



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

For the Half Year Ended June 30, 2014



CONTENTS

	Page No.
Company Information	3
Directors' Report to the Members	4
STANDALONE CONDENSED FINANCIAL STATEMENTS	
Auditors' Review Report to the Member	6
Balance Sheet	8
Profit and Loss Account	9
Cash Flow Statement	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS	
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Statement of Changes in Equity	25
Notes to the Financial Statements	26

COMPANY INFORMATION**Board of Directors:**

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

Audit Committee:

Irfan Nadeem - Chairman
Saeed Yousuf Chinoy
Mahmood Ali Shah Bukhari
Zia-ul-Haq - Secretary

HR Committee:

Irfan Nadeem - 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
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Karachi, Pakistan
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Website:

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Share Registrar:

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Fax: 92-21) 35655595

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the unaudited standalone and consolidated financial statements of the Company, and review for the half year ended June 30, 2014.

Economic Review

The economy has turned a corner with GDP growth improving to 4.1% in FY14, highest since FY09 and 3.7% last year. The first half of 2014 saw improved external account, following the government's measures to build foreign exchange reserves from a low of USD 7.6 billion in February 2014 to USD 14.6 billion as of July 4th. An aid from Saudi Arabia worth USD 1.5 billion, USD 550 million realized from 3G/4G auction, USD 2.5 billion worth project loans and privatization proceeds were some key contributors. In addition, issuance of Eurobonds successfully raised USD 2.0 billion which reinforced the fact that foreign investor sentiment has improved.

Despite the improvement on external front, the State Bank of Pakistan ("SBP") maintained its cautious monetary policy stance and kept discount rate stable at 10% in the first half of 2014, mainly because of increased volatility in CPI reading. While CPI data remains in single-digits and has declined to 8.2% in June from 9.2% in April, it has failed to fall sustainably below the government's average inflation target of 8% for FY 2014.

Fiscal deficit remained broadly on track upto March 2014 with improvement in tax collection and restricted development spending. Going forward, fiscal deficit target for FY15 is set lower at 4.9% of GDP, vs. 5.8% expected in FY14.

Progress on Pakistan economic stability also received acknowledgment from Moody's, an international rating agency, which revised up outlook on Pakistan sovereign debt to "stable" from "negative" in July. The rating agency, however, re-affirmed country's rating at CAA1.

Equity Market Review

The bull rally in Pakistan equity market continued unabated in the period under review. The benchmark KSE-100 index closed the period on 29,652, having traded at all-time high levels of 29,789 on 2nd June. KSE-100 index provided an impressive ~18% return to local investors. Dollar-based return is even higher at ~24% thanks to ~6% appreciation in Pak Rupee since end December. The index has further appreciated after the period close and has crossed an important milestone of 30,000 level in mid-July. Importantly, the market rally was broadband and as such was not driven by any single sector or company.

Market volumes decreased nearly ~6% year-on-year to ~237 million shares per day, while value traded rose by 27.5% to ~USD 94 million per day. Foreign Portfolio investment has further improved and a total USD 269 million inflow was recorded in 1st half.

The impressive market performance was primarily driven by encouraging progress on economic stability supported by Pakistan's growing visibility among international investors and restart of government privatization program. Pakistan's weight in MSCI FM 100, a key performance benchmark for frontier market focused funds, increased to 8.8% from 4.3%. Resumption of government privatization program in first half is a major positive for the local bourses. By divesting shares of two government entities, the government has built up impressive momentum for future transactions. While the government has provided relaxation on capital gain tax in Federal Budget 2014-15, introduction of 5% CGT on bonus shares could prove to be a dampener in future.

Debt and Currency Market Review

The money market conditions remained tight during the period, where SBP had to conduct Open Market Operations to manage liquidity, which increased periodically to above PKR 400 billion as well compared to much less frequent injections in the second half of 2013. This was mainly due to active participation in PIB auctions during the period. SBP has conducted fortnightly T-bill auctions worth ~PKR 3.09 trillion, six PIB auctions worth PKR 1.87 trillion and one Ijara Sukuk auction worth PKR 49.5 billion. Money market rates remained stable during the period as the SBP kept benchmark discount rate unchanged at 10% during the period.

The inter-bank currency market saw relative stability after significant 6.8% appreciation in exchange rate in 1st quarter. This was thanks to realization of foreign inflows and improved investor sentiments under the IMF program. As a result, the first half of 2014 closed with PKR at 98.8 against USD.

Operating and Financial Performance

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

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

	AMOUNTS IN PKR MILLIONS			
	Half Year ended June 30		2nd Qtr ended June 30	
	2014	2013	2014	2013
Operating revenue	296.65	228.37	157.75	141.47
Mark-up / profit on bank deposits, investments & other receivables	24.12	15.48	12.95	7.65
Net gain / (loss) on sale of equity securities, other investments and commodities	5.75	(11.24)	5.95	(14.94)
Dividend income	0.39	0.37	0.05	0.02
Unrealized gain on investments	12.77	7.77	6.04	4.57
Other income	2.80	4.30	1.58	2.07
Total income	342.48	245.05	184.32	140.84
Operating and administrative expenses	(243.13)	(189.81)	(131.23)	(104.19)
Finance cost	(10.94)	(2.74)	(7.57)	(1.09)
Total expenses	(254.07)	(192.55)	(138.80)	(105.28)
Net profit (before provision)	88.41	52.50	45.52	35.56
Reversal of provision	0.87	21.83	0.10	21.83
Net profit before tax	89.28	74.33	45.62	57.39
Taxation	(34.99)	(24.75)	(16.06)	(19.48)
Net profit after tax	54.29	49.58	29.56	37.91

Future Outlook

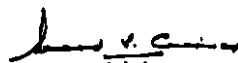
For 2H 2014, focus continues to remain on capitalizing on high market volumes in both the equities and commodities markets. This goes alongside continued efforts to increase our branch network, with a new branch expected in 3rd quarter this year.

Political stability, expected through the rest of the year, should drive daily volumes and values traded upward. Although daily volumes have grown manifold over the last 3 years, there continues to remain potential upside in daily values traded.

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: July 22, 2014



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed balance sheet of KASB Securities Limited as at 30 June 2014 and the related interim condensed profit and loss account, interim condensed statement of changes in equity and interim condensed cash flow statement together with the explanatory notes (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Arslan Khalid

Karachi

Date: 22 July 2014

**STANDALONE CONDENSED
FINANCIAL STATEMENTS**

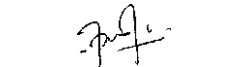
INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2014

	Note	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
.....(Rupees in '000).....			
ASSETS			
Non-current assets			
Property and equipment	4	58,335	46,837
Intangible assets		8,854	8,854
Long-term investments	5	850,981	883,376
Long-term loans and advances		4,122	498
Long-term deposits and prepayments		6,511	6,429
Long-term receivable		-	218
Deferred tax asset - net		39,022	39,182
		967,825	985,394
Current assets			
Short-term investments	6	385,292	267,630
Trade debts	7	572,780	382,704
Advances, deposits, prepayments and other receivables	8	169,581	257,970
Taxation - net		13,016	26,752
Cash and bank balances	9	384,386	337,397
		1,525,055	1,272,453
TOTAL ASSETS		2,492,880	2,257,847
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on re-measurement of 'available- -for-sale' investments to fair value - net		121,135	153,530
Unappropriated profit		50,428	46,133
		1,190,315	1,218,415
Non-current liabilities			
Long-term loan	10	150,000	100,000
Current liabilities			
Trade and other payables	11	1,003,590	939,399
Running finance	12	148,923	-
Accrued mark-up		52	33
		1,152,565	939,432
TOTAL EQUITY AND LIABILITIES		2,492,880	2,257,847
CONTINGENCY AND COMMITMENTS	13		

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Note	Half year ended		Quarter ended	
		June 30,		June 30,	
		2014	2013	2014	2013
..... (Rupees in '000)					
Operating revenue	14	296,644	228,365	157,750	141,467
Net gain / (loss) on investments 'at fair value through profit and loss'					
Net gain / (loss) on sale of equity securities, other investments and commodities		5,754	(11,245)	5,955	(14,938)
Net unrealised gain on re-measurement of investments 'at fair value through profit or loss'		12,768	7,763	6,041	4,570
		18,522	(3,482)	11,996	(10,368)
Dividend income		393	383	46	15
Mark-up / profit on bank deposits, investments and other receivables	15	24,120	15,483	12,950	7,648
		339,679	240,749	182,742	138,762
Operating and administrative expenses		(243,132)	(189,813)	(131,228)	(104,193)
Reversal of provision against doubtful debts	7.2	873	7,846	98	7,846
Reversal of provision against long-term receivable		-	13,988	-	13,988
		(242,259)	(167,979)	(131,130)	(82,359)
Operating profit		97,420	72,770	51,612	56,403
Finance cost		(10,936)	(2,736)	(7,574)	(1,085)
		86,484	70,034	44,038	55,318
Other income		2,797	4,300	1,582	2,071
Profit before taxation		89,281	74,334	45,620	57,389
Taxation					
Current - for the period		(34,825)	(8,698)	(15,844)	(7,097)
Deferred		(161)	(16,054)	(215)	(12,383)
		(34,986)	(24,752)	(16,059)	(19,480)
Profit after taxation		54,295	49,582	29,561	37,909
Other comprehensive (loss) / income:					
<i>Item to be reclassified to profit and loss in subsequent periods:</i>					
Net unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale investments - net		(32,395)	(1,616)	(9,848)	8,710
Total comprehensive income for the period		21,900	47,966	19,713	46,619
..... (Rupees)					
Earnings per share - basic and diluted		0.54	0.50	0.30	0.38

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer

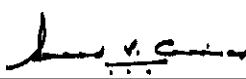

Asad Mustafa Shafqat
Chief Financial Officer


INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2014

	Half year ended June 30,	
	2014	2013
	----- (Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	89,281	74,334
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	6,254	4,705
Amortisation	-	281
(Gain) / loss on sale of investments - net	(5,754)	11,245
Gain on sale of property and equipment	(40)	(67)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(12,768)	(7,763)
Reversal of provision against doubtful debts	(873)	(7,846)
Reversal of provision against long-term receivable	-	(13,988)
Finance cost	10,936	2,736
Dividend income	(393)	(383)
	(2,638)	(11,080)
	86,643	63,254
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(189,203)	(363,515)
Advances, deposits, prepayments and other receivables	88,607	(56,599)
	(100,596)	(420,114)
Increase in current liabilities		
Trade and other payables	63,819	302,066
	49,866	(54,794)
Finance cost paid	(10,917)	(3,783)
Income tax paid	(21,090)	(22,433)
Net cash flows generated from / (used in) operating activities	17,859	(81,010)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(99,140)	(65,336)
Purchase of property and equipment	(17,834)	(10,524)
Proceeds from disposal of property and equipment	122	809
Dividend received	393	383
Net cash flows used in investing activities	(116,459)	(74,668)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(3,624)	(1,188)
Long-term deposits and prepayments	(82)	-
Short-term running finance	148,923	-
Short-term borrowing - net	-	(168,425)
Long-term loan	50,000	100,000
Dividend paid	(49,628)	(49,142)
Net cash flows generated from / (used in) financing activities	145,589	(118,755)
Net increase / (decrease) in cash and cash equivalents	46,989	(274,433)
Cash and cash equivalents at the beginning of the period	337,397	363,088
Cash and cash equivalents at the end of the period	384,386	88,655

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
 Chairman



Nadir Rahman
 Chief Executive Officer

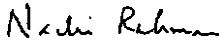

Asad Mustafa Shafqat
 Chief Financial Officer

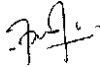
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Share capital	General reserve	Unappropriated profit	Unrealised gain / (loss) on remeasurement 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
Dividend for the year ended December 31, 2012	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	49,582	(1,616)	47,966
Balance as at June 30, 2013	1,000,000	18,752	14,261	138,505	1,171,518
Total comprehensive income for the period	-	-	31,872	15,025	46,897
Balance as at December 31, 2013	1,000,000	18,752	46,133	153,530	1,218,415
Dividend for the year ended December 31, 2013	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	54,295	(32,395)	21,900
Balance as at June 30, 2014	1,000,000	18,752	50,428	121,135	1,190,315

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014****1. STATUS AND NATURE OF BUSINESS**

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

2. STATEMENT OF COMPLIANCE

- 2.1 These interim condensed financial statements of the Company for the half year ended June 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.
- 2.2 These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013.

3. ACCOUNTING POLICIES

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

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

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

- 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 amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

4. PROPERTY AND EQUIPMENT

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

	Half year ended (Un-audited)			
	June 30, 2014		June 30, 2013	
	Additions	Disposals	Additions	Disposals
	----- (Rupees in '000) -----			
Computers and office equipment	14,559	1,770	6,377	517
Furniture and fixtures	106	140	41	1,484
Motor vehicles - owned	3,190	-	2,685	-
	<u>17,855</u>	<u>1,910</u>	<u>9,103</u>	<u>2,001</u>

	Note	June 30, 2014	December 31, 2013
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	

5. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	5.1	<u>362,400</u>	<u>394,795</u>
		<u>850,981</u>	<u>883,376</u>

5.1 'Available-for-sale' investments

<u>Name of the investee companies</u>			
Quoted shares			
KASB Bank Limited - (Parent Company)	5.1.1	32,767	38,129
Unquoted shares			
Karachi Stock Exchange Limited		3,595	3,595
Al Jomaih Power Limited	5.1.2	294,409	321,442
New Horizon Exploration and Production Limited - (Related Party)		31,629	31,629
-Class 'A' ordinary shares		<u>362,400</u>	<u>394,795</u>

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

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

6. SHORT-TERM INVESTMENTS

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

Open end mutual funds units	6.1		
- KASB Cash Fund - (related party)		161,542	103,497
- MCB Cash Management Optimizer		24,225	23,248
- ABL Cash Fund		24,199	23,227
- UBL Liquidity Plus Fund		24,145	23,183
- JS Cash Fund		117,556	64,523
- Askari Sovereign Cash Fund		18,123	17,402
		<u>369,790</u>	<u>255,080</u>

	Note	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
----- (Rupees in '000) -----			
Listed shares			
- Kot Addu Power Company Limited	6.2	2,952	-
Term finance certificates			
- PACE Pakistan Limited		12,550	12,550
		<u>385,292</u>	<u>267,630</u>
6.1 Mutual Fund Units of Rs. 363.69 million (December 31, 2013: Rs. 254.22 million) are pledged with KSE against exposure margin.			
6.2 These shares are pledged with KSE against exposure margin.			
7. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	7.1	568,154	378,880
Inter-bank brokerage		3,509	2,707
Fees		1,117	1,117
		<u>572,780</u>	<u>382,704</u>
7.1 Considered good			
Secured		552,345	338,928
Unsecured		3,960	491
		556,305	339,419
Considered doubtful		131,164	159,649
Provision for doubtful debts	7.2	(119,315)	(120,188)
		<u>568,154</u>	<u>378,880</u>
7.2 Reconciliation of provisions against trade debts			
Opening balance		120,188	115,895
Provision for the period		-	13,104
Reversal of provision during the period		(873)	(8,811)
		<u>(873)</u>	<u>4,293</u>
		<u>119,315</u>	<u>120,188</u>
7.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 11.85 million (December 31, 2013: Rs. 39.46 million) held in custody by the Company against the respective customers accounts.			
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances, deposits, prepayments and other receivables as at June 30, 2014 includes exposure deposit placed with the Karachi Stock Exchange Limited of Rs.134.36 million (December 31, 2013: Rs. 207 million).			
9. CASH AND BANK BALANCES			
Cash at bank in:			
- Current accounts	9.1	17	68,661
- Saving accounts		384,335	268,697
	9.2	384,352	337,358
Cash in hand		33	36
Stamps in hand		1	3
		<u>384,386</u>	<u>337,397</u>
9.1 These carry profit at the rates ranging from 1.25% to 9.25% (December 31, 2013: 1.25% to 9.25%) per annum.			
9.2 This includes Rs. 382.61 million (December 31, 2013: Rs. 303.75 million) with KASB Bank Limited (the Parent Company).			

	Note	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
..... (Rupees in '000)			
10. LONG-TERM LOAN			
Long-term loan from KASB Bank Limited (the Parent Company)	10.1	<u>150,000</u>	<u>100,000</u>
10.1	This represents long-term loan obtained from the Parent Company. The loan carries mark-up at the rate of 3 month KIBOR plus 2.5% per annum and payable on quarterly basis starting 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 amounting to Rs. 607 million with 30% margin. Further the Parent Company shall have lien on all deposits, accounts and properties held with the Parent Company.		
11. TRADE AND OTHER PAYABLES			
Trade creditors		911,103	896,862
Accrued expenses		74,369	19,699
Withholding tax		5,443	11,795
Unclaimed dividend		609	609
Dividend payable		1,098	726
Others		10,968	9,708
		<u>1,003,590</u>	<u>939,399</u>
12. RUNNING FINANCE			
- from KASB Bank Limited (the Parent Company)	12.1	<u>148,923</u>	<u>-</u>
12.1	This represents short-term running finance facility obtained from the Parent Company. The facility is subject to mark-up at the rates ranging from 12.59% to 12.68% (December 31, 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 amounting to Rs. 607 million with 30% margin and lien on all deposits, accounts and properties held with the Parent Company. The maximum available limit of this facility available with the Company is Rs. 149 million.		

Further, the facilities for short-term running finances available from various banks amounted to Rs. 750 million (December 31, 2013: Rs. 750 million) which remained unutilised as at the period end. These facilities are subject to mark-up at rates ranging from 12.56% to 13.44% (December 31, 2013: 11.51% to 13.15%) per annum and are required to be secured by pledge of securities for the purposes of utilisation of finance.

13. CONTINGENCY AND COMMITMENTS

Contingency

During the period, the Company received a show cause notice dated April 21, 2014 from Sindh Board of Reveune in respect of short payment of Sindh Sales Tax. With reference to the aforementioned show cause notice, a one time opportunity notice dated June 7, 2014 was received from Sales Tax authorities demanding an additional Sales Tax of Rs. 6.62 million on additional commission and brokerage income in respect of share application forms for the year ended December 31, 2013. As per the tax advisor of the Company, the above items are not taxable under the Sales Tax Act, 2011 and the relevant rules made thereunder. Moreover, the Company has already filed an appeal against the order-in-original no. 12 of 2014 dated January 30, 2014 for the year ended December 31, 2012 which is pending adjudication. Based on the above, no provision against the additional demand of Sindh Sales Tax has been considered necessary in these interim condensed financial statements.

Commitments

There were no material commitments outstanding at period end.

 (Un-audited)			
	Half year ended June 30,		Quarter ended June 30,	
	2014	2013	2014	2013
 (Rupees in '000)			
14. OPERATING REVENUE				
Brokerage	290,677	223,813	155,612	138,494
Subscription research income	1,858	906	810	454
Financial advisory fee	1,637	1,235	944	665
Custody services	2,472	673	384	401
Profit on margin trading system	-	1,738	-	1,453
	<u>296,644</u>	<u>228,365</u>	<u>157,750</u>	<u>141,467</u>
15. MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES				
Profit on bank deposits	20,912	8,725	11,264	4,439
Profit on term finance certificates	686	577	624	323
Profit on long-term receivable	2,522	5,527	1,062	2,587
Mark-up on receivable from related party	-	654	-	299
	<u>24,120</u>	<u>15,483</u>	<u>12,950</u>	<u>7,648</u>

16. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of KASB Bank Limited (the Parent Company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2014 and transactions with related parties during the half year ended June 30, 2014 are as follows:

	As at June 30, 2014 (Un-audited)				Total
	Parent company	Subsidiary/ associates	Key management personnel	Others	
(Rupees in '000)					
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	39	35	302	69	445
Prepaid rent	73	-	-	-	73
Profit receivable on bank deposit	158	-	-	-	158
Receivable against expenses	-	35	-	-	35
Advance against purchase of equipment	-	916	-	-	916
Bank balances	382,613	-	-	-	382,613
Trade payables	-	-	6,805	-	6,805
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	2,202	-	-	-	2,202
Loans and advances	-	-	1,450	-	1,450
Running finance	148,923	-	-	-	148,923
Accrued mark-up	52	-	-	-	52

	As at December 31, 2013 (Audited)				Total
	Parent company	Subsidiary/ associates	Key management personnel	Others	
(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
Payable against expenses	3,012	232	180	-	3,424
Accrued mark-up	33	-	-	-	33

For the Half year ended June 30, 2014 (Un-audited)

	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	282	-	384	157	823
Custody services	3	71	21	-	95
Profit on bank deposits	15,888	-	-	-	15,888
Rent income	2,280	-	-	-	2,280
Others	253	-	-	-	253
Expenses					
Bank charges	318	-	-	-	318
Charge in respect of contributory plan	-	-	-	3,243	3,243
Communication expenses	-	3,348	-	-	3,348
Donation	-	-	-	1,020	1,020
Locker rent	4	-	-	-	4
Mark-up expense	6,949	-	-	690	7,639
Reimbursement of expenses	1,503	2,131	591	24	4,249
Remuneration to management personnel	-	-	52,555	-	52,555
Rent expense	1,009	-	-	-	1,009
Other transactions					
Mutual Funds bonus units issued	-	-	-	8,719	8,719
Mutual Funds units purchased	-	-	-	125,000	125,000
Mutual Funds units redeemed	-	-	-	75,000	75,000
Loans disbursed	-	-	2,755	-	2,755
Loans repayment	-	-	720	-	720
Short-term borrowing	-	-	-	100,000	100,000
Short-term borrowing repaid	-	-	-	100,000	100,000
Purchase of computer and office equipment	-	2,424	-	-	2,424

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

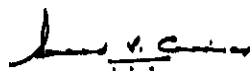
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	1,066	-	1,298	192	2,556
Custody services	3	81	12	-	96
Profit on bank deposits	5,785	-	-	-	5,785
Rent income	2,704	1,191	-	-	3,895
Others	-	-	-	654	654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

17. GENERAL

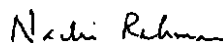
- 17.1 Figures for the quarters ended 30 June 2014 and 30 June 2013 have not been subject to limited scope review by the statutory auditors.
- 17.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.
- 17.3 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

18. DATE OF AUTHORISATION

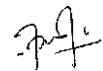
These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on July 22, 2014.



Saeed Yousuf Chinoy
Chairman



Nadir Rahman
Chief Executive Officer



Asad Mustafa Shafiq
Chief Financial Officer

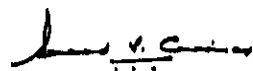


**Consolidated Interim
Condensed Financial Statements**

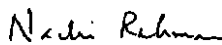
CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT JUNE 30, 2014

	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
(Rupees in '000).....	
ASSETS		
Non-current assets		
Property and equipment	58,335	46,837
Intangible assets	8,854	8,854
Investment properties	375,000	375,000
Long-term investments	405,771	438,166
Long-term loans and advances	4,122	498
Long-term deposits and prepayments	6,511	6,429
Long-term receivable	-	218
Deferred tax asset - net	39,022	39,182
	897,615	915,184
Current assets		
Short-term investments	385,292	267,630
Trade debts	572,780	382,704
Advances, deposits, prepayments and other receivables	169,581	257,970
Taxation - net	13,174	26,899
Cash and bank balances	387,699	340,805
	1,528,526	1,276,008
TOTAL ASSETS	2,426,141	2,191,192
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued, subscribed and paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain on re-measurement of 'available- -for-sale' investments to fair value - net	121,135	153,530
Accumulated loss	(17,478)	(21,747)
	1,122,409	1,150,535
Non-current liabilities		
Long-term loan	150,000	100,000
Current liabilities		
Trade and other payables	1,004,757	940,624
Running finance	148,923	-
Accrued mark-up	52	33
	1,153,732	940,657
TOTAL EQUITY AND LIABILITIES	2,426,141	2,191,192
CONTINGENCY AND COMMITMENTS		

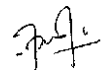
The annexed notes form an integral part of these consolidated interim condensed financial statements.



Saeed Yousuf Chinoy
Chairman



Nadir Rahman
Chief Executive Officer



Asad Mustafa Shafqat
Chief Financial Officer

**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Half year ended June 30,		Quarter ended June 30,	
	2014	2013	2014	2013
	(Rupees in '000)			
Operating revenue	296,644	228,365	157,750	141,467
Net gain / (loss) on investments 'at fair value through profit and loss'				
Net gain / (loss) on sale of equity securities, other investments and commodities	5,754	(11,245)	5,955	(14,938)
Net unrealised gain on re-measurement of investments 'at fair value through profit or loss'	12,768	7,763	6,041	4,570
	18,522	(3,482)	11,996	(10,368)
Dividend income	393	383	46	15
Mark-up / profit on bank deposits, investments and other receivables	24,244	15,594	13,015	7,701
	339,803	240,860	182,807	138,815
Operating and administrative expenses	(243,281)	(190,087)	(131,276)	(104,407)
Reversal of provision against doubtful debts	873	7,846	98	7,846
Reversal of provision against long-term receivable	-	13,988	-	13,988
	(242,408)	(168,253)	(131,178)	(82,573)
Operating profit	97,395	72,607	51,629	56,242
Finance cost	(10,936)	(2,736)	(7,574)	(1,085)
	86,459	69,871	44,055	55,157
Other income	2,797	4,300	1,582	2,071
Profit before taxation	89,256	74,171	45,637	57,228
Taxation				
Current - for the period	(34,826)	(8,699)	(15,844)	(7,098)
Deferred	(161)	(16,054)	(215)	(12,383)
	(34,987)	(24,753)	(16,059)	(19,481)
Profit after taxation	54,269	49,418	29,578	37,747
Other comprehensive (loss) / income: <i>Item to be reclassified to profit and loss in subsequent periods:</i>				
Net unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net	(32,395)	(1,616)	(9,848)	8,710
Total comprehensive income for the period	21,874	47,802	19,730	46,457
	(Rupees)			
Earnings per share - basic and diluted	0.54	0.49	0.30	0.38

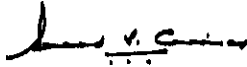
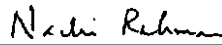
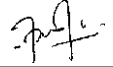
The annexed notes form an integral part of these consolidated interim condensed financial statements.

 Saeed Yousuf Chinoy Chairman	 Nadir Rahman Chief Executive Officer	 Asad Mustafa Shafqat Chief Financial Officer
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**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Half year ended June 30,	
	2014	2013
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	89,256	74,171
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	6,254	4,705
Amortisation		281
(Gain) / loss on sale of investments - net	(5,754)	11,245
Gain on sale of property and equipment	(40)	(67)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(12,768)	(7,763)
Reversal of provision against doubtful debts	(873)	(7,846)
Reversal of provision against long-term receivable	-	(13,988)
Finance cost	10,936	2,736
Dividend income	(393)	(383)
	<u>(2,638)</u>	<u>(11,080)</u>
	86,618	63,091
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(189,203)	(363,515)
Advances, deposits, prepayments and other receivables	88,607	(56,599)
	<u>(100,596)</u>	<u>(420,114)</u>
Increase in current liabilities		
Trade and other payables	63,761	302,003
	<u>49,783</u>	<u>(55,020)</u>
Finance cost paid	(10,917)	(3,783)
Income tax paid	(21,102)	(22,445)
	<u>17,764</u>	<u>(81,248)</u>
Net cash flows generated from / (used in) operating activities	17,764	(81,248)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(99,140)	(65,336)
Purchase of property and equipment	(17,834)	(10,524)
Proceeds from disposal of property and equipment	122	809
Dividend received	393	383
	<u>(116,459)</u>	<u>(74,668)</u>
Net cash flows used in investing activities	(116,459)	(74,668)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(3,624)	(1,188)
Long-term deposits and prepayments	(82)	-
Short-term running finance	148,923	-
Short-term borrowing - net	-	(168,425)
Long-term loan	50,000	100,000
Dividend paid	(49,628)	(49,142)
	<u>145,589</u>	<u>(118,755)</u>
Net cash flows generated from / (used in) financing activities	145,589	(118,755)
Net increase / (decrease) in cash and cash equivalents	46,894	(274,671)
Cash and cash equivalents at the beginning of the period	340,805	366,663
Cash and cash equivalents at the end of the period	<u>387,699</u>	<u>91,992</u>

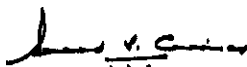
The annexed notes form an integral part of these consolidated interim condensed financial statements.

		
Saeed Yousuf Chinoy Chairman	Nadir Rahman Chief Executive Officer	Asad Mustafa Shafqat Chief Financial Officer

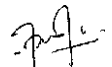
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Share capital	General reserve	Unappropriated profit / (accumulated loss)	Unrealised gain / (loss) on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2013	1,000,000	18,752	(53,029)	140,121	1,105,844
Dividend for the year ended December 31, 2012	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	49,418	(1,616)	47,802
Balance as at June 30, 2013	1,000,000	18,752	(53,611)	138,505	1,103,646
Total comprehensive income for the period	-	-	31,864	15,025	46,889
Balance as at December 31, 2013	1,000,000	18,752	(21,747)	153,530	1,150,535
Dividend for the year ended December 31, 2013	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	54,269	(32,395)	21,874
Balance as at June 30, 2014	1,000,000	18,752	(17,478)	121,135	1,122,409

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


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer

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

FOR THE HALF YEAR ENDED JUNE 30, 2014

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- KASB Securities Limited

Subsidiary company

- Structured Venture (Private) Limited

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

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

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

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

These consolidated interim condensed financial statements of the Company for the half year ended June 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

These consolidated interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013.

These consolidated interim condensed financial statements are un-audited.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these consolidated interim condensed financial statements are consistent with those followed in the preparation of the Group consolidated annual published financial statements for the year ended December 31, 2013.

5. BASIS OF CONSOLIDATION


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


6. GENERAL


- 6.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.
- 6.2 Figures have been rounded off to the nearest thousand, unless otherwise stated.

7. DATE OF AUTHORISATION

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on July 22, 2014.



Saeed Yousuf Chinoy
Chairman

Nadir Rahman
Chief Executive Officer

Asad Mustafa Shafqat
Chief Financial Officer





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