



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

For the Quarter Ended March 31, 2014

CONTENTS

	Page No.
Company Information	2
Directors' Report to the Members	3
STANDALONE CONDENSED FINANCIAL STATEMENTS	
Balance Sheet	6
Profit and Loss Account	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS	
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Statement of Changes in Equity	23
Notes to the Financial Statements	24

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
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
404, 4th Floor, 6-CL-10, Beaumont Plaza,
Beaumont Road, Civil Lines, Karachi, Pakistan
Ph : (92-21) 35657658-59 & 35657674
Fax: (92-21) 35657658-9 & 35657674
E-mail: bawaney@cyber.net.pk

Registered and Head Office:

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

Branches:

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2-Liaquat Road.
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Gulshan-e-Iqbal - Karachi

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KDA Scheme # 24, Main University Road.
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Fax: (92-21) 34980761
E-mail: kasbgul@kasb.com

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64-A, Main Boulevard, Main Gulberg.
UAN: (92-42) 111-222-000
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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

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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

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

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the unaudited standalone and consolidated financial statements of the Company, and review for the quarter ended March 31, 2014.

Economic Review

The macroeconomic landscape has witnessed significant improvement in the first quarter of 2014. Consumer Price Index readings have declined to average 8.1% during the quarter, after drifting to double digits in later half of last year. Consequently, the State Bank of Pakistan (SBP) has maintained its policy rate at 10% in the past two monetary policy reviews. Large scale manufacturing sector grew by 5.16% during the period July to February 2014, reflecting better economic activity. The IMF Executive Board in its second quarterly review, also commended the progress in economic stabilization, and approved its third loan tranche of US\$555mn. Realization of foreign inflows in the form of IMF loan, coalition support fund, and aid from Saudi has provided support to declining foreign exchange reserves position, where total reserves increased to US\$10.07 billion by end of March 2014 from a low of US\$8.0 billion in January 2014. As a result, there has been some alleviation in exchange rate pressure as well, with Pak Rupee appreciating 6.5% in 1Q14.

Equity Market Review

The KSE-100 enjoyed a fruitful first quarter of the year, with the benchmark KSE-100 index rising 7.5%. Average daily volumes over the quarter rose to 160 million shares, up 42% from the last quarter of 2013. Average value traded during the quarter at US\$80mn also rose considerably, compared to US\$63mn in the last quarter of 2013. Interest from foreign investors remained robust with Foreign Portfolio Inflows (FPI) touching US\$ 38 million over the three months, with the bulk of those flows coming in the month of Jan-14.

Debt and Currency Market Review

Money markets remained relatively stable during the quarter, with overnight rates remained steady close to 10% during the quarter. The State Bank of Pakistan maintained discount rate at 10%. In lieu of improved market confidence in long term economic stability, a significant shift in structural debt maturity profile was witnessed where the investment in Pakistan Investment Bonds (PIBs) surged while participation in shorter term instruments (Treasury Bills) fell considerably short of target. Outstanding PIBs increased to PRs2.4 trillion as of February 2014, compared to PRs1.3 trillion as of December 2013. On the currency front, approval of IMF loan followed by positive sentiments driven by build-up in foreign exchange reserves position during the quarter led to unwinding of FX positions. Consequently, the Pak rupee gained its lost ground, appreciating by 6.5% against the USD in the period under review, compared to 6.1% depreciation in the second half of 2013.

Operating and Financial Performance

The company remains focused on building market share. The higher volumes in the equity market compared to management's expectations have also resulted in growth in earnings compared to the first quarter of 2014. In commodities sales, KSL continues to rank as the number 1 broker on the weekly PMEX rankings.

Details of financial performance for the quarter are as follows:

	QUARTER ENDED MARCH 31,	
	2014 PKR mn	2013 PKR mn
Operating revenue	138.89	86.90
Mark-up / profit on bank deposits, investments and other receivables	11.17	7.84
Net (loss) / gain on sale of equity securities, other investments and commodities	(0.20)	3.69
Dividend income	0.35	0.37
Unrealized gain on investments	6.73	3.19
Other income	1.21	2.22
Total income	158.15	104.21
Operating and admin expenses	(111.90)	(85.62)
Financial cost	(3.36)	(1.65)
Total expenses	(115.26)	(87.27)
Net profit (before provision)	42.89	16.94
Reversal of provision	0.77	-
Taxation	(18.93)	(5.27)
Net profit after tax	24.73	11.67

Future Outlook

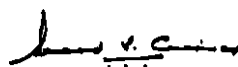
Going forward, the company continues with efforts to build client base. Focus remains dedicated on existing branches acquiring new clients and opening new branches in relatively unexplored cities in Pakistan with sizeable potential. At the same time, the company is exploring options for inorganic growth within Pakistan and the region via strategic acquisitions.

With a broad swath of macro indicators moving in a positive direction, we expect capital markets to remain vibrant in the quarter ahead, with the pace and scope of the government's privatization program a crucial factor in maintaining the markets upward momentum.

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

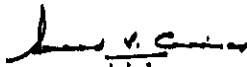
Karachi: April 23, 2014


**STANDALONE CONDENSED
FINANCIAL STATEMENTS**

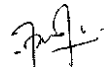
INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2014

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment	4	48,140	46,837
Intangible assets	5	8,854	8,854
Long-term investments	6	860,829	883,376
Long-term loans and advances		1,837	498
Long-term deposits and prepayments		6,511	6,429
Long-term receivable	7	-	218
Deferred tax asset - net		39,237	39,182
		965,408	985,394
Current assets			
Short-term investments	8	383,952	267,630
Trade debts	9	537,070	382,704
Advances, deposits, prepayments and other receivables	10	233,255	257,970
Taxation - net		17,404	26,752
Cash and bank balances	11	212,004	337,397
		1,383,685	1,272,453
TOTAL ASSETS		2,349,093	2,275,847
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		130,983	153,530
Unappropriated profit		70,867	46,133
		1,220,602	1,218,415
Non-current liabilities			
Long-term loan		-	100,000
Current liabilities			
Short-term loan	12	100,000	-
Trade and other payables	13	1,028,456	939,399
Accrued mark-up		35	33
		1,128,491	939,432
TOTAL EQUITY AND LIABILITIES		2,349,093	2,275,847
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman

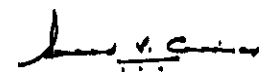

Nadir Rahman
Chief Executive Officer

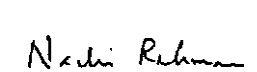

Asad Mustafa Shafqat
Chief Financial Officer

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014**

	Note	Quarter ended March 31,	
		2014	2013
.....(Rupees in '000)			
Operating revenue	15	138,894	86,898
Net gain on investments 'at fair value through profit and loss'			
Net (loss) / gain on sale of equity securities, other investments and commodities		(201)	3,693
Net unrealised gain on re-measurement of investments		6,727	3,193
		6,526	6,886
Dividend income		347	368
Mark-up / profit on bank deposits, investments and other receivables	16	11,170	7,835
		156,937	101,987
Operating and administrative expenses		(111,904)	(85,620)
Reversal of provision against doubtful debts		775	-
		(111,129)	(85,620)
Operating profit		45,808	16,367
Finance cost		(3,362)	(1,651)
		42,446	14,716
Other income		1,215	2,229
Profit before taxation		43,661	16,945
Taxation			
Current - for the period		(18,981)	(1,601)
Deferred		54	(3,671)
		(18,927)	(5,272)
Profit after taxation		24,734	11,673
Other comprehensive income:			
Net unrealised loss arising during the period on re-measurement of 'available-for-sale' investments - net			
Total comprehensive income for the period		(22,547)	(10,326)
		2,187	1,347
.....(Rupees).....			
Earnings per share - basic and diluted		0.25	0.12

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman

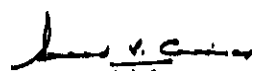

Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafiq
Chief Financial Officer

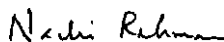
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2014

	Quarter ended March 31,	
	2014	2013
 (Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	43,661	16,945
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	2,888	2,324
Amortisation	-	148
Loss / (gain) on sale of investments - net	201	(3,693)
Gain on sale of property and equipments	(5)	(3)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(6,727)	(3,193)
Reversal of provision against doubtful debts	(775)	-
Finance cost	3,362	1,651
Dividend income	(347)	(368)
	<u>(1,403)</u>	<u>(3,134)</u>
	42,258	13,811
Working capital adjustments:		
Increase in assets		
Trade debts	(153,591)	(163,568)
Advances, deposits, prepayments and other receivables	24,932	22,245
	<u>(128,659)</u>	<u>(141,323)</u>
Increase in current liabilities		
Trade and other payables	89,074	119,614
Finance cost paid	2,673	(7,898)
Income tax paid	(3,360)	(4,337)
	<u>(9,634)</u>	<u>(5,715)</u>
Net cash flows used in operating activities	<u>(10,321)</u>	<u>(17,950)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(109,796)	(64,161)
Purchase of property and equipment	(4,204)	(2,342)
Proceeds from disposal of property and equipment	18	38
Dividend received	347	56
Net cash flows used in investing activities	<u>(113,635)</u>	<u>(66,409)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,339)	(1,149)
Long-term deposits and prepayments	(82)	-
Short-term running finance	-	103
Repayment of short-term borrowing	-	(250,000)
Dividend paid	(16)	-
Net cash flows used in financing activities	<u>(1,437)</u>	<u>(251,046)</u>
Net decrease in cash and cash equivalents	<u>(125,393)</u>	<u>(335,405)</u>
Cash and cash equivalents at the beginning of the period	337,397	363,088
Cash and cash equivalents at the end of the period	<u>212,004</u>	<u>27,683</u>

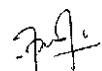
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Saeed Yousuf Chinoy
Chairman



Nadir Rahman
Chief Executive Officer



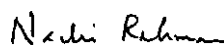
Asad Mustafa Shafiqat
Chief Financial Officer

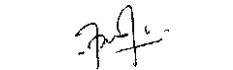
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014**

	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
Total comprehensive income for the period	-	-	11,673	(10,326)	1,347
Balance as at March 31, 2013	1,000,000	18,752	26,352	129,795	1,174,899
Total comprehensive income for the period	-	-	69,781	23,735	93,516
Dividend paid during the period	-	-	(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 period	-	-	24,734	(22,547)	2,187
Balance as at March 31, 2014	1,000,000	18,752	70,867	130,983	1,220,602

The annexed notes 1 to 19 form an integral part of these interim condensed financial statements.


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafiq
Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014****1. STATUS AND NATURE OF BUSINESS**

KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 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 [formerly KASB Finance (Private) Limited].

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.

- 1.2 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 quarter ended March 31, 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.

These interim condensed financial statements are un-audited.

3. ACCOUNTING POLICIES

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

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IFRS 7 - Financial Instruments : Disclosures – (Amendment)

Improvements to Accounting Standards Issued by the IASB:

IAS 1 - Presentation of Financial Statements -Clarification of the requirements for comparative information.

IAS 16 - Property, Plant and Equipment - Classification of Servicing Equipment.

IAS 32 - Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments.

IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities.

The adoption of the above amendments did not have any effect on the interim condensed financial statements.

4. PROPERTY AND EQUIPMENT

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

	Quarter ended (Un-audited)			
	March 31, 2014		March 31, 2013	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000')			
Computers and office equipment	1,015	438	957	228
Furniture and fixtures	20	-	42	-
Vehicles - owned	3,190	-	1,343	-
	<u>4,225</u>	<u>438</u>	<u>2,342</u>	<u>228</u>

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
5. INTANGIBLE ASSETS			
Written down value of:			
- Membership card of KSE	5.1	1,350	1,350
- Membership card of PMEL		750	750
- Rooms at KSE		5,804	5,804
- Booths at KSE		950	950
		<u>8,854</u>	<u>8,854</u>

- 5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the Company has received equity shares of KSE and Trading Right Entitlement Certificates (TREC) in lieu of its membership card of KSE. The Company's entitlement in respect of KSE's shares is determined on the basis of valuation of assets and liabilities of KSE as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

The cost / book value of the KSE membership card amounts to Rs. 4.95 million as at March 31, 2014. In absense of an active market of the shares of KSE and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) has been made by the Company on the basis of the face value of ordinary shares and the TREC value assigned by the KSE for minimum capital requirement purpose applicable to the stock exchange brokers currently.

6. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	6.1	372,248	394,795
		<u>860,829</u>	<u>883,376</u>

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
6.1 'Available-for-sale' investments			
<u>Name of the investee companies</u>			
Quoted shares			
KASB Bank Limited - (the Parent Company)	6.1.1	37,930	38,129
Unquoted shares			
Karachi Stock Exchange Limited	5.1	3,595	3,595
Al Jomaih Power Limited	6.1.2	299,094	321,442
New Horizon Exploration and Production Limited - (Related Party)			
-Class 'A' ordinary shares		31,629	31,629
		<u>372,248</u>	<u>394,795</u>

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

6.1.2 The Company's investment in unquoted shares of Al Jomaih Power Limited valued at its fair value as at period end base on the net assets value of the investee Company as at December 31, 2012 .

7. LONG-TERM RECEIVABLE

Receivable from client	7.1	31,268	37,468
Less: current maturity shown in current assets		(31,268)	(37,250)
		<u>-</u>	<u>218</u>

7.1 On February 01, 2011, the Company has entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99.64 million (as of the date of the agreement) in respect of the securities transactions undertaken by them through the Company.

Under the agreement, the obligations of these three customers have been taken over by another customer, who has agreed to pay an aggregate sum of Rs. 99.64 million to the Company along with the mark-up at the rate used in (three months) KIBOR ask rate plus 3.28% per annum, in monthly installments over a period up to January 2015. In accordance with the terms of the agreement, the customer was required to pay principal of Rs. 9.30 million and mark-up of Rs. 1.46 million aggregating to Rs. 10.76 million by the quarter ended March 31, 2014 (December 31, 2013: Rs. 52.86 million). Against the said amount, the Company has received and aggregate of Rs. 7.22 million (December 31, 2013: Rs. 52.86million). The above receivable is secured against marketable securities of the customers, held by the Company. The market value of such securities as at March 31, 2014 was Rs. 210 million (December 2013: 211.71 million)

8. SHORT-TERM INVESTMENTS

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

8.1 Open End Mutual Funds Units			
KASB Cash Fund		207,354	103,497
MCB Cash Management Optimizer		23,730	23,248
ABL Cash Fund		23,709	23,227
UBL Liquidity Plus Fund		23,657	23,183
JS Cash Fund		65,908	64,523
Askari Sovereign Cash Fund		17,766	17,402
		<u>362,124</u>	<u>255,080</u>

Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
..... (Rupees in '000)		
8.2 Listed Shares		
Fauji Fertilizer Company Limited	3,325	-
Kot Addu Power Company Limited	744	-
K-Electric Limited (formerly: Karachi Electric Supply Company Limited)	3	-
Hub Power Company Limited	1,994	-
Nishat Mills Limited	3,205	-
TRG Pakistan Limited	7	-
	9,278	-
8.3 Term Finance Certificates		
Pace Pakistan Limited (Face value of Rs. 5,000 each)	12,550	12,550
	<u>383,952</u>	<u>267,630</u>
8.1.1	This includes investment in mutual fund units of a related party amounting to Rs. 207.35 million (December 31, 2013: Rs. 103.50 million). Further Mutual Fund Units valued at Rs. 359.16 million (December 31, 2013: 254.22) are pledged with KSE against exposure margin.	
8.2.1	This includes shares valued at Rs. 5.63 (at the rates quoted on KSE) (December 31, 2013: Rs. nil) pledged with KSE against exposure margin.	
8.3.1	The above TFCs are secured and carry mark-up at the rate of 6 months 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 Company has made a provision for decline in the value of investment to the extent of Rs. 32.82 million as at March 31, 2014.	
9. TRADE DEBTS		
Receivable against purchase of marketable securities		
- net of provisions	9.1 531,386	378,880
Inter-bank brokerage	3,909	2,707
Fees	1,775	1,117
	<u>537,070</u>	<u>382,704</u>
9.1 Considered good		
Secured	490,600	338,928
Unsecured	919	491
	491,519	339,419
Considered doubtful		
Provision for doubtful debts	9.2 159,280	159,649
	(119,413)	(120,188)
	<u>531,386</u>	<u>378,880</u>
9.2 Reconciliation of provisions against trade debts		
Opening balance	120,188	115,895
Provision for the period / year	-	13,104
Reversal of provision during the period / year	(775)	(8,811)
	(775)	4,293
	<u>119,413</u>	<u>120,188</u>

92.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 39.87 million (December 31, 2013: Rs. 39.46 million) held in custody by Company against the respective customers accounts.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, deposits, prepayments and other receivables as at March 31, 2014 includes exposure deposits placed with KSE and PMEX amounting to Rs Rs. 105.57 million (December 31, 2013: Rs. 207.01million) and Rs. 1.44 million (December 31, 2013: Rs. 1.12 million) respectively.

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
..... (Rupees in '000)			
11. CASH AND BANK BALANCES			
Cash at bank in:			
- Current accounts		71,467	68,661
- Saving accounts	11.1	140,376	268,697
		211,843	337,358
Cash in hand		148	36
Stamps in hand		13	3
		<u>212,004</u>	<u>337,397</u>

11.1 These carry profit at the rates ranging from 1.25% to 9.25% (December 31, 2013: 1.25% to 9.25%) per annum.

12. SHORT-TERM LOAN

Short-term loan from KASB Bank Limited
(the Parent Company)

100,000

-

During the previous year, the Company has obtained a long-term loan of Rs. 100 million from the Parent Company. The loan carries mark-up at the rate of 3 months KIBOR + 2.5% per annum and payable on quarterly basis starting from September 2013 to January 2015. The principal amount will be paid as a bullet payment in January 2015. The loan is secured by first ranking charge over all present and future current assets of the Company.

13. TRADE AND OTHER PAYABLE

Trade creditors	954,080	896,862
Accrued expenses	46,473	19,699
Withholding tax	13,004	11,795
Unclaimed dividends	609	609
Dividend payable	709	726
Others	13,581	9,708
	<u>1,028,456</u>	<u>939,399</u>

14. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no material contingencies as at period / year end.

Commitments

Following commitments are outstanding as at period / year end:

- Outstanding purchases against commodities futures	<u>2,571</u>	<u>-</u>
- Outstanding sales against commodities futures	<u>32,746</u>	<u>-</u>

(Un-audited) (Un-audited)
March 31, March 31,
2014 2013

..... (Rupees in '000)

15. OPERATING REVENUE

Brokerage	135,065	85,319
Subscription research income	1,048	452
Financial advisory fee	693	570
Custody services	2,088	272
Profit on margin trading system	-	285
	<u>138,894</u>	<u>86,898</u>

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

Profit on bank deposits	9,648	4,286
Profit on term finance certificates	62	254
Profit on long-term receivable	1,460	2,940
Mark-up on receivable from related party	-	355
	<u>11,170</u>	<u>7,835</u>

17. 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 March 31, 2014 and December 31, 2013 and transactions with related parties during the quarter ended March 31, 2014 and March 31, 2013 are as follows:

..... As at March 31, 2014 (Un-audited)

Parent company	Subsidiary / associated	Key management personnel	Others	Total
----------------	-------------------------	--------------------------	--------	-------

..... (Rupees in '000)

BALANCES

Long-term deposits	-	142	-	-	142
Trade debts	14	24	89	77	204
Profit receivable on bank deposit	58	-	-	-	58
Receivable against expenses	-	300	78	7	385
Bank balances	199,742	-	-	-	199,742
Trade payables	-	-	2,406	-	2,406
Short-term loan	100,000	-	-	-	100,000
Payable against expenses	1,905	2,503	540	-	4,948
Prepaid rent	290	-	-	-	290
Accrued mark-up	34	-	-	-	34

..... As at December 31, 2013 (Audited)

	Parent company	Subsidiary / associated	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
Payable against expenses	3,012	232	180	-	3,424
Accrued mark-up	33	-	-	-	33

..... Quarter ended March 31, 2014 (Un-audited)

	Parent company	Subsidiary / associated	Key management personnel	Others	Total
..... (Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	146	-	233	86	465
Custody services	1	25	10	-	36
Profit on bank deposits	7,579	-	-	-	7,579
Rent income	1,140	-	-	-	1,140
Other	-	-	-	127	127
Expenses					
Bank charges	138	-	-	-	138
Charge in respect of contributory plan	-	-	-	1,625	1,625
Communication expenses	-	2,539	-	-	2,539
Donation	-	-	-	510	510
Mark-up expense	3,159	-	-	-	3,159
Reimbursement of expenses	327	656	298	10	1,291
Remuneration to management personnel	-	-	31,457	-	31,457
Rent expense	909	-	-	-	909
Other transactions					
Loans disbursed	-	-	475	-	475
Loans repayment	-	-	280	-	280
Investments of Mutual Funds units	-	-	-	125,000	125,000
Mutual Funds bonus units issued	-	-	-	3,498	3,498
Mutual Funds units redeemed	-	-	-	25,000	25,000

----- Quarter ended March 31, 2013 (Un-audited) -----

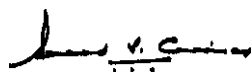
	Parent company	Subsidiary / associated	Key management personnel	Others	Total
----- (Rupees in '000) -----					
TRANSACTIONS					
Income					
Brokerage income earned	924	-	438	90	1,452
Custody services	1	33	5	-	39
Profit on bank deposits	3,405	-	-	-	3,405
Rent income	1,352	714	-	-	2,066
Other	-	-	-	355	355
Expenses					
Bank charges	1,067	-	-	-	1,067
Charge in respect of contributory plan	-	-	-	1,553	1,553
Communication expenses	-	1,321	-	-	1,321
Donation	-	-	-	510	510
Mark-up expense	478	-	-	-	478
Reimbursement of expenses	871	1,148	-	12	2,031
Remuneration to management personnel	-	-	22,806	-	22,806
Rent expense	151	-	-	-	151
Other transactions					
Loans disbursed	-	-	2,210	-	2,210
Loans repayment	-	-	1,037	-	1,037
Mutual Funds bonus units issued	-	-	-	1,362	1,362

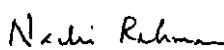
18. DATE OF AUTHORISATION

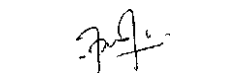
These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on April 23, 2014.

19. GENERAL

- 19.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassification to report.
- 19.2 The Board of Directors of the Company proposed a cash dividend of Re. 0.50 per share for the year ended December 31, 2013 amounting to Rs. 50 million at its meeting held on March 20, 2014 for the approval of members at the Annual General Meeting to be held on April 22, 2014.
- 19.3 Figures have been rounded off to the nearest thousands.


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer


Asad Mustafa Shafqat
Chief Financial Officer



**CONSOLIDATED INTERIM
CONDENSED FINANCIAL STATEMENTS**

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2014

(Un-audited) (Audited)
March 31, December 31,
2014 2013
..... (Rupees in '000).....

ASSETS

Non-current assets

Property and equipment	48,140	46,837
Intangible assets	8,854	8,854
Investment properties	375,000	375,000
Long-term investments	415,619	438,166
Long-term loans and advances	1,837	498
Long-term deposits and prepayments	6,511	6,429
Long-term receivable	-	218
Deferred tax asset - net	39,237	39,182
	895,198	915,184

Current assets

Short-term investments	383,952	267,630
Trade debts	537,070	382,704
Advances, deposits, prepayments and other receivables	233,255	257,970
Taxation - net	17,556	26,899
Cash and bank balances	215,273	340,805
	1,387,106	1,276,008
TOTAL ASSETS	2,282,304	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	130,983	153,530
Accumulated loss	2,944	(21,747)
	1,152,679	1,150,535

Non-current liabilities

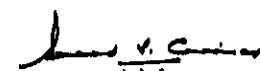
Long-term loan	-	100,000
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Current liabilities

Short-term loan	100,000	-
Trade and other payables	1,029,590	940,624
Accrued mark-up	35	33
	1,129,625	940,657
TOTAL EQUITY AND LIABILITIES	2,282,304	2,191,192

CONTINGENCIES AND COMMITMENTS

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


Saeed Yousuf Chinoy
Chairman

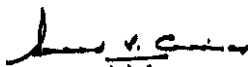

Nadir Rahman
Chief Executive Officer

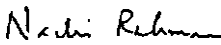

Asad Mustafa Shafqat
Chief Financial Officer

**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014**

	<u>Quarter ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
	----- (Rupees in '000) -----	
Operating revenue	138,894	86,898
Net gain on investments 'at fair value through profit and loss'		
Net (loss) / gain on sale of equity securities, other investments and commodities	(201)	3,693
Net unrealised gain on re-measurement of investments	6,727	3,193
	<u>6,526</u>	<u>6,886</u>
Dividend income	347	368
Mark-up / profit on bank deposits, investments and other receivables	11,229	7,893
	<u>156,996</u>	<u>102,045</u>
Operating and administrative expenses	(112,005)	(85,680)
Reversal of provision against doubtful debts	775	-
	<u>(111,230)</u>	<u>(85,680)</u>
Operating profit	45,766	16,365
Finance cost	(3,362)	(1,651)
	<u>42,404</u>	<u>14,714</u>
Other income	1,215	2,229
Profit before taxation	43,619	16,943
Taxation		
Current - for the period	(18,982)	(1,601)
Deferred	54	(3,671)
	<u>(18,928)</u>	<u>(5,272)</u>
Profit after taxation	24,691	11,671
Other comprehensive income:		
Net unrealised loss arising during the period on re-measurement of 'available-for-sale' investments - net	(22,547)	(10,326)
Total comprehensive income for the period	2,144	1,345
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>0.25</u>	<u>0.12</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

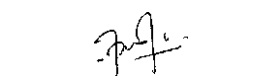
**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014**

	Quarter ended March 31,	
	2014	2013
 (Rupees in '000).....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	43,619	16,943
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	2,888	2,324
Amortisation	-	148
Loss / (gain) on sale of investments - net	201	(3,693)
Gain on sale of property and equipments	(5)	(3)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(6,727)	(3,193)
Reversal of provision against doubtful debts	(775)	-
Finance cost	3,362	1,651
Dividend income	(347)	(368)
	(1,403)	(3,134)
	42,216	13,809
Working capital adjustments:		
Increase in assets		
Trade debts	(153,591)	(163,568)
Advances, deposits, prepayments and other receivables	24,932	22,225
	(128,659)	(141,343)
Increase in current liabilities		
Trade and other payables	88,983	119,520
	2,540	(8,014)
Finance cost paid	(3,360)	(4,337)
Income tax paid	(9,640)	(5,719)
Net cash flows used in operating activities	(10,460)	(18,070)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(109,796)	(64,161)
Purchase of property and equipment	(4,204)	(2,342)
Proceeds from disposal of property and equipment	18	38
Dividend received	347	56
Net cash flows used in investing activities	(113,635)	(66,409)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,339)	(1,149)
Long-term deposits and prepayments	(82)	-
Short-term running finance	-	103
Repayment of short-term borrowing	-	(250,000)
Dividend paid	(16)	-
Net cash flows used in financing activities	(1,437)	(251,046)
Net decrease in cash and cash equivalents	(125,532)	(335,525)
Cash and cash equivalents at the beginning of the period	340,805	366,663
Cash and cash equivalents at the end of the period	215,273	31,138

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


Saeed Yousuf Chinoy
Chairman


Nadir Rahman
Chief Executive Officer

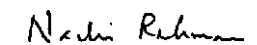

Asad Mustafa Shafiqat
Chief Financial Officer

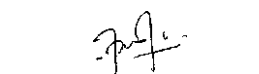
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014**

	Share capital	General reserve	Unappro- priated profit / (accumulated loss)	Unrealised gain / (loss) on remeasurement of 'available- for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2013	1,000,000	18,752	(53,029)	140,121	1,105,844
Total comprehensive income for the period	-	-	11,671	(10,326)	1,345
Balance as at March 31, 2013	1,000,000	18,752	(41,358)	129,795	1,107,189
Total comprehensive income for the period	-	-	69,611	23,735	93,346
Dividend paid during the period	-	-	(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 period	-	-	24,691	(22,547)	2,144
Balance as at March 31, 2014	1,000,000	18,752	2,944	130,983	1,152,679

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 Shafiq
Chief Financial Officer

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

FOR THE QUARTER ENDED MARCH 31, 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 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 [formerly: KASB Finance (Private) Limited].

The Group 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.

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

These consolidated interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The disclosures made in these consolidated interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Group for the year ended December 31, 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. DATE OF AUTHORISATION

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on April 23, 2014.

7. GENERAL

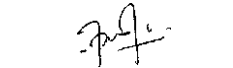
- 7.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassification to report.
- 7.2 The Board of Directors of the Group proposed a cash dividend of Re. 0.50 per share for the year ended December 31, 2013 amounting to Rs. 50 million at its meeting held on March 20, 2014 for the approval of members at the Annual General Meeting to be held on April 22, 2014.
- 7.3 Figures have been rounded off to the nearest thousands.



Saeed Yousuf Chinoy
Chairman



Nadir Rahman
Chief Executive Officer



Asad Mustafa Shafiq
Chief Financial Officer





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