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COMPANY INFORMATION

Board of Directors:

Syed Asghar Ali Shah - Chairman Nadir Rahman - Chief Executive Officer Saeed Yousuf Chinoy Irfan Nadeem Salman Nagvi Mahmood Ali Shah Bukhari Asad Mustafa Shafqat - Chief Financial Officer

Audit Committee:

Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Irfan Nadeem Zia-ul-Haq - 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 Standard Chartered Bank (Pakistan) Limited State Bank of Pakistan United Bank Limited

Legal Advisor:

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

Registered & Head Office:

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

Branches:

Faisalabad

Ground Floor State Life Building, 2- Liaquat Road. Ph: (92-41) 2541006-7, 2541186-7 Fax: (92-41) 2541189 Email: kasbfsl@kasb.com

Gujranwala Shop No. 81, Ground Floor Gujranwala Developement Authority Trust Plaza. Ph: (92-55) 3822501-4 Fax: (92-55) 3822505 Email: kasbgrw@kasb.com

Gulshan-e-Iqbal - Karachi

Friends Paradise, 1st Floor, SB-36, Block No. 13-B, KDA Scheme - 24, Main University Road. Ph: (92-21) 34980763-4 and 34980766 Fax: (92-21) 34980761 E-mail: kasbgul@kasb.com

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

Multan

Ground Floor, State Life Building, Abdali Road. Ph : (92-61) 4500273-76 Fax: (92-61) 4500272 E-mail: kasbmul@kasb.com

Peshawar1st Floor, State Life Building, 34 - The Mall.
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Rahim Yar Khan Plot No. 24, Model Town, Near Town Hall Road. Ph: (92-68) 5873252-54 Fax: (92-68) 5873251 E-mail: rahimyarkhan@kasb.com

Website:

www.kash.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

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 nine months ended September 30, 2013.

Economic Review

3Q CY13 saw significant developments on the macro front, including 1) Pakistan entering into a new USD 6.6bn IMF program in early September, 2) a reversal of course in monetary policy by the SBP through raising of discount rate by 50 basis points to 9.5%, 3) a weak and volatile currency as the PKR depreciated by 6.4% against the USD in the quarter, and 4) roll-out of significant tariff electricity increases for industrial and commercial consumers, as the government sought to reduce the issue of circular debt.

The IMF Executive Board approved a 36 month arrangement under the Extended Fund Facility for Pakistan in an amount equivalent to USD 6.6bn. Out of this amount, an initial disbursement by the IMF of USD 545.0mn has been approved, and the remaining amount will be evenly disbursed over the duration of the program, subject to the completion of quarterly reviews. However, currency depreciation and volatility remained a concern, with the PKR depreciating by 6.4% during the quarter. Falling import cover (currently less than 3 months of imports) and IMF discouraging SBP intervention in the FX market were the major reasons for such a decline.

CPI numbers saw a significant increase in 3Q CY13 (average 8.1% YoY versus last quarter average of 5.6%) mainly due to Ramadan and Eid induced higher food inflation. Currency depreciation and electricity and gas tariff increases have increased the inflation outlook significantly, where a return to double-digit inflation can be expected in the next few months. In its September 2013 monetary policy announcement, the SBP expressed concerns that inflation could rise to 11-12% in FY14, and as a result, reversed course on its monetary policy stance by raising the discount rate by 50 basis points. PIB yields also rose significantly during the quarter, with the 10-year PIB increasing by 2.0% during the quarter, to close at 13.0%.

Equity Market Review

The Karachi Stock Exchange continued its ascent in 3Q CY13, rising by 3.9% during the quarter. Although volumes fell by ~23.0% QoQ to average 221mn shares daily during the quarter, average daily value traded rose by ~3.0% to USD 88.2mn.

Net foreign participation in the equity market was weak during the quarter, with net foreign portfolio investment outflow of USD 90.0mn during the quarter. However, most of this outflow can be accounted for by the one-off block deal in shares of KAPCO.

In terms of dealing with the issue of law and order, a clean-up operation which has the backing of all stake-holders and led by the Rangers was launched in Karachi. Furthermore, the government has reached a consensus in the All Parties Conference (APC) to initiate peace talks with the Pakistan Taliban. Although the road to peace may be bumpy, a successful negotiation would result in significant re-rating of Pakistan's equity market.

Debt and Currency Market Review

The SBP was successful in restricting weekly Open Market Operations to between PKR 200bn and PKR 300bn in 3Q CY13, as compared to operations of between PKR 600bn and PKR 650bn last year. The decline was attributed mainly to unmet market Treasury bill auction targets which resulted in net inflow in inter-bank market. Expectation of interest rate increases and the resultant 50bps increase in the discount rate in September 2013 resulted in T-bill yields increasing by 54bps during the quarter, whilst yield of 10-year PIB rose by 210bps during the quarter. SBP has conducted fortnightly T-bill auctions worth -PKR 1,400bn and PIB auctions worth PKR 65bn.

The inter-bank currency market saw significant volatility in 3Q CY13, as the PKR depreciated by 6.4% against the USD in the quarter, closing at PKR 106.06 to the USD on Sep30th. Falling SBP reserves and low initial disbursement on the IMF loan were major reasons for the decline in the currency.

Operating and Financial Performance

The Company remained focused on building its market share across its key business functions. In equities brokerage, the Company was awarded the "Best Brokerage House for 2012" by CFA Institute for the 6th consecutive year and also the "Best Equity House Pakistan for 2012" by Asiamoney. In commodities brokerage, KSL, having been named the Best Broker for 2012 by PMEX, has continued its upward growth trajectory in 2013 and has consistently continued to rank as the top broker on the weekly PMEX rankings.

Following the success of the largest delisting transaction ever seen in the Pakistani equity markets, the Company has embarked upon pitching for capital markets related advisory transactions, which would become another regular source of income.

Details of financial performance for the quarter are as follows:

	AMOUNTS IN PKR MILLIONS			
	Nine Mont Septem			ended nber 30
	2013	2012	2013	2012
Operating revenue	359.07	229.48	130.71	72.45
Mark-up / profit on bank deposits, investments				
& Other receivables	26.41	35.43	10.92	9.84
(Loss) / Gain on sale of investments – net	(18.31)	15.47	(7.07)	2.37
Dividend Income	0.95	0.76	0.57	0.04
Unrealized gain on investments	11.94	10.02	4.18	5.54
Other Income	5.55	6.53	1.25	2.01
Total Income	385.61	297.69	140.56	92.25
Operating and administrative expenses	(292.12)	(245.60)	(102.30)	(85.68)
Finance cost	(5.79)	(15.01)	(3.06)	(0.62)
Total Expenses	(297.91)	(260.61)	(105.36)	(86.30)
Net Profit (before provision)	87.70	37.08	35.20	5.95
Reversal of provision / (provision)	14.20	20.90	(7.63)	-
Net Profit before tax	101.90	57.98	27.57	5.95
Taxation	(34.15)	(7.16)	(9.40)	(2.77)
Net Profit after tax	67.75	50.82	18.17	3.18

Future Outlook

For the final quarter of 2013 and onwards, the focus remains on capitalizing on market volumes in both equities and commodities markets. This goes alongside strengthening a new branch in Rawalpindi that was launched in the second quarter of this year. In 2014, the Company intends to selectively launch new branches to enhance its customer base.

Political stability should drive daily volumes and values traded upward. Although daily volumes have grown manifold in the last 18 months, there continues to remain large potential upside in daily values traded which are only approaching half of the levels witnessed in 2004-07.

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

On behalf of the Board of Directors

Syed Asghar Ali Shah Chairman

Karachi: October 23, 2013

STANDALONE CONDENSED FINANCIAL STATEMENT

INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	(Un-audited) September 30, 2013	(Audited) December 31, 2012
100570		······ (Rupees	in '000)
ASSETS			
Non-current assets		44.000	05.000
Property and equipment Intangible assets	4 5	41,090 8,976	35,838 12,736
Investment properties Long-term investments	6	6,910 861,599	7,429 866.372
Long-term loans and advances Long-term deposits and prepayments		3,347 3,454	1,448 3.616
Long-term receivable	7	8,168	23,480
Deferred tax asset - net		39,369	53,538
Current assets		972,913	1,004,457
Short-term investments	8	246,396	175,978
Trade debts Advances, deposits, prepayments and other receivables	9	453,414 181,783	298,133 147,078
Taxation - net Cash and bank balances	11	27,895 360,706	18,278 363,088
Guar and Bank Balaned		1,270,194	1,002,555
TOTAL ASSETS		2,243,107	2,007,012
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital General reserve		1,000,000 18,752	1,000,000 18,752
Unrealised gain on re-measurement of 'available- -for-sale' investments to fair value - net		131,753	140,121
Unappropriated profit		32,426	14,679
Non-current liabilities		1,182,931	1,173,552
Long-term loan	12	100,000	-
Current liabilities			
Trade and other payables	13	957,225	580,748
Short-term borrowings Accrued mark-up	14	2,951	250,000 2,712
Accided mark-up			
TOTAL FOURTY AND LIABILITIES		960,176	833,460
TOTAL EQUITY AND LIABILITIES		2,243,107	2,007,012
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The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

Syed Asghar Ali Shah

Nadir Rahman Chief Executive Officer

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Note		nths ended mber 30,		Quarter ended September 30,	
		2013	2012	2013	2012	
			···· (Rupees	in '000) ·····		
Operating revenue	16	359,066	229,478	130,701	72,447	
Net (loss) / gain on investments 'at fair value through profit and loss'						
Net (loss) / gain on sale of equity investments Net unrealised gain on re-measurement of investments		(18,313)	15,170	(7,068)	2,067	
'at fair value through profit or loss'		11,942	10,023	4,179	5,540	
Not ask as for all the formal the section of		(6,371)	25,193	(2,889)	7,607	
Net gain on 'available for sale' investment Net gain on sale of investments		-	304	-	304	
Dividend income		949	761	566	43	
Mark-up / profit on bank deposits, investments						
and other receivables	17 _	26,407 380,051	35,423 291,159	10,924 139,302	9,841	
Operating and administrative expenses	Г	(292,116)	(245,599)	(102,303)	(85,682)	
Reversal of provision against doubtful debts	9.2	215	20,904	(7,631)	· - /	
Reversal of provision against long-term receivable	7.2	13,988	-	<u> </u>	-	
On avating profit	_	(277,913)	(224,695)	(109,934)	(85,682)	
Operating profit Finance cost		102,138 (5,791)	66,464 (15,008)	29,368 (3,055)	4,560 (615)	
Tillance cost	-	96,347	51,456	26,313	3,945	
Other income		5,554	6,529	1,254	2,005	
Profit before taxation	-	101,901	57,985	27,567	5.950	
Taxation		,	5,,555	21,001	0,000	
Current - for the period		(19,985)	(7,211)	(11,287)	(2,720)	
Deferred		(14,169)	51	1,885	(54)	
		(34,154)	(7,160)	(9,402)	(2,774)	
Profit after taxation		67,747	50,825	18,165	3,176	
Other comprehensive (loss) / income: Item to be reclassified to profit and loss in subsequent p	periods:					
Net unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net		(0.360)	40.200	(C 7E2)	E 0.E.7	
	_	(8,368)	40,209	(6,752)	5,957	
Total comprehensive income for the period	=	59,379	91,034	11,413	9,133	
	-		(Rupe	ees)		
Earnings per share - basic and diluted	=	0.68	0.51	0.18	0.03	

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

Syed Asghar Ali Shah

Nadir Rahman Chief Executive Officer

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013	Nine Mont Septem	
	2013	2012
	····· (Rupees	in '000)
CASH FLOW FROM OPERATING ACTIVITIES Profit before taxation	101,901	57,985
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	7,399	6,426
Amortisation	415	639
Loss / (gain) on sale of investments - net Gain on sale of property and equipments	18,313 (55)	(15,474) (536)
Unrealised gain on re-measurement of investments	(33)	(550)
'at fair value through profit or loss' - net	(11,942)	(10,023)
Reversal of provision against doubtful debts	(215)	(20,904)
Reversal of provision against long-term receivable Finance cost	(13,988) 5,791	15,008
Dividend income	(949)	(761)
	4,769	(25,625)
	106,670	32,360
Working capital adjustments: Increase in assets		02,000
Trade debts	(155,018)	(85,432)
Advances, deposits, prepayments and other receivables	(5,453)	(2,778)
Increase in current liabilities	(160,471)	(88,210)
Trade and other payables	375,729	180,131
	321,928	124,281
Finance cost paid	(5,552)	(16,590)
Income tax paid	(29,601)	(17,074)
Net cash flows generated from operating activities	286,775	90,617
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net		12,000
Investments 'at fair value through profit or loss' - net Purchase of property and equipment	(76,789) (12,741)	(54,333)
Proceeds from disposal of property and equipment	914	87,122
Dividend received	448	818
Net cash flows (used in) / generated from investing activities	(88,168)	41,934
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,899)	(1,852)
Long-term deposits and prepayments Long-term receivable	162	(84) (13,260)
Repayment of redeemable capital		(166,500)
Repayment short-term borrowing	(250,000)	- 1
Long-term loan Dividend paid	100,000 (49,252)	-
Net cash flows used in financing activities	(200,989)	(181,696)
Net (decrease) / increase in cash and cash equivalents	(2,382)	(49,145)
Cash and cash equivalents at the beginning of the period	363,088	142,308
Cash and cash equivalents at the beginning of the period	360,706	93,163
- decreased and are area at the first		

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

Syed Asghar Ali Shah Chairman

Nadir Rahman Chief Executive Officer

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Share capital	General reserve		Inrealised ga (loss) on remeasuremo of 'available' -for-sale' investment to fair value - net	ent e- Total s
		(F	Rupees in '0	00)	
Balance as at January 01, 2012	1,000,000	18,752	(116,717)	88,229	990,264
Total comprehensive income for the period	-	-	50,825	40,209	91,034
Balance as at September 30, 2012	1,000,000	18,752	(65,892)	128,438	1,081,298
Total comprehensive income for the period		-	80,571	11,683	92,254
Balance as at December 31, 2012	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			67,747	(8,368)	59,379
Balance as at September 30, 2013	1,000,000	18,752	32,426	131,753	1,182,931
=					

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

Syed Asghar Ali Shah Chairman Nadir Rahman Chief Executive Officer

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

1. STATUS AND NATURE OF BUSINESS

KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange Limited (KSE) [formerly:Karachi Stock Exchange (Guarantee) Limited]. 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 Finance (Private) Limited.
- 1.3 The Company has corporate membership of the Karachi Stock Exchange Limited [formerly: Karachi Stock Exchange (Guarantee) Limited] 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 nine months ended September 30, 2013 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, 2012.

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 on January 01, 2013 :

- IAS 1 Presentation of Financial Statements Presentation of items of other comprehensive income (Amendent)
- IFRS 7 Financial Instruments : Disclosures (Amendment)
 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IAS 19 Employee Benefits -(Revised)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

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

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 01, 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

4. PROPERTY AND EQUIPMENT

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

Nine Months ended (Un-audited)

	September 30, 2013		September 30, 2012	
	Additions	Disposals	Additions	Disposals
		·····(Rupees	in '000)	
Computers and office equipment	7,714	988	3,006	1,611
Furniture and fixtures	750	1,585	667	-
Motor vehicles - owned	2,685	-	-	-
	11,149	2,573	3,673	1,611

(Un-audited) (Audited) Note September 30, December 31, 2013 2012

8.976

5. INTANGIBLE ASSETS

Written Down Value of:

- Membership card of Karachi Stock Exchange Limited (KSE) Trading Right Entitlement Certificates (TREC)
- Membership card of PMEL
 Rooms at KSE
- Booths at KSE
- Computer Software

1,350	4,945
5,804	5,804
950	950 537
750 5,804	500 5,804

(Rupees in '000)

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 a Trading Right Entitlement (TRECs) 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. 4,945 million as at September 30, 2013. In the absence 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 purposes applicable to the stock exchange brokers currently.

6. LONG-TERM INVESTMENTS

	Subsidiary company 'Available-for-sale' investments	6.1	488,581 373,018	488,581 377,791
		_	861,599	866,372
6.1	'Available-for-sale' investments	_		
	Name of the investee companies			
	Quoted shares KASB Bank Limited - (Parent company)	6.1.1	35,944	48,256
	Unquoted shares			
	Karachi Stock Exchange Limited	5.1	3,595	-
	Al Jomaih Power Limited	6.1.2	301,850	297,906
	New Horizon Exploration and Production Limite	d - (Related party)	,	,
	-Class 'A' ordinary shares	- (31,629	31,629

373,018

377,791

- 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.

(Un-audited) (Audited)
Note September 30, December 31,
2013 2012

······ (Rupees in '000) ·······

7. LONG-TERM RECEIVABLE

 Receivable from client Less: current maturity shown in current assets
 49,368 (41,200)
 79,268 (41,800)

 Less: provision against long-term receivable
 8,168 - (13,988)
 - (13,988)

 7.1 & 7.2
 8,168 (23,480)

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 have 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. 32.80 million and mark-up of Rs. 9.21 million aggregating to Rs. 42.01 million by the period ended September 30, 2013 (December 31, 2012: Rs. 23.41 million). Against the said amount, the Company has received an aggregate of Rs. 38.41 million (December 31, 2012: Rs. 17.70 million). The above receivable is secured against marketable securities of the customers, held by the Company. The market value of such securities as at September 30, 2013 was Rs. 259.82 million (December 31, 2012: Rs. 117.67 million).

7.2 In view of the regular repayments made by the customer and also due to significant increase in the market value of securities held as collateral, during the period, the Company has reversed the provisions for Rs.13.988 million held against the above receivable.

8. SHORT-TERM INVESTMENTS

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

Open end mutual funds units - KASB Cash Fund - MCB Cash Managment Optimizer - ABL Cash Fund - UBL Liquidity Plus Fund - JS Cash Fund - Askari Sovereign Cash Fund	8.1	76,755 22,802 22,788 22,746 63,337 17,079 225,507	72,315 21,523 21,513 21,520 10,425 16,132
Listed Shares	8.2		
- Fauji Fertilizer Company Limited - Pakistan Petroleum Limited		3,041 3,812	-
- Engro Foods Limited		254	-
- National Bank of Pakistan Limited		1,232	
Term Finance Certificates		8,339	_
- PACE Pakistan Limited		12,550	12,550
		246,396	175,978

- 8.1 This includes investment in mutual fund units of a related party amounting to Rs. 76.76 million (December 31, 2012: Rs. 72.32 million). Further Mutual Fund Units of Rs. 224.10 million (December 31, 2012: Rs. 160.73 million) are pledged with KSE against exposure margin.
- 8.2 This includes shares of Rs. 1.01 million pledged with KSE against exposure margin.

		Note	(Un-audited) September 30, 2013	(Audited) December 31, 2012
			······ (Rupees	s in '000) ······
9.	TRADE DEBTS			
	Receivable against purchase of marketable securities - net of provisions Inter-bank brokerage Fees	9.1	449,950 1,959 1,505 453,414	293,527 2,124 2,482 298,133
9.1	Considered good			
	Secured Unsecured		399,182 1,605	236,446 187
	Considered doubtful		400,787 164,843	236,633 172,789
	Provision for doubtful debts	9.2	565,630 (115,680) 449,950	409,422 (115,895) 293,527
9.2	Reconciliation of provisions against trade debts Opening balance		115,895	149,349
	Provision for the period / year Reversal of provision during the period / year		7,835 (8,050) (215)	(33,454) (33,454)
			115,680	115,895

9.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 49.16 million (December 31, 2012: Rs. 56.89 million) held in custody by the Company against the respective customer accounts.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, deposits, prepayments and other receivables as at September 30, 2013 includes exposure deposit placed with the Karachi Stock Exchange Limited of Rs. 106.40 million (December 31, 2012: Rs. 73 million)

11. CASH AND BANK BALANCES

Cash at bank in: - Current accounts - Savings accounts	11.1	14,556 345,999	19,928 343,159
		360,555	363,087
Cash in hand		149	_
Stamps in hand		2	1
		360,706	363,088

 $\textbf{11.1} \quad \text{These carry profit at the rates ranging from } 1.25\% \text{ to } 8.35\% \text{ (December 31, 2012: } 1\% \text{ to } 11.25\%) \text{ per annum.}$

12. LONG-TERM LOAN

Long-term Ioan from KASB Bank Limited (the Parent Company) 12.1 100,000 -

12.1 During the period, 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 way of hypothecation charge over all moveable assets including trade debts and receivables.

		Not	e Septe	audited) mber 30, 013	(Audi Decemb 201	er 31
				(Rupees	in '000))
13.	TRADE AND OTHER PAYABLES					
	Trade creditors		8	82,175	525	,860
	Accrued expenses			63,799	50	,459
	Withholding tax Unclaimed dividend			4,594 609	2	,668 609
	Dividend payable			748		-
	Others			5,300		,152
			9	57,225	580	,748
14.	SHORT-TERM BORROWINGS					
	- from KASB Bank Limited (the Parent Company)			-	250	0,000
15.	CONTINGENCIES AND COMMITMENTS					
	Contingencies There were no material contingencies as at period	/ year end.				
	Commitments Following commitments are outstanding as at period	od / year end:				
	- Outstanding purchases against commodities futu	ures		534		
	 Outstanding purchases against commodities futures Outstanding sales against commodities futures 		•	24,858 audited)		
	01	Nine Mont	hs ended	24,858 nudited)	arter end	led
	01	Nine Mont	hs ended	24,858 nudited)	irter end tember	led
	01	Nine Mont Septem	hs ended ber 30,	24,858 nudited) Qua Sep	erter enc tember	led 30 ,
16.	01	Nine Mont Septem	hs ended ber 30,	24,858 nudited) Qua Sep	erter enc tember	led 30 ,
16.	- Outstanding sales against commodities futures OPERATING REVENUE	Nine Mont Septem	2012 (Rupes	24,858 Qua Sep 2013 es in '000	tember	1ed 30 , 012
16.	- Outstanding sales against commodities futures	Nine Mont Septem	hs ended ber 30,	24,858 nudited) Qua Sep	arter end tember 3 2)	led 30 ,
16.	- Outstanding sales against commodities futures OPERATING REVENUE Brokerage Subscription research income Financial advisory fee	Nine Mont Septem 2013	2012 (Rupes	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0	arter end tember 3 2)	led 30 , 012
16.	- Outstanding sales against commodities futures OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services	Nine Mont Septem 2013 352,694 1,967	2012 (Rupee 224,297 2,250	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0	3 2)	012 1,163 450
16.	- Outstanding sales against commodities futures OPERATING REVENUE Brokerage Subscription research income Financial advisory fee	2013 352,694 1,967 1,379	2012 (Rupes 224,297 2,250 2,010	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0	3 2)	012 1,163 450 570
16.	- Outstanding sales against commodities futures OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services	2013 352,694 1,967 1,379 807	2012 (Rupee 224,297 2,250 2,010 667	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0	81 7 61 44 81	012 1,163 450 570 264
16.	- Outstanding sales against commodities futures OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services	2013 352,694 1,967 1,379 807 2,219	2012 (Rupee 224,297 2,250 2,010 667 254	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0 1 1 4	81 7 61 44 81	1,163 450 570 264
	OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services Profit on margin trading system MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES	352,694 1,967 1,379 807 2,219 359,066	2012 (Rupee 224,297 2,250 2,010 667 254 229,478	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0 1 4 130,7	81 7 61 44 34 81 01 7	012 012 1,163 450 570 264 - 2,447
	OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services Profit on margin trading system MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES Profit on bank deposits	352,694 1,967 1,379 807 2,219 359,066	2012 (Rupee 224,297 2,250 2,010 667 254 229,478	24,858 audited) Qua Sep 2013 as in '000 128,8 1,0 1 1 4 130,7	81 7 61 44 34 81 01 7	012 11,163 450 570 264 - 22,447
	OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services Profit on margin trading system MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES	352,694 1,967 1,379 807 2,219 359,066	2012 (Rupee 224,297 2,250 2,010 667 254 229,478	24,858 audited) Qua Sep 2013 as in '000 128,8 1,0 1 1 4 130,7	81 7 61 44 34 81 01 7 89 14	012 012 1,163 450 570 264 - 2,447
	OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services Profit on margin trading system MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES Profit on bank deposits Profit on term finance certificates	352,694 1,967 1,379 807 2,219 359,066	2012 (Rupee 224,297 2,250 2,010 667 254 229,478	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0 1,1 4 130,7	81 7 61 44 34 81 01 7 89 14	012 11,163 450 570 264 - 22,447
	OPERATING REVENUE Brokerage Subscription research income Financial advisory fee Custody services Profit on margin trading system MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES Profit on bank deposits Profit on term finance certificates Profit on long-term receivable	352,694 1,967 1,379 807 2,219 359,066	2012 (Rupee 224,297 2,250 2,010 667 254 229,478	24,858 audited) Qua Sep 2013 s in '000 128,8 1,0 1,1 4 130,7	81 7 61 44 34 81 7	012 11,163 450 570 264 - 22,447

18. 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 September 30, 2013 and transactions with related parties during the nine months ended September 30, 2013 are as follows:

	As at September 30, 2013 (Un-audited)						
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total		
		(R	upees in '000)				
BALANCES							
Long-term deposits	-	142	J .		142		
Trade debts	30	36	383	115	564		
Profit receivable on bank deposit	87	-	-		87		
Receivable against expenses		286	13	9	308		
Bank balances	344,651	_	_		334,651		
Trade payables	-	3	4,187		4,190		
Long-term loan	100.000	-	_		100,000		
Payable against expenses	1,996	2,338	_		4,334		
Accrued mark-up	2,951	·-	-	-	2,951		
OFF BALANCE SHEET ITEM							
Bank guarantee	51,000		-	-	51,000		

	As at December 31, 2012 (Audited)						
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total		
			(Rupees in '000)			
BALANCES							
Long-term deposits	-	142	-	-	142		
Trade debts	115	31	1,052	221	1,419		
Other receivables	-	-	396	12,410	12,806		
Prepaid rent	332	-	-	-	332		
Profit receivable on bank deposit	1,059	-	-	-	1,059		
Receivable against expenses	-	480	-	-	480		
Bank balances	339,980	-	-	-	339,980		
Trade payables	-	2	4,029	-	4,031		
Short-term borrowing	250,000	-	-	-	250,000		
Payable against expenses	4,435	2,663	312	-	7,410		
Accrued mark-up	2,712	-	-	-	2,712		
Rent payable	631	-	-	-	631		
OFF BALANCE SHEET ITEM							
Bank guarantee	51,000	-	-	-	51,000		

	For the nine months ended September 30, 2013 (Un-audited)				
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
			(Rupees in '000)		
TRANSACTIONS Income					
Brokerage income earned	1,089	-	1,551	298	2,938
Custody services	4	128	24	-	156
Profit on bank deposits	12,365	-	-	-	12,365
Rent income	3,740	1,191	-	-	4,931
Others	-	-	654	-	654
Expenses					
Bank charges	1,495	_	_	_	1,495
Charge in respect of contributory plan	1,433	_	_	4.603	4,603
Communication expenses	-	8,508	-	4,000	8,508
Donation	-	-	_	1,595	1,595
Locker Rent	4	-	-	-,,,,,,	4
Mark-up expense	3,985		-	-	3,985
Reimbursement of expenses	172	2,425	184	36	2,817
Remuneration to management personnel	-		107,713	-	107,713
Rent expense	414	-	-	-	414
Other transactions					
Loans disbursed		_	8,527	_	8,527
Loans repayment		_	4,670	_	4,670
Mutual fund Bonus units issued	- 1	-	<u></u>	4,840	4,840

	For the nine months ended September 30, 2012 (Un-audited)				
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
			(Rupees in '000)		
TRANSACTIONS Income					
Brokerage income earned	346	1,766	2,052	306	4,470
Custody services	5	110	41	5	161
Profit on bank deposits	16,939	-	-	-	16,939
Gain on sales of "assets held for sale"		-	-	510	510
Rent income	3,687	1,949	-	-	5,636
Expenses					
Bank charges	1.058	_	_	_	1,058
Charge in respect of contributory plan	-	-	-	4,415	4,415
Communication expenses	_	6,338	-	-	6,338
Donation	-	· <u>-</u>	-	1,530	1,530
Locker rent	4	-	-	_	4
Mark-up expense	224	-	-	-	224
Reimbursement of expenses	11,029	5,897	-	6	16,932
Remuneration to management personnel	-	-	81,941	-	81,941
Rent expense	435	-	-	-	435
Salary expense reimbursed	-	36	-	-	36
Service level agreement charges	-	1,627	-	-	1,627
Other transactions					
Loans disbursed	-	-	4,132	-	4,132
Loans repayment	_	-	3,379	_	3,379
Mutual fund bonus units issued	-	-	-	6,987	6,987
Mutual fund units redeemed	_	-	-	10,000	10,000
Sale of 'assets held for sale'	_	-	-	87,000	87,000
Sale of investments 'available-for-sale'	-	-	-	12,000	12,000

19. GENERAL

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

20. DATE OF AUTHORISATION

These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on October 23, 2013.



Syed Asghar Ali Shah Chairman Nadir Rahman Chief Executive Officer



Consolidated Interim
Condensed Financial Statements

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2013

(Un-audited) (Audited) September 30, December 31, 2013 2012 (Rupees in '000)..... **ASSETS** Non-current assets 35,838 12,736 382,429 421,162 41,090 Property and equipment 8,976 381,910 416,389 Intangible assets Investment properties
Long-term investments Long-term loans and advances 1,448 Long-term deposits and prepayments 3,454 3,616 Long-term receivable Deferred tax asset - net 8.168 23,480 39,369 53,538 902,703 934,247 **Current assets** 246,396 453,414 181,783 175,978 298,133 Short-term investments Trade debts 147,078 Advances, deposits, prepayments and other receivables 28,063 18,430 364,081 366,663 Cash and bank balances 1,273,737 1,006,282 **TOTAL ASSETS** 2,176,440 1,940,529 **EQUITY AND LIABILITIES** Share capital and reserves 1,000,000 Issued, subscribed and paid-up capital 1,000,000 General reserve 18.752 18.752 Unrealised gain on re-measurement of 'available--for-sale' investments to fair value - net Accumulated loss (35, 435)(53,029)1,115,070 1,105,844 Non-current liabilities Long-term loan 100,000 **Current liabilities** Trade and other payables 958,419 581,973 Short-term borrowings 250,000 2,951 Accrued mark-up 2,712 961,370 834,685

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

Syed Asghar Ali Shah

TOTAL EQUITY AND LIABILITIES

CONTINGENCIES AND COMMITMENTS

Nadir Rahman Chief Executive Officer

Asad Mustafa Shafqat Chief Financial Officer

1,940,529

2,176,440

CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	2013			,
	2013	2012	2013	2012
		···· (Rupees	in '000) ·····	
Operating revenue	359,066	229,478	130,701	72,447
Net (loss) / gain on investments 'at fair value through profit and loss'				
Net (loss) / gain on sale of equity investments Net unrealised gain on re-measurement of investments	(18,313)	15,170	(7,068)	2,067
'at fair value through profit or loss'	11,942	10,023	4,179	5,540
Not voin an (available for cale) investment	(6,371)	25,193	(2,889)	7,607
Net gain on 'available for sale' investment Net gain on sale of investments	-	304	-	304
Dividend income	949	761	566	43
Mark-up / profit on bank deposits, investments				
and other receivables	26,572	35,619	10,978	9,900
	380,216	291,355	139,356	90,301
Operating and administrative expenses	(292,433)	(245,744)	(102,346)	(85,713)
Reversal of provision against doubtful debts	215	20,904	(7,631)	-
Reversal of provision against long-term receivable	13,988	-	-	-
	(278,230)	(224,840)	(109,977)	(85,713)
Operating profit	101,986	66,515	29,379	4,588
Finance cost	(5,791)	(15,008)	(3,055)	(615)
	96,195	51,507	26,324	3,973
Other income	5,554	6,529	1,254	2,005
Profit before taxation	101,749	58,036	27,578	5,978
Taxation				
Current - for the period	(19,986)	(7,212)	(11,287)	(2,720)
Deferred	(14,169)	51	1,885	(54)
	(34,155)	(7,161)	(9,402)	(2,774)
Profit after taxation	67,594	50,875	18,176	3,204
Other comprehensive (loss) / income: Item to be reclassified to profit and loss in subsequent periods:				
Net unrealised (loss) / gain arising during the period				
on re-measurement of 'available-for-sale' investments - net	(8,368)	40,209	(6,752)	5,957
Total comprehensive income for the period	59,226	91,084	11,424	9,161
		<i>,</i> _		
Earnings per share - basic and diluted		····· (Rupe	es)	
	0.68	0.51	0.18	0.03

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

Syed Asghar Ali Shah

Nachi Ruhan Nadir Rahman Chief Executive Officer

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 Nine Months ended

7 OK 1112 KIN2 MOKTHO 2KD25 G21 12MB2K G0, 2016	Nine Mont Septemi	
	2013 (Rupees	2012
CASH FLOW FROM OPERATING ACTIVITIES	····· (Rupees	III 000)
Profit before taxation	101,749	58,036
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	7,399	6,426
Amortisation Loss / (gain) on sale of investments - net	415 18,313	639 (15,474)
Gain on sale of property and equipment Unrealised gain on re-measurement of investments	(55)	(536)
'at fair value through profit or loss' - net	(11,942)	(10,023)
Reversal of provision against doubtful debts Reversal of provision against long-term receivable	(215) (13,988)	(20,904)
Finance cost	5,791	15,008
Dividend income	(949)	(761)
	4,769	(25,625)
	106,518	32,411
Working capital adjustments:		
Increase in assets		
Trade debts	(155,018)	(85,432)
Advances, deposits, prepayments and other receivables	(5,453)	(2,778)
Increase in current liabilities	(160,471)	(88,210)
Trade and other payables	375,698	180,032
	321,745	124,233
Finance cost paid Income tax paid	(5,552) (29,618)	(16,590) (17,094)
Net cash flows generated from operating activities	286,575	90.549
	200,373	90,549
CASH FLOW FROM INVESTING ACTIVITIES		12,000
'Available-for-sale' investments - net Investments 'at fair value through profit or loss' - net	(76,789)	12,000 (54,333)
Purchase of property and equipment	(12,741)	(3,673)
Proceeds from disposal of property and equipment Dividend received	914 448	87,122 818
Net cash flows (used in) / generated from investing activities	(88,168)	41,934
, , ,	(00,100)	11,001
CASH FLOW FROM FINANCING ACTIVITIES Long-term loans and advances	(1,899)	(1,852)
Long-term deposits and prepayments	162	(134)
Long-term receivable	-	(13,260)
Repayment of redeemable capital Repayment short-term borrowing	(250,000)	(166,500)
Long-term loan	100,000	-
Dividend paid	(49,252)	_
Net cash flows used in financing activities	(200,989)	(181,746)
Net decrease in cash and cash equivalents	(2,582)	(49,263)
Cash and cash equivalents at the beginning of the period	366,663	145,835
Cash and cash equivalents at the end of the period	364,081	96,572

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

Syed Asghar Ali Shah Chairman

22

Nadir Rahman Chief Executive Officer

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Share capital	General reserve	(Accum-	Inrealised ga (loss) on remeasurem of 'available -for-sale' investment to fair value - net	ent e- Total s
		(Rupees in '0	00)	
Balance as at January 01, 2012	1,000,000	18,752	(184,497)	88,229	922,484
Total comprehensive income for the period	_	-	50,875	40,209	91,084
Balance as at September 30, 2012	1,000,000	18,752	(133,622)	128,438	1,013,568
Total comprehensive income for the period			80,593	11,683	92,276
Balance as at December 31, 2012	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		-	67,594	(8,368)	59,226
Balance as at September 30, 2013	1,000,000	18,752	(35,435)	131,753	1,115,070

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

Syed Asghar Ali Shah

Nadir Rahman Chief Executive Officer

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- KASB Securities Limited

Subsidiary company

- Structured Venture (Private) Limited
- 1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange Limited (KSE) [formerly:Karachi Stock Exchange (Guarantee) Limited]. 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 Finance (Private) Limited.

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

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

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

The disclosures made in these consolidated interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Group for the year ended December 31, 2012.

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, 2012.

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.

7. DATE OF AUTHORISATION

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on October 23, 2013.

Syed Asghar Ali Shah Chairman Nadir Rahman
Chief Executive Officer







