
Dividend paid during the year	**(50,000)**	(50,000)
Un-appropriated loss brought forward	**(21,747)**	(53,029)
Profit / (loss) available for appropriation	**36,929**	(21,747)
	(Rupees)	
Earning per share - basic and diluted	**1.09**	0.81

Summary of changes in equity

The Group's profit after tax was PKR 108.68 million (EPS of 1.09) in CY14 as compare to PKR 81.28 million (EPS 0.81) in CY13.

Summary of changes in the nature of group business interests

KASB Securities Limited and Structured Venture (Private) Limited continue in their stated nature of business and have made no changes to the nature of business interests, nor to the class of business interests in which the Group has an interest.

Pattern of Shareholding

The pattern of shareholding as at December 31, 2014 along with disclosure required under the Code of Corporate Governance and Section-236 of the Companies Ordinance, 1984 is annexed to the report.

On behalf of the Board of Directors

Saeed Yousuf Chinoy
Chairman

Karachi: March 19, 2015

EY
Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of KASB Securities Limited (the Holding company) and Structured Venture (Private) Limited, its Subsidiary company, (together referred to as Group) as at 31 December 2014, and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof for the year then ended. We have also expressed separate opinions on the financial statements of the Holding company and its Subsidiary company. These financial statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstance.

In our opinion, the consolidated financial statements present fairly the financial position of KASB Securities Limited and its subsidiary company as at 31 December 2014 and the results of their operation for the year then ended.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 19 March 2015

Karachi

A member firm of Ernst & Young Global Limited

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	**52,005**	46,837
Intangible assets	8	**8,854**	8,854
Investment properties	9	**375,000**	375,000
Long-term investments	10	**418,049**	438,166
Long-term loans and advances	11	**4,239**	498
Long-term deposits and prepayments		**6,443**	6,429
Long-term receivable	12	**-**	218
Deferred tax asset - net	13	**37,178**	39,182
		901,768	915,184
Current assets			
Short-term investments	14	**18,647**	267,630
Trade debts	15	**68,017**	382,704
Advances, deposits, prepayments and other receivables	16	**234,350**	257,970
Taxation - net		**41,565**	26,899
Cash and bank balances	17	**656,000**	340,805
		1,018,579	1,276,008
TOTAL ASSETS		**1,920,347**	2,191,192
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	18	**1,000,000**	1,000,000
General reserve		**18,752**	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		**133,413**	153,530
Unappropriated profit / (loss)		**36,929**	(21,747)
		1,189,094	1,150,535
Non-current liabilities			
Long-term loan	19	**150,000**	100,000
Current liabilities			
Trade and other payables	20	**581,201**	940,624
Accrued mark-up		**52**	33
		581,253	940,657
TOTAL EQUITY AND LIABILITIES		**1,920,347**	2,191,192
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		(Rupees in '000)	
Operating revenue	23	514,849	481,126
Net gain / (loss) on investments 'at fair value through profit or loss'			
Gain / (loss) on sale of investments - net	24	49,796	(20,778)
Unrealised (loss) / gain on re-measurement of investments - net	14.4	(8,144)	16,652
		41,652	(4,126)
Dividend income		1,137	1,549
Mark-up / profit on bank deposits, investments and other receivables	25	51,932	39,390
		609,570	517,939
Operating and administrative expenses	26	(466,555)	(401,022)
Reversal of provision / (provision) against doubtful debts-net	15.4	1,070	(4,293)
Reversal of provision against long-term receivable		-	13,988
		(465,485)	(391,327)
Operating profit		144,085	126,612
Finance cost	27	(21,040)	(8,942)
		123,045	117,670
Other income	28	6,669	7,263
Profit before taxation		129,714	124,933
Taxation	29	(21,038)	(43,651)
Profit after taxation		108,676	81,282
Other comprehensive (loss) / income for the year:			
Unrealised gain arising during the year on re-measurement of 'available-for-sale' investments - net	10.1.4	(20,117)	13,409
		88,559	94,691
Total comprehensive income for the year			
		(Rupees)	
Earnings per share - basic and diluted	30	1.09	0.81

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Saeed Yousuf Chinoy	Irfan Nadeem	Asad Mustafa Shafqat
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**129,714**	124,933
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	**14,897**	10,120
Amortisation	**-**	537
(Gain) / loss on sale of investments -net	**(49,796)**	20,778
Gain on sale of property and equipment	**(995)**	(494)
Property and equiptment written off	**-**	2,059
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	**8,144**	(16,652)
(Reversal of provision) / provision against doubtful debts	**(1,070)**	4,293
Reversal of provision against long-term receivable	**-**	(13,988)
Finance cost	**21,040**	8,942
Dividend income	**(1,137)**	(1,549)
	(8,917)	14,046
	120,797	138,979
Working capital adjustments:		
Decrease / (increase) in assets		
Trade debts	**315,757**	(88,780)
Advances, deposits, prepayments and other receivables	**23,844**	(73,726)
	339,601	(162,506)
(Decrease) / increase in current liabilities		
Trade and other payables	**(359,495)**	357,925
	100,903	334,398
Finance cost paid	**(21,021)**	(11,621)
Income tax paid	**(33,700)**	(37,764)
Net cash flows generated from operating activities	**46,182**	285,013
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	**290,635**	(95,778)
Purchase of property and equipment	**(24,011)**	(17,249)
Proceeds from disposal of property and equipment	**4,941**	1,744
Dividend received	**1,131**	1,549
Net cash flows generated from / (used in) investing activities	**272,696**	(109,734)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	**(3,741)**	950
Long-term deposits and prepayments	**(14)**	(2,813)
Short-term borrowing	**-**	(250,000)
Long-term loan	**50,000**	100,000
Dividend paid	**(49,928)**	(49,274)
Net cash flows used in financing activities	**(3,683)**	(201,137)
Net increase / (decrease) in cash and cash equivalents	**315,195**	(25,858)
Cash and cash equivalents at the beginning of the year	**340,805**	366,663
Cash and cash equivalents at the end of the year	**656,000**	340,805

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	General reserve	Unappropriated profit / (loss)	Unrealised (loss) /gain on re-measurement of 'available- for- sale' investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 01, 2013	1,000,000	18,752	(53,029)	140,121	1,105,844
Total comprehensive income for the year	-	-	81,282	13,409	94,691
Dividend paid during the year	-	-	(50,000)	-	(50,000)
Balance as at December 31, 2013	**1,000,000**	**18,752**	**(21,747)**	**153,530**	**1,150,535**
Total comprehensive income for the year	-	-	108,676	(20,117)	88,559
Dividend paid during the year	-	-	**(50,000)**	-	**(50,000)**
Balance as at December 31, 2014	**1,000,000**	**18,752**	**36,929**	**133,413**	**1,189,094**

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Saeed Yousuf Chinoy Chairman	**Irfan Nadeem** Chief Executive Officer	**Asad Mustafa Shafqat** Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 The comprises of:

Holding company
- KASB Securities Limited

Subsidiary company
- Structured Venture (Private) Limited

KASB Securities Limited (the Company) was incorporated in Pakistan on 24 October 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 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 Group are listed on the Karachi Stock Exchange Limited. The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Group is a subsidiary of KASB Bank Limited (the Parent Company) which holds 77.12% of the shares of the Group. The ultimate parent of the Group is KASB Corporation Limited.

The Company has corporate membership of the Karachi Stock Exchange Limited (KSE) and Pakistan Mercantile Exchange Limited (PMEX) 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.

Structured Venture (Private) Limited (the Subsidiary) was incorporated in Pakistan on 25 June 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.

1.2 During November 2014 the Federal Government issued an order whereby, a moratorium was imposed on KASB Bank Limited which is the Group's Parent Company. Subsequent to the said imposition of moratorium, the Securities and Exchange Commission of Pakistan (SECP) issued directives on November 17, 2014 pursuant to which the Holding Company's trading activities in the KSE and the PMEX, were suspended with effect from November 18, 2014.

1.3 Subsequent to the aforementioned suspension of operations of the Holding Company, the SECP vide its directive dated December 02, 2014 issued to the KSE, allowed the KSE to reinstate the trading facilities of the Holding Company in the ready market subject to the certain restrictions.

The SECP further issued a directive to the KSE on February 03, 2015, allowing KSE to grant certain relaxations to the Holding Company from the restrictions imposed earlier by the SECP. In view of this relaxations, the Holding Company is now allowed to trade in the following manner:

i. In the ready market, Holding Company to execute buy orders against atleast 50% cash deposit and sell orders against atleast 50% pre-existing holding in CDS sub-accounts maintained with Group. In order to comply with these restrictions, the Holding Company would be required to deposit 50% cash if net payable and deliver 50% securities on trade date i.e. T+0;

ii. Trades executed on behalf of the Non-Broker Clearing Member clients shall be affirmed not later than one hour before closure of market;

iii. Holding Company may also be allowed to trade in the Deliverable Future Market only on behalf of its clients and no proprietary exposure will be allowed in this segment; and

iv. Holding Company shall submit to KSE, weekly reconciliations of clients cash balances as per back office record with the designated clients account available in their banks.

Further, the PMEX vide its letter dated January 23, 2015 also allowed the Holding Company to resume its trading activities subject to certain conditions which mainly relates to initial increase in auto liquidation threshold and deposit margin requirements with gradual reduction within a period of 4 weeks.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.7 below.

3. STATEMENT OF COMPLIANCE

These consolidated 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 (IASB) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The Group has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 32 - Financial Instruments : Presentation – (Amendment) -Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 - Levies

The adoption of the above did not have any effect on the consolidated financial statements for the current year.

4.2 Basis of consolidation

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

4.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the consolidated financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the consolidated financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

IIntangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

4.5 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.6 Financial assets

4.6.1 Investments

Investments in subsidiary company is stated at cost less provision for impairment, if any. Other investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments at fair value through profit or loss

Investments classified as 'investments at fair value through profit or loss' are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations. Unquoted securities are valued at cost less impairment in value, if any.

4.6.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.7 Impairment

The carrying amounts are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that assets is estimated and impairment losses are recognised in the profit and loss account.

4.8 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.9 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.10 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised when realised.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / deficit arising on revaluation.

4.12 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.13 Employees' benefits

Defined contribution plan

The Group operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Group allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.14 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Group's cash management.

4.15 Foreign currency transactions

Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

Foreign currency translations

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Provisions

Provisions are recognized when the Group has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.17 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the consolidated financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation and impairment	4.3 to 4.5, 4.7, 7, 8 & 9
Classification of investments and impairment	4.6.1, 4.7, 10 & 14
Provision for doubtful debts	4.16 & 15
Deferred taxation and taxation	4.11, 13 & 29

6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or amendment			**Effective date (accounting periods beginning on or after)**
IFRS 10	–	Consolidated Financial Statements	January 01, 2015
IFRS 11	–	Joint Arrangements	January 01, 2015
IFRS 12	–	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	–	Fair Value Measurement	January 01, 2015
IAS 1	–	Presentation of Financial Statements – (Amendment) - Disclosure Initiative	January 01, 2016
IAS 16 & 38	–	Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	–	Property, Plant and Equipment & Agriculture - (Amendment) - Agriculture: Bearer Plants	January 01, 2016
IAS 19	–	Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	July 01, 2014

The Group expects that the adoption of the above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Improvements to IFRS

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014 and January 01, 2016. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	**Effective date (annual periods beginning on or after)**
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

7. PROPERTY AND EQUIPMENT

2014

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	23,490	68,724	6,642	138,636
Accumulated depreciation	(20,794)	(14,126)	(55,026)	(1,853)	(91,799)
Net book value at the beginning of the year	18,986	9,364	13,698	4,789	46,837
Changes during the year					
Additions during the year	-	830	20,013	3,190	24,033
Disposals during the year					
- Cost	-	(165)	(4,200)	(4,533)	(8,898)
- Depreciation	-	133	4,034	785	4,952
	-	(32)	(166)	(3,748)	(3,946)
Adjustments during the year	-	-	(22)	-	(22)
Depreciation charge for the year	(1,611)	(2,122)	(9,899)	(1,265)	(14,897)
	(1,611)	(1,324)	9,926	(1,823)	5,168
Net book value at the end of the year	17,375	8,040	23,624	2,966	52,005
Analysis of Net Book Value					
Cost	39,780	24,155	84,515	5,299	153,749
Accumulated depreciation	(22,405)	(16,115)	(60,891)	(2,333)	(101,744)
Net book value as at December 31, 2014	17,375	8,040	23,624	2,966	52,005
Depreciation rate (% per annum)	5	10	33.33	20	

2013

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	**21,197**	**25,859**	**124,855**	**3,890**	**175,801**
Accumulated depreciation	**(6,173)**	**(14,699)**	**(116,719)**	**(2,372)**	**(139,963)**
Net book value at the beginning of the year	**15,024**	**11,160**	**8,136**	**1,518**	**35,838**
Changes during the year					
Additions during the year	**-**	**1,555**	**11,364**	**4,080**	**16,999**
Disposals during the year					
- Cost	**-**	**(1,923)**	**(3,671)**	**(1,328)**	**(6,922)**
- Depreciation	**-**	**1,107**	**3,503**	**1,062**	**5,672**
	-	**(816)**	**(168)**	**(266)**	**(1,250)**
Written off during the year					
- Cost	**(2,149)**	**(2,001)**	**(63,824)**	**-**	**(67,974)**
- Depreciation	**418**	**1,715**	**63,782**	**-**	**65,915**
	(1,731)	**(286)**	**(42)**	**-**	**(2,059)**
Depreciation charge for the year	**(1,217)**	**(2,249)**	**(5,592)**	**(543)**	**(9,601)**
Transfer from investment properties during the year					
- Cost	**20,732**	**-**	**-**	**-**	**20,732**
- Depreciation	**(13,822)**	**-**	**-**	**-**	**(13,822)**
	6,910	**-**	**-**	**-**	**6,910**
	3,962	**(1,796)**	**5,562**	**3,271**	**10,999**
Net book value at the end of the year	**18,986**	**9,364**	**13,698**	**4,789**	**46,837**
Analysis of Net Book Value					
Cost	**39,780**	**23,490**	**68,724**	**6,642**	**138,636**
Accumulated depreciation	**(20,794)**	**(14,126)**	**(55,026)**	**(1,853)**	**(91,799)**
Net book value as at December 31, 2013	**18,986**	**9,364**	**13,698**	**4,789**	**46,837**
Depreciation rate (% per annum)	**5**	**10**	**33.33**	**20**	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year having book value of more than Rs. 50,000 are as follows:

	Cost	Accum-ulated depre-ciation	Written down value	Sale proce-eds	Gain	Particular of buyers	Mode of disposal
	------------ (Rupees in '000) ------------						
Vehicles							
Toyota Corolla GLI	1,343	395	948	1,402	454	Mr. Atiq Jindani	Negotiation
Toyota Hilux VIGO	3,190	390	2,800	3,150	350	Mr. Muhammad Hasan	Negotiation
Computers and Office Equipment							
Photocopier	312	312	-	4	4	Mr. Adam Khan	Negotiation
PABX Systems	483	483	-	35	35	Zaka Group of Companies	Negotiation
UPS 10KVA	535	467	68	85	17	Various	Negotiation
Computer Server	152	152	-	1	1	System Care	Negotiation
Airconditioners	1,865	1,865	-	130	130	Various	Negotiation
The aggregate amount of property and equipment disposed off during the year having book value less than Rs. 50,000:							
Furniture and fixtures	165	133	32	35	3		
Computer and office equipment	853	755	98	99	1		
December 31, 2014	**8,898**	**4,952**	**3,946**	**4,941**	**995**		
December 31, 2013	6,922	5,672	1,250	1,744	494		

8. INTANGIBLE ASSETS

	2014					
	Computer software	Membership of PMEX	Rooms at KSE (Note 8.1)	Booths at KSE	Membership of KSE	Total
	(Rupees in '000)					
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortisation	(8,575)	-	-	-	-	(8,575)
Net book value at the beginning of the year	-	750	5,804	950	1,350	8,854
Net book value at the end of the year	-	750	5,804	950	1,350	8,854
Analysis of Net Book Value						
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortisation	(8,575)	-	-	-	-	(8,575)
Net book value as at December 31, 2014	-	750	5,804	950	1,350	8,854
Amortisation rate (% per annum)	33.33	-	-	-	-	

8.1 Currently, rooms at KSE are used by KASB Bank Limited (the Parent Company) under rental arrangements.

	2013					
	Computer software	Membership of PMEX	Rooms at KSE	Booths at KSE	Membership of KSE	Total
	(Rupees in '000)					
Cost	8,575	500	5,804	950	4,945	20,774
Accumulated amortisation	(8,038)	-	-	-	-	(8,038)
Net book value at the beginning of the year	537	500	5,804	950	4,945	12,736
Adjustment during the year	-	250	-	-	(3,595)	(3,345)
Amortisation for the year	(537)	-	-	-	-	(537)
Net book value at the end of the year	-	750	5,804	950	1,350	8,854
Analysis of Net Book Value						
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortisation	(8,575)	-	-	-	-	(8,575)
Net book value as at December 31, 2013	-	750	5,804	950	1,350	8,854
Amortisation rate (% per annum)	33.33	-	-	-	-	

		Note	2014	2013
			------ (Rupees in '000) ------	
9.	**INVESTMENT PROPERTIES**			
	Advance paid for purchase of land - in Korangi Housing Scheme	9.1 & 9.2	**375,000**	375,000

9.1 During the year 2010, the Group had acquired housing scheme land of 375 residential plots for an aggregate purchase consideration of Rs. 300 million. Under the agreement, the Group has also paid a sum of Rs. 75 million as development charges to Noor Developers (Private) Limited [the Developer] for completion of all development work on the aforementioned land. These residential plots are held mainly for capital appreciation and sale in due course of business and accordingly have been classified as investment properties.

9.2 The above residential plots are registered in the name of developer and the Group holds Provisional Allocation Certificates issued by the developer. The housing scheme is pending final approval by the Cantonment Board Korangi Creek (CBKC) for last few years, due to modification and revisions required by the CBKC in the housing scheme plan. The developer has informed the management of the Group that the revised lay out plan which was submitted for approval to CBKC is still under process and the matter has been forwarded by CBKC to their Scrutiny Committee and the developer is expecting early disposal of the matter by the concerned authorities. The fair value of such properties has been determined by an independent professional valuer on the basis of its location and market potential of the proposed housing scheme project, which amounts to Rs. 600 million as of balance sheet date (2013: Rs. 465 million). The management is confident that no loss would be occasioned due to delay in the approval of the housing scheme by the relevant authorities and hence, no provision for impairment against the said investment has been considered necessary in these consolidated financial statements.

		Note	2014	2013
			------ (Rupees in '000) ------	
10.	**LONG-TERM INVESTMENTS**			
	'Available-for-sale' investments	10.1	**418,049**	438,166

10.1 Description of 'available-for-sale' investments

2014	2013			2014		2013	
Number of shares		**Name of the Investee Company**	**Note**	***Cost**	**Carrying value**	***Cost**	**Carrying value**
		Quoted shares		----------------- (Rupees in '000) -----------------			
19,858,649	19,858,649	KASB Bank Limited (Parent Company)	10.1.1 & 10.1.4	**21,844**	**39,519**	21,844	38,129
		Unquoted shares					
2,915,925	2,915,925	Karachi Stock Exchange Limited	10.1.2	**3,595**	**3,595**	3,595	3,595
3,370	3,370	Al Jomaih Power Limited	10.1.3 & 10.1.4	**184,197**	**299,935**	184,197	321,442
		New Horizon Exploration and Production Limited (related party)	10.1.5				
25,000,000	25,000,000	Class 'A' ordinary shares		**25,000**	**25,000**	25,000	25,000
10,000,000	10,000,000	Class 'B' ordinary shares		**50,000**	**50,000**	50,000	50,000
				75,000	**75,000**	75,000	75,000
				284,636	**418,049**	284,636	438,166

(*) adjusted for impairment charge

10.1.1 These shares have been blocked by the Central Depository Company of Pakistan Limited (CDC) 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.

10.1.2 The Group'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 Group 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 Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 [the Act] within two years from the date of promulgation of the Act.

10.1.3 The Group's investment in unquoted shares of Al Jomaih Power Limited is valued at its fair value as at the year end based on the net assets value of the investee Company as at December 31, 2013.

	Note	2014	2013
		(Rupees in '000)	

10.1.4 Unrealized (loss) / gain on re-measurement of 'available-for-sale' investments - net

	2014	2013
KASB Bank Limited (Parent Company)	**1,390**	(10,127)
Al Jomaih Power Limited	**(21,507)**	23,536
	(20,117)	13,409

10.1.5 During the year, the management has carried out impairment testing of its investment in New Horizon Exploration and Production Limited, as required by IAS 36 – "Impairment of Assets". The recoverable amounts of this investment have been estimated under 'value in use' model. Value in use computations are performed by taking into account discount rate of 17.64%.

In addition, the management has used various business assumptions for estimating future cash flows which are based on industry data, historical performance and trends for growth rates, market share etc. Based on such analysis, no impairment loss in respect of the Group's investment in New Horizon Exploration and Production Limited is required to be recognised in these consolidated financial statements.

11. LONG-TERM LOANS AND ADVANCES - Considered good

	Note	2014	2013
		(Rupees in '000)	
Loans and advances to:			
- Employees		**2,786**	1,025
- Executives		**6,370**	454
	11.1	**9,156**	1,479
Current maturity shown in current assets	16	**(4,917)**	(981)
		4,239	498

11.1 This represents loans and advances given to executives and employees for purchase of motor vehicles and as general purpose cash advances in accordance with their terms of employment. These loans and advances (except for loan given for purchase of motorcycle) carry mark-up at the rate of 12% (2013: 12%) per annum and are recovered through deduction from salaries over varying periods up to a maximum period of 120 months. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the Group, whereas general purpose cash advances are secured against staff provident fund balances.

12. LONG-TERM DEPOSITS AND PREPAYMENTS

	2014	2013
Deposits with:		
- Karachi Stock Exchange Limited	**262**	262
- National Clearing Company of Pakistan Limited	**350**	350
- Pakistan Mercantile Exchange Limited	**2,500**	2,500
- Central Depository Company of Pakistan Limited	**200**	200
- Rental deposits	**1,485**	1,485
- Others	**1,632**	1,632
	6,429	6,429
Prepayments	**14**	-
	6,443	6,429

13. DEFERRED TAX ASSET - NET

	2014	2013
Deductible temporary differences arising from:		
- Provision against trade debts	**39,182**	40,864
Taxable temporary differences arising from:		
- Differences between written down values and tax base of assets	**(2,004)**	(1,682)
	37,178	39,182

14. SHORT-TERM INVESTMENTS

'At fair value through profit or loss' - held for trading

	Note	2014	2013
- Open end mutual funds units	14.1	**-**	255,080
- Listed shares	14.2	**11,156**	-
- Term finance certificates	14.3	**7,491**	12,550
		18,647	267,630

14.1 All open end mutual funds units were sold during the year.

14.2 LISTED SHARES

2014	2013			2014		2013	
Number of shares		Name of investee Company	Note	Cost	Carrying value	Cost	Carrying value
				(Rupees in '000)			
5,000	-	United Bank Limited		**955**	**883**	-	-
2,500	-	Oil & Gas Development Corporation Limited		**583**	**515**	-	-
13,800	-	Pakistan Petroleum Limited		**3,003**	**2,436**	-	-
19,300	-	Pakistan Oilfeilds Limited		**9,701**	**7,322**	-	-
			14.2.1	**14,242**	**11,156**	-	-

14.2.1 These shares are pledged with KSE against exposure margin.

14.3 Term Finance Certificates

2014	2013			2014		2013	
Number of certificates		Name of investee company	Note	Cost*	Carrying value	Cost*	Carrying value
				(Rupees in '000)			
10,000	10,000	Pace Pakistan Limited (Face value of Rs. 5,000 each)	14.3.1	**7,491**	**7,491**	12,550	12,550

(*) adjusted for impairment charge

14.3.1 The above TFCs are secured and carry mark-up at the rate of 6 month KIBOR + 2% and will mature in February 15, 2017. These TFCs are currently rated as 'non-performing' by the Mutual Funds Association of Pakistan and accordingly, the purchase cost amounts to Rs. 45.37 million and the Group has made a provision for decline in the value of investment to the extent of Rs. 37.88 million (2013: Rs 32.82 million) as at December 31, 2014.

14.4 Unrealised (loss) / gain on re-measurement of investments - net

	Note	2014	2013
		(Rupees in '000)	
Listed shares		**(3,085)**	-
Term finance certificates		**(5,059)**	-
Open and mutual funds units		**-**	16,652
		(8,144)	16,652

15. TRADE DEBTS

	Note	2014	2013
Receivable against purchase of marketable securities - net of provisions	15.1, 15.2 & 15.3	**63,321**	378,880
Inter-bank brokerage	15.2	**4,324**	2,707
Fees		**372**	1,117
		68,017	382,704

	Note	2014	2013
15.1 Considered good			
Secured		**27,878**	338,928
Unsecured		**3,173**	491
		31,051	339,419
Considered doubtful		**151,388**	159,649
Provision for doubtful debts	15.4	**(119,118)**	(120,188)
		63,321	378,880

15.2 This includes receivable from related parties amounting to Rs. 0.15 million (2013 : Rs. 0.20 million)

15.3 This includes receivable from NCCPL amounting to Rs. 16.27 million (2013: Rs. Nil) in respect of trading in securities settled subsequent to the year end.

15.4 Reconciliation of provisions against trade debts

Opening balance		**120,188**	115,895
Provision for the year		**-**	13,104
Reversal of provision during the year		**(1,070)**	(8,811)
		(1,070)	4,293
		119,118	120,188

15.4.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 32.27 million (2013: Rs. 39.46 million) held in custody by the Company against respective customer accounts.

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:			
- Suppliers		**2,491**	4,476
- Current portion of long-term loans and advances to employees and executives	11	**4,917**	981
		7,408	5,457
Deposits:			
- Exposure deposits with KSE		**212,815**	207,008
- Exposure deposit with PMEX		**941**	1,190
		213,756	208,198
Prepayments:			
- Rent		**3,087**	1,925
- Insurance		**299**	350
- Software development and maintenance		**376**	969
- Others		**3,048**	2,595
		6,810	5,839
Other receivables:			
- Dividends		**6**	-
- Profit on bank deposits		**945**	145
- Profit on exposure deposit with KSE		**2,069**	821
- Current portion of long-term receivable		**-**	37,250
- Receivable from related parties	16.1	**2,190**	152
- Others		**1,166**	108
		6,376	38,476
		234,350	257,970

16.1 Receivable from related parties comprises of:

- KASB Funds Limited	**166**	152
- KASB Bank Limited (the Parent Company)	**2,024**	-
	2,190	152

17. CASH AND BANK BALANCES

Cash at bank in:			
- Current accounts		**274,597**	68,661
- Savings accounts	17.1	**381,390**	272,105
	17.1 & 17.2	**655,987**	340,766
Cash in hand		**7**	36
Stamps in hand		**6**	3
		656,000	340,805

17.1 These carry profit at rates ranging from 1.25% to 9.25% (2013: 1.25% to 9.25%) per annum.

17.2 This includes Rs. 374.47 million (2013:Rs. 307.16 million) with KASB Bank Limited (the Group's Parent Company). On November 14, 2014 the Federal Government have imposed a moratorium for 6 months on the KASB Bank Limited under the applicable banking laws. During the moratorium period the depositors (including the Group) would not be allowed to withdraw over Rs. 0.3 million from the accounts maintained with the KASB Bank Limited. As a result, the above referred balance shall not be available to the Group until the expiry of moratorium period.

	Note	2014	2013
		------ (Rupees in '000) ------	

18. SHARE CAPITAL

18.1 Authorised Capital

2014	2013		2014	2013
----- (Number of shares) -----				
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	**2,000,000**	2,000,000

18.2 Issued, subscribed and paid-up share capital

2014	2013		2014	2013
89,867,900	89,867,900	Ordinary shares of Rs 10 each fully paid-up in cash	**898,679**	898,679
10,132,100	10,132,100	Ordinary shares of Rs 10 each fully paid-up as part of the scheme of arrangement	**101,321**	101,321
100,000,000	100,000,000		**1,000,000**	1,000,000

18.3 The following shares were held by related parties of the Group:

	2014		2013	
	Shares held	Percentage	Shares held	Percentage
KASB Bank Limited	**77,117,500**	**77.118%**	77,117,500	77.118%
KASB Bank Limited - Employees Provident Fund Trust	**400,000**	**0.400%**	400,000	0.400%
KASB Securities Limited - Employees Provident Fund Trust	**32,000**	**0.032%**	32,000	0.032%
KASB Funds PS Limited - Employees Provident Fund Trust	**3,000**	**0.003%**	3,000	0.003%
KASB Corporation Limited	**700,000**	**0.700%**	700,000	0.700%
Key Management Personnel	**3,700**	**0.004%**	825	0.001%
	78,256,200	**78.257%**	78,253,325	78.254%

	Note	2014	2013
		------ (Rupees in '000) ------	

19. LONG-TERM LOAN

	Note	2014	2013
Long-term loan from KASB Bank Limited (the Parent Company)	19.1	**150,000**	100,000

19.1 This represents long-term loan obtained 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 from September 2013 to January 2016. The principal amount will be paid as a bullet payment in January 2016. The loan is secured by way of first pari passu hypothecation charge over all present and future current assets of the Company.

	Note	2014	2013
		------ (Rupees in '000) ------	

20. TRADE AND OTHER PAYABLES

	Note	2014	2013
Trade creditors	20.1	**455,170**	896,862
Accrued expenses	20.2	**96,850**	20,924
Withholding tax payable		**26,384**	11,795
Unclaimed dividends		**609**	609
Dividend Payable		**798**	726
Others		**1,390**	9,708
		581,201	940,624

20.1 This includes payable to KSE and NCCPL amounting to Rs. Nil (2013: Rs. 2.61 million) and Rs. Nil (2013: Rs. 66.09) respectively in respect of trading in securities settled subsequent to the year end.

20.2 This includes accrued expenses relating to various services provided by related parties amounting to Rs. 3.45 million (2013: Rs. 3.42 million).

21. SHORT-TERM RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

21.1 Running finance facility of Rs. 149 million (2013: 199 million) is available to the Company from the Parent Company. The facility is subject to mark-up at the rates ranging from 12.59% to 12.68% (2013: 11.58% to 12.03%) per annum. The facility is secured by way of first pari passu hypothecation charge over all present and future current assets of the Company.

21.2 Further, the facilities for short-term running finances available from various banks amounted to Rs. 750 million (2013: Rs. 750 million) which remained unutilised as at the year end. These facilities are subject to mark-up at rates ranging from 12.56% to 13.44% (2013: 11.51% to 13.15%) per annum and are required to be secured by pledge of securities for the purposes of utlisation of finance.

22. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the year end.

	Note	2014	2013
		(Rupees in '000)	
23. OPERATING REVENUE			
Brokerage		**505,794**	447,081
Subscription research income		**1,858**	2,069
Financial advisory fee		**2,045**	28,563
Custody services		**5,152**	1,188
Profit on margin trading system		**-**	2,225
		514,849	481,126
24. NET GAIN / (LOSS) ON SALE OF INVESTMENTS 'AS AT FAIR VALUE THROUGH PROFIT OR LOSS'			
Listed securities		**(6,726)**	(9,875)
Debt securities		**36,315**	9,668
Open ended mutual funds		**27,971**	-
Commodietes		**(7,764)**	(20,571)
		49,796	(20,778)
25. MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES			
Profit on bank deposits		**47,908**	28,550
Profit on term finance certificates		**686**	591
Profit on long-term receivable		**3,338**	9,595
Mark-up on receivable from related party		**-**	654
		51,932	39,390

	Note	2014	2013
		------ (Rupees in '000) ------	

26. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, allowances and other benefits	26.1	**266,527**	244,840
Staff training and development		**564**	212
Rent, rates and taxes		**36,929**	16,404
Insurance charges		**475**	333
Depreciation	26.2	**14,897**	10,120
Amortisation		**-**	537
Repairs and maintenance		**13,039**	12,352
Power and utilities		**14,855**	11,854
Communication		**13,694**	17,742
Trading costs		**22,275**	21,193
Information technology related costs		**14,786**	15,170
Directors fee		**1,740**	1,560
Fees and subscription		**5,295**	4,681
Printing and stationery		**3,032**	4,131
Papers and periodicals		**166**	177
Advertisement and business promotion		**689**	910
Sales and marketing		**5,609**	3,739
Travelling and conveyance		**4,693**	5,951
Entertainment		**1,017**	333
Brokerage expense		**29,834**	15,799
Legal and professional charges		**8,473**	2,643
Auditor's remuneration	26.3	**1,252**	1,123
Stamp charges		**3**	48
Donations	26.4	**1,850**	2,105
Workers' Welfare fund		**2,647**	2,553
Property and equipment written off		**-**	2,059
Kitchen Expenses		**2,027**	2,240
Others		**187**	213
		466,555	401,022

26.1 Salaries, allowances and benefits include Group's contribution to provident fund amount to Rs. 6.97 million (2013: Rs. 6.22 million).

26.2 Depreciation

	Note	2014	2013
Property and equipment	7	**14,897**	9,601
Investment properties		**-**	519
		14,897	10,120

26.3 Auditors' remuneration

	2014	2013
Statutory audit fee	**699**	661
Half-yearly review fee and other certifications	**438**	347
Out of pocket expenses	**115**	115
	1,252	1,123

26.4 Donation were not made to any donee fund in which any director of the Group or his spouse had any interest.

27. FINANCE COST

	2014	2013
Mark-up on:		
- Long-term loan (the Parent Company)	**16,197**	6,021
- Short-term borrowing (the Parent Company)	**-**	452
- Short-term running finance facility (the Parent Company)	**963**	519
- Short-term borrowing (the Related Party)	**691**	-
- Repurchase transaction	**607**	-
Bank charges	**2,582**	1,950
	21,040	8,942

		Note	2014	2013
28.	**OTHER INCOME**		(Rupees in '000)	
	Gain on disposal of property and equipment	7.1	**995**	494
	Rental income		**4,560**	6,002
	Others		**1,114**	767
			6,669	7,263
29.	**TAXATION**			
	Current			
	- for the year		**(39,482)**	(40,841)
	- for prior year		**20,448**	11,546
	Deferred	13	**(2,004)**	(14,356)
			(21,038)	(43,651)
29.1	**Relationship between tax expense and accounting profit**			
	Profit before taxation		**129,714**	124,933
	Tax at the applicable rate of 33% (2013: 34%)		**(42,806)**	(42,477)
	Tax effects of:			
	- Expenses that are not deductible in determining taxable income		**(18,690)**	(15,107)
	- Income taxed at reduced rate (dividend income, rental income and capital gains)		**13,262**	(730)
	- Income under final tax regime		**6,820**	5,177
	- Prior year taxation		**20,448**	11,546
	- Others		**(72)**	(2,060)
			(21,038)	(43,651)
30.	**EARNINGS PER SHARE**			
	Profit after taxation attributable to ordinary shareholders		**108,676**	81,282
			(Number of shares)	
	Weighted average number of ordinary shares		**100,000,000**	100,000,000
			(Rupees)	
	Earnings per share - basic and diluted		**1.09**	0.81

Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at December 31, 2014 and December 31, 2013 which could have any effect on the earnings per share.

31. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits, to the chief executive, directors and executives of the Group are as follows:

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**19,796**	**14,436**	**89,798**	17,930	8,512	77,705
Performance incentive	**-**	**-**	**-**	9,000	5,000	31,785
Fee (note 31.2)	**-**	**1,740**	**-**	-	1,560	-
Reimbursable expenses	**27**	**151**	**-**	45	445	-
Contribution to provident fund	**806**	**623**	**3,276**	722	372	2,967
	20,629	**16,950**	**93,074**	27,697	15,889	112,457
Number of persons	**1**	**6**	**53**	1	4	44

31.1 The Chief Executive and certain executives of the Group are provided with free use of Group owned and maintained cellular phones.

31.2 The fee was paid to the Directors for attending the Board, audit, and HR committee meetings of the Group.

32. RELATED PARTY TRANSACTIONS

The related parties of the Group 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 December 31, 2014 and December 31, 2013 and transactions with related parties during the year ended December 31, 2014 and December 31, 2013 are as follows:-

	2014				
	Parent Company	Accociates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Long-term deposits	**-**	**142**	**-**	**-**	**142**
Trade debts	**10**	**33**	**50**	**61**	**154**
Profit receivable on bank deposit	**90**	**-**	**-**	**-**	**90**
Receivable against expenses	**2,024**	**166**	**-**	**7**	**2,197**
Bank balances	**374,470**	**-**	**-**	**-**	**374,470**
Trade payables	**-**	**-**	**2,098**	**-**	**2,098**
Long-term loan	**150,000**	**-**	**-**	**-**	**150,000**
Payable against expenses	**294**	**3,157**	**-**	**-**	**3,451**
Prepaid rent	**533**	**-**	**-**	**-**	**533**
Accrued mark-up	**52**	**-**	**-**	**-**	**52**

	2013				
	Parent Company	Accociates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Long-term deposits	-	142	-	-	**142**
Trade debts	18	13	50	118	**199**
Profit receivable on bank deposit	144	-	-	-	**144**
Receivable against expenses	-	152	-	3	**155**
Bank balances	307,161	-	-	-	**307,161**
Trade payables	-	1	1,546	-	**1,547**
Long-term loan	100,000	-	-	-	**100,000**
Payable against expenses	3,012	232	180	-	**3,424**
Accrued mark-up	33	-	-	-	**33**
OFF BALANCE SHEET ITEMS					
Bank guarantee	51,000	-	-	-	**51,000**

TRANSACTIONS	2014 Parent Company	Accociates	Key management personnel	Others	Total
	(Rupees in '000)				
Income					
Brokerage income earned	309	2	600	283	1,194
Custody services	5	125	412	-	542
Profit on bank deposits	37,089	-	-	-	37,089
Rental income	4,560	-	-	-	4,560
Others	488	-	-	-	488
Expenses					
Bank charges	527	-	-	-	527
Charge in respect of contributory plan	-	-	-	6,969	6,969
Communication expenses	-	7,050	-	-	7,050
Donation	-	-	-	1,700	1,700
Locker rent	4	-	-	-	4
Mark-up expense	16,640	-	-	691	17,331
Reimbursement of expenses	1,631	4,376	1,358	47	7,412
Rent expense	1,462	-	-	-	1,462
Other transactions					
Loans disbursed	-	-	5,175	-	5,175
Loans repayment	-	-	2,417	-	2,417
Mutual Fund bonus units issued	-	-	-	8,719	8,719
Mutual Fund units purchased	-	-	-	125,000	125,000
Mutual Fund units redeemed	-	-	-	243,089	243,089
Short-term borrowing	-	-	-	100,000	100,000
Short-term borrowing repaid	-	-	-	100,000	100,000

TRANSACTIONS	2013 Parent Company	Associates	Key management personnel	Others	Total
	(Rupees in '000)				
Income					
Brokerage income earned	1,189	-	1,716	421	3,326
Custody services	6	178	38	-	222
Profit on bank deposits	22,383	-	-	-	22,383
Rental income	4,811	1,191	-	-	6,002
Others	-	-	654	-	654
Expenses					
Bank charges	1,635	-	-	-	1,635
Charge in respect of contributory plan	-	-	-	6,224	6,224
Communication expenses	-	11,484	-	-	11,484
Donation	-	-	-	2,040	2,040
Locker rent	4	-	-	-	4
Mark-up expense	6,992	-	-	-	6,992
Reimbursement of expenses	555	3,781	211	48	4,595
Rent expense	889	-	-	-	889
Other transactions					
Loans disbursed	-	-	8,017	-	8,017
Loans repayment	-	-	8,642	-	8,642
Mutual Fund bonus units issued	-	-	-	6,395	6,395
Mutual Fund units purchased	-	-	-	25,000	25,000

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 31.

33. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2014	2013
		------ (Rupees in '000) ------	
Size of the fund -Total assets		**78,284**	64,119
Cost of investments made		**57,521**	49,794
Percentage of investments made		**67%**	93.54%
Fair value of investments	33.1	**52,748**	59,978

33.1 Fair value of investments is:

	2014		2013	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	**11,226**	**21.28%**	10,200	17.01%
Term deposits	**2,521**	**4.78%**	22,269	37.13%
Mutual Funds units	**38,636**	**73.25%**	27,282	45.49%
Listed shares	**365**	**0.69%**	227	0.37%
	52,748	**100.00%**	59,978	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

34. NUMBER OF EMPLOYEES

The total number of employees during the year and as at December 31, 2014 and December 31, 2013 respectively are as follows:

	2014	2013
	----Number of employees----	
Average number of employees during the year	**161**	147
Number of employees as at year end	**159**	149

35. FINANCIAL INSTRUMENTS

35.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Group is exposed to such risk mainly in respect of bank balances. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Group's total comprehensive income by Rs. 3.34 million (2013: Rs. 3.22 million) and a 1% decrease would result in decrease in the Group's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs. 299.94 million (2013: Rs. 321.44 million) [US dollars 2.99 million (2013: US dollars 3.06 million)].

Management of the Group estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Company by Rs. 29.99 million and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Group by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group is exposed to price risk because of investments held by the Group and classified on the balance sheet as investments 'at fair value through profit or loss' and 'available-for-sale' investments. The management believes that 10% increase or decrease in the value of investments at fair value through profit and loss', with all other factors remaining constant, would result in increase or decrease of the Group's profit by Rs.1.12 million (2013: Rs. 25.51 million) and 10% increase or decrease in the value of 'available-for-sale' investments would result in increase or decrease of other comprehensive income by Rs. 3.95 million (2013: Rs 3.79 million).

35.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by following internal guidelines of the Group executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summaries the maturity profile of the Group's financial liabilities:

	2014				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	553,410	-	-	-	553,410
Accrued mark-up	52	-	-	-	52
	553,462	**-**	**-**	**150,000**	**703,462**

	2013				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	100,000	100,000
Trade and other payables	927,494	-	-	-	927,494
Accrued mark-up	33	-	-	-	33
	927,527	**-**	**-**	**100,000**	**1,027,527**

35.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Group seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Group's maximum exposure to credit risk:

	2014	2013
	(Rupees in '000)	
Trade debts	**182,439**	499,068
Bank balances (see note 35.3.2)	**655,987**	340,766
Long-term receivable	**-**	37,468
Long-term loans and advances	**9,156**	1,479
Long-term deposits and prepayments	**6,443**	6,429
Advances, deposits, prepayments and other receivables	**229,433**	219,739
	1,083,458	1,104,949

35.3.1 The table below shows analysis of the financial assets that are past due or impaired:

Debts past due but not impaired	**35,747**	343,243
Debts impaired - net of provision	**32,270**	39,461
	68,017	382,704

35.3.2 The analysis below summarises the credit quality of the Group's balances with banks / financial institutions:

	2014	2013
	------ (Rupees in '000) ------	
Rating (short-term) of Banks and Financial Institutions*		
A1	**249,512**	700
A1+	**31,895**	32,777
A-1	**-**	63
A-1+	**60**	65
P-1	**50**	-
A3	**-**	307,161
C	**374,470**	-
	655,987	340,766

*Rating performed by PACRA, JCR-VIS & Standard & Poor's.

36. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital include:

- Reinforcing Group's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;

- Maintaining a strong capital base - resulting in enhancement of Group's business operations.

In order to maintain the balance of its capital structure, the Group may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Group monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Group, general reserve and unappropriated profit and loss.

Net capital requirements of the Group are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. the Group manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

37.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2014 the Group held the following financial instruments measured at fair value:

	2014			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	339,454	39,519	-	299,935
Investment 'at fair value through profit and loss' - held for trading	18,647	11,156	-	7,491
	358,101	50,675	-	307,426

	2013			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	359,571	38,129	-	321,442
Investment 'at fair value through profit and loss' - held for trading	267,630	255,080	-	12,550
	627,201	293,209	-	333,992

37.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2014	2013
	(Rupees in '000)	
Opening balance	333,992	310,456
Additions during the year	-	23,536
Provision for impairment	(5,059)	-
Investments disposed during the year	(21,507)	-
Closing balance	307,426	333,992

37. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Group on March 19, 2015.

38. GENERAL

38.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassifications to report.

38.2 The Board of Directors of the Group has proposed a cash dividend of Rs. Nil (2013: Rs. 0.50 per share) amounting to Rs. Nil (2013: Rs. 50 million) at its meeting held on March 19, 2015 for the approval of members at the Annual General Meeting to be held on April 28, 2015. These financial statements do not reflect this appropriation as explained in note 4.12.

38.3 Figures have been rounded off to the nearest thousand.

Saeed Yousuf Chinoy	**Irfan Nadeem**	**Asad Mustafa Shafqat**
Chairman	Chief Executive Officer	Chief Financial Officer

PATTERN OF SHAREHOLDINGS

Number of Shareholders	Shareholding From	Shareholding To	Total number of Shares held	Percentage %
667	1	100	9,114	0.0091%
3,845	101	500	850,256	0.8503%
309	501	1,000	244,597	0.2446%
240	1,001	5,000	590,867	0.5909%
55	5,001	10,000	431,558	0.4316%
14	10,001	15,000	172,928	0.1729%
12	15,001	20,000	210,499	0.2105%
10	20,001	25,000	234,323	0.2343%
3	25,001	30,000	83,000	0.0830%
2	30,001	35,000	65,000	0.0650%
1	35,001	40,000	36,000	0.0360%
2	40,001	45,000	84,900	0.0849%
3	45,001	50,000	146,000	0.1460%
2	50,001	55,000	108,025	0.1080%
3	60,001	65,000	192,521	0.1925%
1	65,001	70,000	65,232	0.0652%
1	70,001	75,000	73,553	0.0736%
1	75,001	80,000	75,918	0.0759%
2	95,001	100,000	200,000	0.2000%
2	105,001	110,000	219,500	0.2195%
1	110,001	115,000	115,000	0.1150%
1	115,001	120,000	117,609	0.1176%
1	130,001	135,000	131,000	0.1310%
1	165,001	170,000	166,100	0.1661%
1	205,001	210,000	210,000	0.2100%
1	230,001	235,000	235,000	0.2350%
1	395,001	400,000	400,000	0.4000%
1	495,001	500,000	500,000	0.5000%
1	695,001	700,000	700,000	0.7000%
1	805,001	810,000	808,000	0.8080%
1	995,001	1,000,000	1,000,000	1.0000%
1	1,120,001	1,125,000	1,121,500	1.1215%
1	1,405,001	1,410,000	1,406,000	1.4060%
2	6,495,001	6,500,000	13,000,000	13.000%
1	75,995,001	76,000,000	75,996,000	75.9960%
5,191			100,000,000	100%

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage %
Directors, CEO & Children	7	5,875	0.0059%
Associated Companies	6	78,252,500	78.2525%
Individuals	5,164	21,482,616	21.4826%
Others	14	259,009	0.2590%
	5,191	100,000,000	100%

*Includes 2,347 CDC Beneficial owners as per list apearing on CDS.

Pattern of Shareholding Additional Information

Serial No	Description	No of Shareholders	No of Shares held
1	**Associated Companies and Related Parties**		
	KASB Bank Limited	2	77,117,500
	KASB Bank Limited - Employees Provident Fund Trust	1	400,000
	KASB Funds PS Limited - Employees Provident Fund Trust	1	3,000
	KASB Corporation Limited	1	700,000
	KASB Securities Limited - Employees Provident Fund Trust	1	32,000
		6	78,252,500
2	**Directors:**		
	Saeed Yousuf Chinoy	1	1,125
	Mahmood Ali Shah Bukhari	1	1,125
	Irfan Nadeem	1	1,000
	Tahir Iqbal	1	500
	Salman Naqvi	1	1,000
	Mohammad Muzaffar Khan	1	625
	Asad Mustafa Shafqat	1	500
		7	5,875
	Individuals	5,164	21,482,616
	Others	14	259,009

FORM OF PROXY
FIFTEENTH ANNUAL GENERAL MEETING

The Company Secretary
KASB Securities Limited
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi,
Pakistan.

I/We ____

of ____

being member(s) of **KASB Securities Limited** holding ______________________________

ordinary shares hereby appoint ______________________________

of ______________________ or failing him/her ______________________

of ______________________ who is/are also member(s) of **KASB Securities Limited** as my/our proxy in my/our absence to attend and vote for me/us and on my / our behalf at the Fifteenth Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Tuesday, April 28, 2015 at 11:00 am and / or any adjournment thereof.

As witness my / our hand / seal this ______________________ day of ______________ 2015.

Witnesses

1. ______________________

2. ______________________

Signature on
Five Rupees
Revenue Stamp

Shareholder Folio No.
or
CDC Participant I.D. No.
&
Sub Account No.

The Signature should agree with the specimen registered with the Company's Registrar

NOTES:

1. The Member is requested:
   (a) to affix Revenue Stamp of Rs. 5 at the place indicated above;
   (b) to sign accross the Revenue Stamp in the same Style of Signature as is registered with the Company's Registrar; and
   (c) to write down his folio number.
2. This proxy form, duly completed and signed, must be received at the office of our Registrar not later than 48 hours before the time of the meeting.
3. No person shall act as a proxy unless he / she himself / herself is a member of the Company, except that a Corporate body may appoint a person who is not a member.
4. CDC shareholders or their proxies should bring their original Computerised National Identity Card or Passport along with the Participant's ID Number and their Account number to facilitate their identification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
KASB Securities Limited
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi, Pakistan
Ph: (92-21) 111-222-000 & 32635501-10
Fax: (92-21) 32630202

KASB SECURITIES

Dear Shareholder,

Subject: DIVIDEND MANDATE FORM

It is to inform you that under Section-250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the company to pay dividend through his / her its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, we hereby give the opportunity to authorize the Company to directly credit cash dividend in your bank account, if any, declared by the Company in future.

{PLEASE NOTE THAT DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANT.}

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrant please "tick" any of the following boxes:

YES ☐ **NO** ☐

If yes than please provide the following information:

Shareholder's Bank Detail	
Folio No.	
Name of the Shareholder	
Name of the listed company	
*CNIC No.	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell number of Shareholder	
Landline Number of shareholder, if any	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of the member/shareholder

*please attach attested copy

NOTE: Physical Shareholders are requested to please submit the Dividend Mandate Form duly completed to THK Associates (Private) Limited. In case of CDC account holder, please submit the Mandate Form to their participants.

BOOK POST

if undelivered, please return to the address mentioned below

KASB SECURITIES

5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi.
UAN: +92 21 111 222 000 Fax: +92 21 3263 0202
E-mail: kasbho@kasb.com URL: www.kasb.com