



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

**For the Half Year Ended June 30, 2010**

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## COMPANY INFORMATION

<b>Board of Directors:</b>	Syed Asghar Ali Shah - Chairman Farid Arshad Masood - Chief Executive Officer Bilal Mustafa Siddiqui Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Sheikh Muhammad Moeen Syed Tariq Hussain Gilani
<b>Audit Committee:</b>	Saeed Yousuf Chinoy - Chairman Sheikh Muhammad Moeen Syed Asghar Ali Shah Zia-ul-Haq - Secretary
<b>CFO &amp; Company Secretary:</b>	Saeed Jamal Tariq
<b>Auditors:</b>	Emst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
<b>Internal Auditor:</b>	Zia-ul-Haq
<b>Bankers:</b>	Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
<b>Legal Advisor:</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan
<b>Registered Office:</b>	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 32630202 E-mail: kasbho@kasb.com

**Branches:**

**Islamabad**

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Blue Area, Islamabad, Pakistan  
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**Lahore**

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**Rahim Yar Khan**

Plot No. 29, City Park Chowk  
Town Hall Road, Rahim Yar Khan, Pakistan  
Ph: (92-68) 5873252  
Fax: (92-68) 5873251

**Website:**

[www.kasb.com](http://www.kasb.com)

**Share Registrar:**

THK Associates (Private) Limited  
Ground 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

The Board of Directors are pleased to present the unaudited financial statements of KASB Securities Limited (the "Company") for the six months ended June 30, 2010.

### ECONOMIC REVIEW

While the overall theme of macro stabilization continued, pace of improvement, however slowed down in the first six months of the calendar year. This was primarily due to delay in inflow of external budgetary support. This combined with the continued pressure on government's fiscal position due to 'war on terror' related expenditure and energy deficit, kept macro and monetary improvements at bay.

Inflation too reared its head again as YoY CPI averaged ~13% during Jan-Jun 2010, compared to 10.3% during Jul-Dec 2009. This forced the State Bank of Pakistan to stall the monetary easing process that it had initiated and led to its eventual reversal when the discount rate was raised by 50bp to 13% in July 2010.

### STOCK MARKET REVIEW

Karachi Stock Exchange witnessed a parabolic ride in the first half of 2010. While the year began on a strong note, a 10% decline in the KSE-100 during the month of May wiped out all year-to-date gains. However the 4% return recorded in June meant that the index rounded off 1H10 with a 3.6% return. One of the key sustaining factors for the market in the light of macro pressures was continued foreign portfolio inflows, recorded at US\$281mn in 1H10 (US\$290mn in Jul-Dec 09), as KSE valuations at 40-50% discount to the region continued to attract international investors interest.

Trading volumes however remained dull as the reintroduction of a leverage product continued to hit snags. In addition, the decision in February to impose Capital Gains Tax on the bourses effective July 2010 restricted volumes to an average US\$63mn/day during Jan-Jun 2010 compared to US\$105mn/day during Jul-Dec 2009.

### OPERATING PERFORMANCE

During HY 2010, the Company reported Net Loss (after tax) of Rs. 11.48 Million (Rs.27.61 Million during April-June Quarter) as compared to Net Loss (after tax) of Rs. 249.30 Million during HY 2009. Breakdown is as follows:

	HY ENDED		2ND QTR ENDED	
	2010 Rs. M	2009 Rs. M	2010 Rs. M	2009 Rs. M
Operating Profit	60.50	57.01	30.93	5.77
Other Income	6.92	6.51	3.32	3.06
Financial Costs	(35.97)	(47.90)	(18.07)	(22.60)
Net Operating Profit	31.45	15.62	16.18	(13.77)
Reversal/(Provision)	2.84	(99.62)	(17.83)	(93.93)
Revaluation/(Impairment) of Investments	(36.61)	(153.73)	(20.44)	(109.01)
Profit before tax	(2.32)	(237.73)	(22.09)	(216.71)
Taxation	(9.16)	(11.57)	(5.52)	(2.06)
Profit after tax	(11.48)	(249.30)	(27.61)	(218.77)

Despite pressures on brokerage volumes towards the later part of 2nd QTR, the Company managed to register a marginal increase in net operating revenues during 2nd QTR (Rs.31.45 Million) as compared to 1st QTR (Rs.16.18 Million). The Auditors' in their Report to the members have, without qualifying their opinion, drawn attention to Note 7.1.1 of the Financial Statements, which may be referred to for details.

### FUTURE OUTLOOK

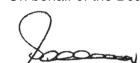
The devastating floods that have rocked the country in Jul-Aug 2010 are likely to have negative repercussions for the economy and the follow through impact will also be felt at the bourses. In addition, imposition of Capital Gains Tax (effective 1st July 2010) may take a further toll on volumes going forward. Reintroduction of leverage is however a key potential excitement factor, which could help counter some of the drag on KSE volumes and liquidity.

In an effort to effectively counter industry pressures, the management will continue its focus on enhancing market share by leveraging/reviving our existing and past relationships, adding new branches and making innovative changes to our online trading platform- KASB Direct. One branch at Multan has already been made operational and a further two are to be added on during the remaining period of 2010. The management continues its efforts on developing products and value added services which will add new revenue streams and thus result in improved profitability. In order to streamline and focus on non-broking activities, a wholly owned subsidiary-Structured Venture (Private) Limited was incorporated in June 2010.

### Acknowledgement

The Directors wish to record their gratitude to the Company's valued clients, shareholders, business partners and other stakeholders for the continued trust that they have placed in the Company. The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

On behalf of the Board of Directors



Syed Asghar Ali Shah  
Chairman

Karachi: August 25, 2010



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaufort Road  
P.O. Box 15541, Karachi - 75330, Pakistan  
Tel: +9221 3565 0007  
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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 2010 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.

### Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 7.1.1 to the interim condensed financial statements regarding the overdue trade receivables from a related party and the provision made thereagainst.

### Other Matter

The financial statements of the Company for the half year ended 30 June 2009 and for the year ended 31 December 2009 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 28 August 2009 and audit report dated 05 April 2010 expressed an unmodified conclusion and unmodified opinion on those statements respectively. However, an emphasis of matter paragraph was included in the audit report dated 05 April 2010 in respect of the matter referred to in the preceding paragraph.

Karachi: 25 August 2010

  
Chartered Accountants

Member Firm of Ernst & Young Global Limited

**CONDENSED INTERIM BALANCE SHEET  
AS AT JUNE 30, 2010**

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
..... (Rupees in '000).....			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible fixed assets	4	45,385	54,590
- Intangible assets		14,495	14,670
Investment properties		9,562	10,095
Long-term investments	5	327,040	342,955
Long-term loans and advances		1,659	1,222
Long-term deposits and prepayments		4,706	4,504
<b>Total non-current assets</b>		<b>402,847</b>	<b>428,036</b>
<b>Current assets</b>			
Short-term Investments	6	681,910	306,588
Trade debts	7	554,180	1,054,180
Advances, deposits, prepayments and other receivables		192,248	227,934
Cash and bank balances	8	97,310	288,289
<b>Total current assets</b>		<b>1,525,648</b>	<b>1,876,991</b>
<b>TOTAL ASSETS</b>		<b>1,928,495</b>	<b>2,305,027</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		437,572	747,327
Accrued mark-up		848	982
Taxation payable - net		20,621	36,891
Current maturity of liabilities against assets subject to finance lease		-	78
Current maturity of redeemable capital		166,500	200
<b>Total current liabilities</b>		<b>625,541</b>	<b>785,478</b>
<b>Non-current liabilities</b>			
Deferred tax liability - net		392	2,047
Redeemable capital		332,900	499,300
<b>Total non-current liabilities</b>		<b>333,292</b>	<b>501,347</b>
<b>TOTAL LIABILITIES</b>		<b>958,833</b>	<b>1,286,825</b>
<b>EQUITY</b>			
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on remeasurement of 'available-for-sale' investments to fair value - net		1,756	38,813
Accumulated losses		(50,846)	(39,363)
<b>Shareholders' equity</b>		<b>969,662</b>	<b>1,018,202</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,928,495</b>	<b>2,305,027</b>

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.

  
Syed Asghar Ali Shah  
Chairman

  
Farid Arshad Masood  
Chief Executive Officer

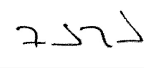
  
Saeed Jamal Tariq  
Chief Financial Officer


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2010**

	Note	Half year ended		Quarter ended	
		June 30,		June 30,	
		2010	2009	2010	2009
----- (Rupees in '000) -----					
Operating revenue	9	154,607	146,386	83,824	68,651
Gain on sale of investments - net	10	20,839	10,935	8,011	2,710
Income from continuous funding system transactions		-	2,525	-	2,497
Other operating revenue	11	30,505	12,045	17,254	7,229
		<u>205,951</u>	<u>171,891</u>	<u>109,089</u>	<u>81,087</u>
Operating and administrative expenses		(145,454)	(114,886)	(78,159)	(75,319)
Reversal / (provision) for doubtful debts		2,845	(99,611)	(17,830)	(93,933)
		<u>63,342</u>	<u>(42,606)</u>	<u>13,100</u>	<u>(88,165)</u>
<b>Operating profit / (loss)</b>		<b>63,342</b>	<b>(42,606)</b>	<b>13,100</b>	<b>(88,165)</b>
Finance cost		(35,968)	(47,902)	(18,069)	(22,597)
Other income		6,919	6,508	3,324	3,065
		<u>34,293</u>	<u>(84,000)</u>	<u>(1,645)</u>	<u>(107,697)</u>
Net unrealised (loss) / gain on remeasurement of investments 'at fair value through profit or loss'		(962)	10,161	(13,774)	2,190
Impairment loss on available-for-sale investments		(35,648)	(163,893)	(6,670)	(111,203)
		<u>(2,317)</u>	<u>(237,732)</u>	<u>(22,089)</u>	<u>(216,710)</u>
<b>Loss before taxation</b>		<b>(2,317)</b>	<b>(237,732)</b>	<b>(22,089)</b>	<b>(216,710)</b>
<b>Taxation</b>					
Current - for the period		(10,820)	(8,751)	(6,143)	(2,611)
Deferred		1,654	(2,819)	625	552
		<u>(9,166)</u>	<u>(11,570)</u>	<u>(5,518)</u>	<u>(2,059)</u>
<b>Loss after taxation</b>		<b>(11,483)</b>	<b>(249,302)</b>	<b>(27,607)</b>	<b>(218,769)</b>
<b>Other comprehensive income:</b>					
Unrealised (loss) / gain arising during the period on remeasurement of available-for sale investments - net		(72,705)	(112,167)	56,890	17,428
Reclassification adjustment for impairment loss / (gain) on available-for-sale investments included in profit or loss	5.2	35,648	163,893	(17,042)	111,203
Other comprehensive (loss) / income for the period		<u>(37,057)</u>	<u>51,726</u>	<u>39,848</u>	<u>128,631</u>
<b>Total comprehensive (loss) / income for the period</b>		<b>(48,540)</b>	<b>(197,576)</b>	<b>12,241</b>	<b>(90,138)</b>
----- (Rupees) -----					
(Loss) / earnings per share - basic and diluted		<u>(0.11)</u>	<u>(2.49)</u>	<u>(0.28)</u>	<u>(2.19)</u>

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.

  
Syed Asghar Ali Shah  
Chairman

  
Farid Arshad Masood  
Chief Executive Officer


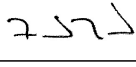
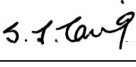
  
Saeed Jamal Tariq  
Chief Financial Officer



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2010

	Half year ended June 30,	
Note	2010	2009
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,317)	(237,732)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	9,169	10,581
Amortization	1,136	994
Gain on sale of investments	(20,839)	(10,935)
Gain on sale of fixed assets	(315)	(380)
Unrealised loss / (gain) on remeasurement of investments at fair value through profit or loss - net	962	(10,161)
Impairment loss on available-for-sale investments	35,648	163,893
Reversal of provision for doubtful debts	(20,506)	(8,553)
Reversal of provision against doubtful receivables	(675)	-
Provision against doubtful debts	18,336	108,164
Finance cost	35,968	47,902
Dividend income	(6,278)	(1,973)
	52,606	299,532
<b>Changes in working capital</b>	50,289	61,800
<b>(Increase) / decrease in assets</b>		
Long-term loans and advances	(437)	(8)
Long-term deposits and prepayments	(202)	62
Trade debts	502,169	329,640
Advances, deposits, prepayments and other receivables	(14,109)	148,308
	487,421	478,002
<b>Decrease in current liabilities</b>		
Trade and other payables	(309,755)	(85,747)
	227,955	454,055
Finance cost paid	(36,099)	(58,383)
Income tax paid	(27,090)	(9,839)
<b>Net cash from operating activities</b>	164,766	385,833
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment 'available-for-sale' - net	67,081	(41,047)
Investment 'at fair value through profit or loss' - net	(429,301)	(212,622)
Fixed capital expenditure incurred	(3,367)	(103)
Proceeds from disposal of operating fixed assets	3,290	2,560
Dividend received	6,733	1,947
<b>Net cash used in investing activities</b>	(355,564)	(249,265)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	(81)	(2,602)
Repayment of redeemable capital	(100)	(100)
<b>Net cash used in financing activities</b>	(181)	(2,702)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(190,979)	133,866
Cash and cash equivalents at the beginning of the period	288,289	(72,201)
Cash and cash equivalents at the end of the period	8 97,310	61,665

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.

 <hr style="width: 100%;"/> <b>Syed Asghar Ali Shah</b> Chairman	 <hr style="width: 100%;"/> <b>Farid Arshad Masood</b> Chief Executive Officer	 <hr style="width: 100%;"/> <b>Saeed Jamal Tariq</b> Chief Financial Officer
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2010**

	Share capital	General reserve	Unappropriated profit / (accumulated losses)	Unrealised gain / (loss) on remeasurement of available-for-sale investments to fair value - net	Total
..... (Rupees in '000) .....					
<b>Balance as at January 1, 2009</b>	1,000,000	18,752	258,907	(79,303)	1,198,356
Total comprehensive loss for the period	-	-	(249,302)	51,726	(197,576)
<b>Balance as at June 30, 2009</b>	1,000,000	18,752	9,605	(27,577)	1,000,780
Total comprehensive income for the period	-	-	(48,968)	66,390	17,422
<b>Balance as at December 31, 2009</b>	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive loss for the period	-	-	(11,483)	(37,057)	(48,540)
<b>Balance as at June 30, 2010</b>	<u>1,000,000</u>	<u>18,752</u>	<u>(50,846)</u>	<u>1,756</u>	<u>969,662</u>

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.

  
Syed Asghar Ali Shah  
Chairman

  
Farid Arshad Masood  
Chief Executive Officer

  
Saeed Jamal Tariq  
Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2010

### 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. 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 which holds 77.12% of the shares of the Company.

The Company has corporate membership of the Karachi Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited 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 debts securities, economic research and advisory services.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the half year ended June 30, 2010 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. Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

The disclosures made in these financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2009.

These condensed Interim financial statements are un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2009.

In addition to above, following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

IFRS 2- Share-Based Payment: Amendments relating to Group Cash-settled Share-based Payment Transactions.

IFRS 3- Business Combinations (Revised)

IAS 27- Consolidated and Separate Financial Statements (Amendment)

IAS 39- Financial Instrument: Recognition and Measurement - Eligible hedged items (Amendments)

IFRIC 17- Distributions of Non-cash Assets to owners

The adoption of the above standards, amendments and interpretation did not have any effect on the condensed interim financial statements of the Company.

#### 4 TANGIBLE FIXED ASSETS

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

	(Un-audited) Half year ended June 30, 2010		(Un-audited) Half year ended June 30, 2009	
	Additions	Disposals	Additions	Disposals
(Rupees in '000)				
Computers and Equipment	2,285	423	3,133	-
Furniture and fixtures	121	48	30	-
Vehicles - owned	-	5,525	-	3,447
	<u>2,406</u>	<u>5,996</u>	<u>3,163</u>	<u>3,447</u>

	Note	(Un-audited)	(Audited)
		June 30, 2010	December 31, 2009
(Rupees in '000)			
<b>5 LONG-TERM INVESTMENTS</b>			
Subsidiary company	5.1	15	-
Available-for-sale investments	5.2	<u>327,025</u>	<u>342,955</u>
		<u>327,040</u>	<u>342,955</u>

##### 5.1 Subsidiary company

This represents initial subscription against shares of Structured Venture (Private) Limited incorporated on June 25, 2010 as a wholly owned subsidiary of the Company. During the period, the shareholders of the Company in the extra-ordinary general meeting held on June 22, 2010 approved investment in upto of 62.5 million ordinary shares of the Subsidiary Company at the face value of Rs. 10 per share, i.e. a total investment of upto Rs. 625 million.

	Note	(Un-audited)	(Audited)
		June 30, 2010	December 31, 2009
(Rupees in '000)			
<b>5.2 Available-for-sale investments</b>			
Cost		362,673	497,248
Impairment loss charged to profit and loss account		<u>(35,648)</u>	<u>(154,293)</u>
	5.2.1	<u>327,025</u>	<u>342,955</u>

	(Un-audited) (Audited)	
	Note	June 30, 2010
..... (Rupees in '000) .....		
<b>5.2.1 Description of available-for-sale investments</b>		
<u>Name of the entity</u>		
<b>Quoted shares - at market value</b>		
KASB Bank Limited - note 5.2.2	80,825	146,755
<b>Unquoted shares - at cost</b>		
Al Jomaih Power Limited	151,200	151,200
KASB Funds Limited - note 5.2.3	20,000	20,000
New Horizon Exploration & Production Limited		
-Class 'A' ordinary shares	25,000	25,000
-Advance against subscription of Class 'B' ordinary shares	50,000	-
	75,000	25,000
	327,025	342,955

5.2.2 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 would be allowed without prior written permission of the State Bank of Pakistan.

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

	(Un-audited) (Audited)	
	Note	June 30, 2010
..... (Rupees in '000) .....		
<b>6 SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
Open end mutual funds units	219,920	-
Listed shares	136,153	173,857
Term finance certificates	258,052	-
	614,125	173,857
<b>Available-for-sale investments</b>		
Open end mutual funds units	66,873	71,766
Listed shares	912	60,965
	67,785	132,731
	681,910	306,588

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----			
<b>7 TRADE DEBTS</b>			
Receivable against purchase of marketable securities	7.1	538,250	1,050,586
Inter-bank brokerage		4,666	3,322
Fees		11,264	272
		<u>554,180</u>	<u>1,054,180</u>
<b>7.1 Considered good</b>			
Secured		364,730	813,684
Unsecured		6,622	224
		<u>371,352</u>	<u>813,908</u>
Considered doubtful	7.1.1	581,125	653,095
		<u>952,477</u>	<u>1,467,003</u>
Less: Provision for doubtful debts	7.1.1	414,227	416,417
		<u>538,250</u>	<u>1,050,586</u>

7.1.1 This includes amount due from Mr. Arif Ali Shah Bukhari, a related party, which is overdue by more than 18 months amounting to Rs. 384.709 million (December 31, 2009: Rs. 384.701 million). The Company has made a provision of Rs. 289.726 million (December 31, 2009: Rs. 289.726 million) against the outstanding balance after considering the market value of shares held in the customer's account as collateral. The Company is currently engaged in finalizing a settlement arrangement with the customer to clear the outstanding balance. Accordingly, as part of the expected settlement arrangement, a charge on the customer's property held in favour of the Company was allowed to be vacated during the period. The Management believes that the proposed settlement would result in substantial realization of the outstanding dues of the customer. However, in the meantime, the provision against the above referred receivable has been maintained in these condensed interim financial statements.

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----			
<b>8 CASH AND BANK BALANCES</b>			
Cash at bank in:			
- Current accounts	8.1	623	7,836
- Savings accounts		38,314	280,384
- Certificates of deposits	8.2	58,279	-
		<u>97,216</u>	<u>288,220</u>
Cash in hand		79	56
Stamps in hand		15	13
		<u>97,310</u>	<u>288,289</u>

8.1 These carry mark-up at the rates ranging from 5% to 11.25% (December 31, 2009: 1% to 12%).

8.2 These carry mark-up at the rate of 14.25% (December 31, 2009: Nil).

	Note	(Un-audited) June 30, 2010	(Un-audited) June 30, 2009
----- (Rupees in '000) -----			
<b>9 OPERATING REVENUE</b>			
Brokerage		142,736	146,386
Financial advisory fee		11,207	-
Other fee and commission		664	-
		<u>154,607</u>	<u>146,386</u>

	Note	(Un-audited) June 30, 2010	(Un-audited) June 30, 2009
..... (Rupees in '000) .....			
<b>10 GAIN ON SALE OF INVESTMENTS</b>			
Gain on 'at fair value through profit or loss' investments		8,910	10,935
Gain on available-for-sale investments		11,567	-
Others		362	-
		<u>20,839</u>	<u>10,935</u>
<b>11 OTHER OPERATING REVENUE</b>			
Dividend income		6,278	1,973
Custody services		2,405	2,087
Subscription research income		732	751
Profit on bank deposits		15,475	7,234
Profit on term finance certificates		5,615	-
		<u>30,505</u>	<u>12,045</u>

**12 RELATED PARTY TRANSACTIONS**

The related parties of the Company comprise of its parent Company, associated undertakings, employee contributory plans and its key management personnel. The balances with related parties as at June 30, 2010 and transactions with related parties during the half year ended June 30, 2010 are as follows:-

	(Un-audited)				(Audited)	
	As at June 30, 2010				As at December 31, 2009	
	Parent company	Associated undertakings	Key management personnel	Others	Total	Total
..... (Rupees in '000) .....						
<b>BALANCES</b>						
Trade receivables	36	4	1,971	384,776	386,787	385,157
Long-term deposits	-	142	-	-	142	142
Prepaid communication charges	-	85	-	-	85	170
Bank balances	33,517	-	-	-	33,517	279,461
Trade payables	-	-	220	-	220	3,575
Accrued mark-up	47	-	-	-	47	49
Redeemable capital	-	-	-	-	-	24,975
Rent receivables	-	689	-	-	689	-
Long-term investments	80,825	95,000	-	-	175,825	191,755
Short-term investments	-	-	-	66,873	66,873	71,766
Provision for doubtful debts	-	-	-	289,726	289,726	289,726
Receivable against expenses	12	3,726	-	-	3,738	-
Advances	-	-	320	-	320	-
Payable against expenses	3,226	699	-	-	3,925	-
Other receivables	-	2	-	-	2	2

	(Un-audited)				(Un-audited)	
	For the half year ended June 30, 2010				For the half year ended June 30, 2009	
	Parent company	Associated undertakings	Key management personnel	Others	Total	Total
	(Rupees in '000)					
<b>TRANSACTIONS</b>						
Brokerage income earned	255	5	136	332	728	1,957
Custody Services	5	3	62	1	71	127
Profit on bank deposits	9,316	-	-	-	9,316	767
Rent income	5,093	1,377	-	-	6,470	6,044
Communication expenses	-	4,430	-	-	4,430	3,524
Software maintenance expenses	-	-	-	-	-	569
Salary expense reimbursed	-	-	-	-	-	152
Charge in respect of contributory plan	-	-	-	2,205	2,205	1,886
Finance lease charges	-	-	-	-	-	49
Parent company's shares acquired in settlement of debts	-	-	-	-	-	41,047
Bonus units issued	-	-	-	330	330	-
Redemption of redeemable capital	-	-	-	-	-	10
Mark-up expense	99	-	-	-	99	6,730
Rent expense	45	170	-	-	215	90
Bank charges	267	-	-	-	267	266
Purchase of fixed assets	-	154	-	-	154	22
Loan disbursed to key management personnel	-	360	-	-	360	-
Loan repayment by key management personnel	-	-	40	-	40	33
Donation	-	-	-	600	600	500
Fixed assets disposed off	-	-	2,717	-	2,717	511
Payment received against reimbursable expenses	-	-	-	-	-	273
Service level agreement	-	2,517	-	-	2,517	1,398
Salaries and other short term employee benefits	-	-	-	38,424	38,424	24,505

### 13 DATE OF AUTHORISATION

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on August 25, 2010.

### 14 GENERAL

14.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison. Major reclassifications are as follows:

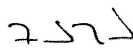
Statement	Reclassification from	Reclassification to	Rupees in '000'
Balance sheet	Short-term investments (Current assets)	Long-term investments (Non-current assets)	342,955
Balance sheet	Long-term loans and advances	Long-term deposits and prepayments	2,500
Profit and loss account	Operating and administrative expenses	Reversal / (provision) for doubtful debts	(99,611)



- 14.2 Figures of the profit and loss account for the quarters ended June 30, 2010 and June 30, 2009 have not been subjected to limited scope review by the auditors.
- 14.3 Figures have been rounded off to the nearest thousands.



**Syed Asghar Ali Shah**  
Chairman



**Farid Arshad Masood**  
Chief Executive Officer



**Saeed Jamal Tariq**  
Chief Financial Officer



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