



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

For the Nine Months Ended September 30, 2012

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COMPANY INFORMATION

Board of Directors:	Syed Asghar Ali Shah - Chairman Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Irfan Nadeem Mahmood Ali Shah Bukhari Syed Asad Mustafa Shafqat Nadir Rahman - Chief Executive Officer
Audit Committee:	Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Irfan Nadeem Zia-ul-Haq - Secretary
CFO & Company Secretary:	Jamal Tariq
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
Internal Auditor:	Zia-ul-Haq
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 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

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Share Registrar:

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DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited standalone and consolidated financial statements of the Company and review for the nine months ended September 30, 2012.

ECONOMIC REVIEW

2012 started off on a difficult note on both the domestic and geo-political fronts, however certain mid-year positives eased near term challenges faced by the economy. The patch-up of Pak-US relations resulted in the release of US\$ 1.12 bn as coalition support funds by the US, easing current account position which recorded a surplus of US\$ 0.9 bn combined for July-August 2012 compared to a deficit of US\$ 0.26 bn in the same period last year. Following improvement in the external account and inflation receding to single-digit in 3Q, averaging at 9.2%, the State Bank of Pakistan decided to cut discount rate by 150 bps in August 2012 to 10.5%, the first cut since October 2011.

While the external account has relatively gained strength in the past few months, growing scheduled repayments to IMF in the coming months continues to be a concern. Moreover, lack of reforms on the fiscal front in the run up to elections and a slow growth environment will continue to pose a challenge to the overall macro economic environment.

STOCK MARKET REVIEW

KSE posted a strong 11.9% return for the quarter ended September 2012. This took the YTD return of the KSE to an impressive 36% YTD, rendering it an out-performer against most regional peers. The improving outlook also reflected in increased foreign investor confidence as Foreign Portfolio flows (FPIs) clocked US\$ 92 mn in 3Q, taking the YTD number to US\$ 60 mn.

In addition to the positive returns, the market also witnessed a surge in volumes which jumped 106% in terms of shares traded to 175 mn shares/day while values traded rose by a more sedate 27% YoY. While the early part of the year was buoyed by the CGT relaxation package, the strong performance in 3Q was supported by improving macro outlook, due to resumption of Pak-US ties and the same reflected in SBP's comfort to cut the discount rate by a hefty 150 bp.

MONEY AND CURRENCY MARKET ROUNDUP

With the policy rate maintained steady during first half of 2012, money market rates remained stable while liquidity continued to be managed by the State Bank of Pakistan via Open Market Operations. Following the 150 bps cut in discount rate in August-12, cut-off yields for T-bills declined by 170 bps and PIBs were down by 170-200 bps during the quarter, in anticipation of further cut in benchmark policy rate. At the same time, SBP increased its open market operations to PKR 450-620 bn during the third quarter. In all, seven PIB Auctions along with four Ijarah Sukuk auctions were conducted by SBP during the year in line with government's growing reliance on banks for financing its deficit.

The inter-bank currency market remained volatile particularly in the first half of the year with PKR depreciating by 4.9% against USD on the start of repayments to IMF (US\$ 1.0 bn paid in 1H) and poor Pak-US relations. However the third quarter saw relative stability as Pak-US relations took a turn for the better unlocking flows under coalition support fund and Kerry Lugar Bill (US\$ 1.40 bn). As a result, the exchange rate lost only 0.3% during the third quarter, closing at PKR 94.81/USD, where sporadic volatility was assigned to scheduled repayments to IMF under which US\$ 399 mn were paid in August.

OPERATING PERFORMANCE

During the nine months period, the Company reported Net Profit (after tax) of PKR 50.82 mn (PKR 3.18 mn during 3Q12) as compared to Net Loss (after tax) of PKR 122.55 mn in last year (nine months). Breakdown is as follows:

	AMOUNTS IN PKR MILLIONS			
	Nine months ended September 30		3rd Qtr ended September 30	
	2012	2011	2012	2011
Operating Revenues	226.32	144.42	71.73	44.76
Other Operating Revenue	38.59	39.20	10.56	5.75
Gain / (loss) on sale of investments-net	15.47	0.69	2.37	(26.22)
Dividend Income	0.76	6.58	0.04	2.14
Net unrealized gain / (loss) on investments 'at fair value through profit and loss'	10.02	(7.20)	5.54	10.43
Other Income	6.53	8.81	2.01	2.01
Total Income	297.69	192.50	92.25	38.87
Operating and Admin Expenses	(245.60)	(217.12)	(85.68)	(64.94)
Financial Cost	(15.01)	(55.65)	(0.62)	(15.14)
Total Expenses	(260.61)	(272.77)	(86.30)	(80.08)
Net Profit / (loss) (before provisions)	37.08	(80.27)	5.95	(41.21)
Impairment of AFS Investments	-	(22.24)	-	-
Reversal of provision / (Provision)	20.90	(14.42)	-	(1.47)
Net Profit / (loss) (before taxation)	57.98	(116.93)	5.95	(42.68)
Taxation	(7.16)	(5.62)	(2.77)	(2.03)
Net Profit / (loss) (after taxation)	50.82	(122.55)	3.18	(44.71)

Increase in profit during 2012 is mainly attributed to increased revenues (mainly equities brokerage) due to increased market volumes as well as client acquisition and lower financial costs. Recovery of overdues also resulted in provision reversal of PKR 20.9 mn. The tempo of increase in equities volume witnessed during the Apr-Jun quarter has slowed down during July-Sep quarter with a resultant decrease in brokerage income.

CREDIT RATING

Consequent upon full repayment of the TFC, it has been decided to discontinue the entity and TFC instrument ratings of the Company.

FUTURE OUTLOOK

Looking ahead, the market is likely to take a cue from political developments as elections are expected in early 2013. While macro policies such as interest rate path will be important for investors, sector specific steps could play a major role in shaping the fortunes of the market as well.

Equity volumes during 3Q 2012 show a slowing of the momentum and therefore it may become a challenge to maintain this in the coming period. The Company will continue to pursue the core focus goals for 2012 and beyond, highlighted in our 2011 Report to continue the path to recovery. In line with our goals, the Company has commenced operations in Faisalabad.

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



Syed Asghar Ali Shah
Chairman

Karachi: October 24, 2012

INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 (Un-audited)	December 31, 2011 (Audited)
ASSETS			
----- (Rupees in '000) -----			
Non-current assets			
Property and equipment	4	34,251	36,588
Intangible assets	5	8,006	13,590
Investment properties		7,617	8,129
Long-term investments	6	859,634	826,176
Long-term loans and advances		3,869	2,017
Long-term deposits and prepayments		3,688	3,604
Long-term receivable	7	41,180	27,920
Deferred tax asset - net		519	468
Total non-current assets		958,764	918,492
Current assets			
Assets held for sale	8	-	86,490
Short-term investments	9	301,390	221,864
Trade debts	10	333,953	227,617
Advances, deposits, prepayments and other receivables		68,805	66,084
Taxation - net		12,716	2,853
Cash and bank balances	11	93,163	142,308
Total current assets		810,027	747,216
TOTAL ASSETS		1,768,791	1,665,708
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		128,438	88,229
Accumulated loss		(65,892)	(116,717)
Shareholders' equity		1,081,298	990,264
Current liabilities			
Trade and other payables		687,493	507,362
Accrued mark-up		-	1,582
Current maturity of redeemable capital		-	166,500
Total current liabilities		687,493	675,444
TOTAL EQUITY AND LIABILITIES		1,768,791	1,665,708
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The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Jamal Tariq
Chief Financial Officer

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Note	Nine months ended September 30		Quarter ended September 30	
		2012	2011	2012	2011
(Rupees in '000)					
Operating revenue	13	226,307	144,429	71,733	44,764
Net gain / (loss) on investments 'at fair value through profit and loss'					
Net gain / (loss) on sale of investments		15,170	(19,531)	2,067	(26,222)
Net unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss'		10,023	(7,204)	5,540	10,428
		25,193	(26,735)	7,607	(15,794)
Net gain / (loss) on 'available-for-sale' investments					
Net gain on sale of investments		304	20,218	304	-
Impairment loss		-	(22,241)	-	-
		304	(2,023)	304	-
Dividend income		761	6,576	43	2,143
Other operating revenue	14	38,594	39,205	10,555	5,747
		291,159	161,452	90,242	36,860
Operating and administrative expenses		(245,599)	(217,122)	(85,682)	(64,937)
Reversal of provision / (provision) against doubtful debts		20,904	(14,417)	-	(1,468)
		(224,695)	(231,539)	(85,682)	(66,405)
Operating profit / (loss)		66,464	(70,087)	4,560	(29,545)
Finance cost		(15,008)	(55,648)	(615)	(15,144)
		51,456	(125,735)	3,945	(44,689)
Other income		6,529	8,809	2,005	2,009
Profit / (loss) before taxation		57,985	(116,926)	5,950	(42,680)
Taxation					
Current		(7,211)	(6,279)	(2,720)	(2,106)
Deferred		51	654	(54)	73
		(7,160)	(5,625)	(2,774)	(2,033)
Profit / (loss) after taxation		50,825	(122,551)	3,176	(44,713)
Other comprehensive income:					
Unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net		40,209	9,396	5,957	(3,376)
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments		-	(15,125)	-	-
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss		-	22,241	-	-
Other comprehensive income / (loss) for the period		40,209	16,512	5,957	(3,376)
Total comprehensive income / (loss) for the period		91,034	(106,039)	9,133	(48,089)
(Rupees)					
Earnings / (loss) per share - basic		0.51	(1.23)	0.03	(0.45)

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Jamal Tariq Chief Financial Officer
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INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	Note	Nine months ended September 30	
		2012	2011
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		57,985	(116,926)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:			
Depreciation		6,426	7,692
Amortisation		639	1,294
Gain on sale of investments		(15,474)	(687)
Gain on sale of property and equipment		(536)	(3,151)
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' - net		(10,023)	7,204
Impairment loss on 'available-for-sale' investments		-	22,241
Reversal of provision against doubtful debts		(20,904)	(3,897)
Provision against doubtful debts		-	18,314
Finance cost		15,008	55,648
Dividend income		(761)	(6,576)
		(25,625)	98,082
		32,360	(18,844)
Working capital adjustments:			
Trade debts		(85,432)	93,391
Advances, deposits, prepayments and other receivables		(2,778)	(55,894)
		(88,210)	37,497
Increase in current liabilities			
Trade and other payables		180,131	99,622
		124,281	118,275
Finance cost paid		(16,590)	(41,270)
Income tax paid		(17,074)	(16,085)
Net cash flows generated from operating activities		90,617	60,920
CASH FLOW FROM INVESTING ACTIVITIES			
'Available-for-sale' investments - net		12,000	84,793
Investments 'at fair value through profit or loss' - net		(54,333)	136,863
Purchase of property and equipment		(3,673)	(4,067)
Proceeds from disposal of property and equipment		87,122	5,039
Dividend received		818	6,261
Net cash flows generated from investing activities		41,934	228,889
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans and advances		(1,852)	(3,002)
Long-term deposits and prepayments		(84)	2,034
Long-term receivable		(13,260)	(50,515)
Repayment of redeemable capital		(166,500)	(166,400)
Net cash flows used in financing activities		(181,696)	(217,883)
Net (decrease) / increase in cash and cash equivalents		(49,145)	71,926
Cash and cash equivalents at the beginning of the period		142,308	96,945
Cash and cash equivalents at the end of the period	11	93,163	168,871

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.

		
Syed Asghar Ali Shah Chairman	Nadir Rahman Chief Executive Officer	Jamal Tariq Chief Financial Officer

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain on remeasurement of 'available-for-sale' investments to fair value - net	Total
(Rupees in '000)					
Balance as at January 01, 2011	1,000,000	18,752	29,509	15,125	1,063,386
Total comprehensive loss for the period	-	-	(122,551)	16,512	(106,039)
Balance as at September 30, 2011	1,000,000	18,752	(93,042)	31,637	957,347
Total comprehensive income for the period	-	-	(23,675)	56,592	32,917
Balance as at December 31, 2011	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	<u>1,000,000</u>	<u>18,752</u>	<u>(65,892)</u>	<u>128,438</u>	<u>1,081,298</u>

The annexed notes 1 to 17 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Jamal Tariq
Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

1. STATUS AND NATURE OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the nine months ended September 30, 2012 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.

The disclosures made in these 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 Company for the year ended December 31, 2011.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the purpose of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2011 except as follows:

The Company has adopted the following new amended IAS and IFRS which became effective during the period:

IFRS 7 - Financial Instruments : Disclosures (Amendment)

IAS 12 – Income Taxes (Amendment) Recovery of Underlying Assets

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:

	Nine months ended (Un-audited)			
	September 30, 2012		September 30, 2011	
	Additions	Disposals	Additions	Disposals
..... (Rupees in '000)				
Office premises - leasehold	-	-	-	2,656
Computers and office equipment	3,006	1,611	2,517	620
Furniture and fixtures	667	-	160	51
Motor vehicles- owned	-	-	1,390	2,984
	<u>3,673</u>	<u>1,611</u>	<u>4,067</u>	<u>6,311</u>

	Note	September 30, 2012 (Un-audited)	December 31, 2011 (Audited)
..... (Rupees in '000)			

5. INTANGIBLE ASSETS

Written Down Value of:

- Membership card of KSE	6.1.4	-	4,945
- Membership card of PMEL		500	500
- Rooms at KSE		5,804	5,804
- Booths at KSE		950	950
- Computer Software		752	1,391
		<u>8,006</u>	<u>13,590</u>

6. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	6.1	371,053	337,595
		<u>859,634</u>	<u>826,176</u>

6.1 The detail of 'available-for-sale' investments

Name of the entity			
Quoted shares			
KASB Bank Limited (Parent company)	6.1.1	47,660	21,844
Unquoted shares			
Al Jomaih Power Limited	6.1.2	286,819	272,426
KASB Funds Limited (related party)	6.1.3	-	11,696
New Horizon Exploration and Production Limited (related party)			
-Class 'A' ordinary shares		31,629	31,629
Karachi Stock Exchange Limited [Formerly: Karachi Stock Exchange (Guarantee) Limited]	6.1.4	4,945	-
		<u>371,053</u>	<u>337,595</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 Unquoted shares of Al Jomaih Power Limited are valued on the basis of net asset value of the investee company as per the latest available reviewed financial statements for the period ended December 31, 2011.

6.1.3 During the period the Company sold these shares to its related party after approval of the Securities Exchange Commission of Pakistan (the Commission) vide letter No. SCD/AMCW/KASB/262/2012 dated September 11, 2012.

6.1.4 This represents the cost of our KSE membership card classified under intangible Assets in earlier periods.

In accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the Company has received equity shares of KSE and a Trading Right Entitlement (TRE) Certificate in lieu of its membership card of KSE.

Based on the revalued assets and liabilities of KSE as on December 31, 2011, a total of 4,007,383 ordinary shares of Rs. 10/- each (0.5 percent holding) in the corporatized and de-mutualized KSE have been allotted to the Company in a dematerialized form. Out of the aforementioned, 1,602,953 ordinary shares (i.e. 40 percent) have been received in our CDC participant account whereas 2,404,430 ordinary shares (i.e. 60 percent) have been deposited in a sub-account opened in the Company's name under KSE's Participant ID with the Central Depository Company of Pakistan Limited, which will remain blocked in terms of the provisions of the Act. The value of the Company's stake based on the revalued assets and liabilities of KSE as on December 31, 2011 works out to Rs. 40,073,830/- approximately.

	Note	September 30, 2012 (Un-audited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----			
7. LONG-TERM RECEIVABLE			
Long-term receivable - principal	7.1	80,078	81,638
Less: current maturity shown under current assets		(24,910)	(39,730)
		55,168	41,908
Less: provision against long-term receivable		(13,988)	(13,988)
		41,180	27,920

7.1 On February 01, 2011, the Company entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99,638 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. 99,638 million to the Company along with the mark-up at the rate based upon (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. 20,370 million and mark-up of Rs. 24,165 million aggregating to Rs. 44,535 million by the period ended September 30, 2012. Against the said amount, the Company has received principal of Rs. 19,560 million (December 31, 2011: Rs. 17.75 million) and mark-up of Rs.20,774 million (December 31, 2011: Rs. 13 million) aggregating to Rs. 40,334 million (December 31, 2011: Rs. 30.75 million) by the period ended September 30, 2012. The management expects that the overdue amount will be received from the customer in due course. However, as a matter of prudence, the Company has made a provision to the extent of Rs. 13.98 million against the above receivable after taking into account the market value of securities held by the Company in respect of the said account.

8. ASSET HELD FOR SALE

During the period the Company has sold 25 residential plots in Defence Housing Authority, Lahore to its related party at a sale consideration of Rs. 87 million, resulting in a gain of Rs. 0.51 million.

Note September 30, December 31,
2012 2011
(Un-audited) (Audited)

..... (Rupees in '000)

9. SHORT-TERM INVESTMENTS

'At fair value through profit or loss'

Open end mutual funds units	9.1	163,753	78,779
Listed shares	9.2	102,538	117,986
Term finance certificates		35,099	25,099
		301,390	221,864

9.1 This includes investment in mutual fund units of a related party amounting to Rs. 74,573 million (December 31, 2011: Rs. 74,922 million). Further open end mutual fund units amounting Rs. 158,883 million (December 31, 2011: Rs. Nil) are pledged with KSE against exposure margin.

9.2 This includes shares valued at Rs. 6.658 million (at the rates quoted on KSE) (December 31, 2011: Rs. 157,965 million) pledged with KSE against exposure margin.

10. TRADE DEBTS

Receivable against purchase of marketable securities	10.1	329,153	224,636
Inter-bank brokerage		2,973	1,803
Fees		1,827	1,178
		333,953	227,617

10.1 Considered good

Secured		265,142	186,212
Unsecured		72	550

		265,214	186,762
		192,384	187,223

Considered doubtful

		457,598	373,985
Less: provision for doubtful debts	10.2	(128,445)	(149,349)
		329,153	224,636

10.2 Reconciliation of provisions against trade debts

Opening balance		149,349	129,817
Provision for the period / year		-	20,519
Reversal of provision during the period / year		(20,904)	(987)
		(20,904)	19,532
		128,445	149,349

10.2.1 Provisions against doubtful debts have been made after considering the market value of listed shares amounting to Rs. 63,939 million (December 31, 2011: Rs. 37,874 million) held in custody by the Company against respective customers accounts.

11. CASH AND BANK BALANCES

Cash at bank in:			
- Current accounts		9,398	4,250
- Savings accounts	11.1	83,680	55,975
- Certificate of deposit		-	15,015
- Term deposit		-	67,000
		93,078	142,240
Cash in hand		80	64
Stamps in hand		5	4
		93,163	142,308

11.1 These carry profit at the rates ranging from 1% to 10.50% (December 31, 2011: 1% to 11.25%) per annum.

September 30, December 31,
2012 2011
(Un-audited) (Audited)

..... (Rupees in '000)

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at period / year end.

Commitments

Following commitments are outstanding as at period / year end:

- Outstanding purchases against commodities futures	<u>337</u>	<u>-</u>
- Outstanding sales against commodities futures	<u>51,425</u>	<u>1,782</u>

Nine months ended September 30		Quarter ended September 30	
2012	2011	2012	2011
..... (Rupees in '000)			
..... (Un-audited)			

13. OPERATING REVENUE

Brokerage	224,297	142,360	71,163	44,205
Financial advisory fee	2,010	1,144	570	559
Other fee and commission	-	925	-	-
	<u>226,307</u>	<u>144,429</u>	<u>71,733</u>	<u>44,764</u>

14. OTHER OPERATING REVENUE

Profit on bank deposits	22,543	13,477	6,107	2,640
Profit on TFC, MTS and other receivables	13,134	19,854	3,734	993
Subscription research income	2,250	2,902	450	1,287
Custody services charges	667	2,972	264	827
	<u>38,594</u>	<u>39,205</u>	<u>10,555</u>	<u>5,747</u>

15. 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 September 30, 2012 and transactions with related parties during the nine months ended September 30, 2012 are as follows:

	(Un-audited)				(Audited)	
	As at September 30, 2012				As at December 31, 2011	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
(Rupees in '000)						
BALANCES						
Long-term investments	47,661	520,210	-	-	567,871	553,750
Long-term deposits	-	142	-	-	142	142
Short-term investments	-	-	-	74,548	74,548	78,779
Trade receivables	83	68	4,352	43	4,546	1,464
Advances	-	-	2,547	-	2,547	2,644
Prepaid rent	483	-	-	-	483	315
Profit receivable on bank deposit	2,335	-	-	-	2,335	389
Receivable against expenses	-	460	-	-	460	4,772
Bank balances	83,060	-	-	-	83,060	56,149
Trade payables	-	2	2,250	-	2,252	112,112
Payable against expenses	1,584	6,294	-	-	7,878	6,225
Accrued mark-up	-	-	-	-	-	1,265
Rent payable	-	-	-	-	-	850
Rent receivable	10	-	-	-	10	-
OFF BALANCE SHEET ITEM						
Bank guarantee	51,000	-	-	-	51,000	51,000

	(Un-audited)					(Un-audited)
	For the nine months ended September 30, 2012					For the nine months ended September 30, 2011
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
(Rupees in '000)						
TRANSACTIONS						
Income						
Brokerage income earned	346	1,766	2,052	306	4,470	1,599
Bonus units issued	-	-	-	6,987	6,987	8,888
Custody services	5	110	41	5	161	48
Profit on bank deposits	16,939	-	-	-	16,939	6,658
Gain on sale of "assets held for sale"	-	-	-	510	510	-
Rent income	3,687	1,949	-	-	5,636	5,342
Expenses						
Bank charges	1,058	-	-	-	1,058	961
Charge in respect of contributory plan	-	-	-	4,415	4,415	4,650
Communication expenses	-	6,338	-	-	6,338	5,381
Donation	-	-	-	1,530	1,530	900
Locker rent	4	-	-	-	4	4
Mark-up expense	224	-	-	-	224	2,388
Reimbursement of expenses	11,029	5,897	-	6	16,932	2,062
Remuneration to management personnel	-	-	81,941	-	81,941	78,780
Rent expense	435	-	-	-	435	457
Salary expense reimbursed	-	36	-	-	36	36
Service level agreement charges	-	1,627	-	-	1,627	2,753
Other transactions						
Loans disbursed	-	-	4,132	-	4,132	4,098
Loans repayments	-	-	3,379	-	3,379	2,431
Purchase of property and equipment	-	-	-	-	-	1,390
Property and equipment disposed off	-	-	-	-	-	209
Sale of investments 'available-for-sale'	-	-	-	12,000	12,000	84,793
Sale of 'assets held for sale'	-	-	-	87,000	87,000	-
Mutual fund units redeemed	-	-	-	10,000	10,000	214,793

16. DATE OF AUTHORISATION

These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on October 24, 2012.

17. GENERAL

17.1 Figures have been rounded off to the nearest thousands.

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Jamal Tariq Chief Financial Officer
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**Consolidated Interim
Condensed Financial Statements**

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2012

	September 30, 2012 (Un-audited)	December 31, 2011 (Audited)
 (Rupees in '000)	
ASSETS		
Non-current assets		
Property and equipment	34,251	36,588
Intangible assets	8,006	13,590
Investment properties	382,617	383,129
Long-term investments	414,424	380,966
Long-term loans and advances	3,869	2,017
Long-term deposits and prepayments	3,738	3,604
Long-term receivable	41,180	27,920
Deferred tax asset - net	519	468
Total non-current assets	888,604	848,282
Current assets		
Assets held for sale	-	86,490
Short-term investments	301,390	221,864
Trade debts	333,953	227,617
Advances, deposits, prepayments and other receivables	68,805	66,084
Taxation - net	12,863	2,981
Cash and bank balances	96,572	145,835
Total current assets	813,583	750,871
TOTAL ASSETS	1,702,187	1,599,153
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	128,438	88,229
Accumulated loss	(133,622)	(184,497)
Shareholders' equity	1,013,568	922,484
Current liabilities		
Trade and other payables	688,619	508,587
Accrued mark-up	-	1,582
Current maturity of redeemable capital	-	166,500
Total current liabilities	688,619	676,669
TOTAL EQUITY AND LIABILITIES	1,702,187	1,599,153

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Jamal Tariq
Chief Financial Officer

**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Nine months ended September 30		Quarter ended September 30	
	2012	2011	2012	2011
(Rupees in '000)				
Operating revenue	226,307	144,429	71,733	44,764
Net gain / (loss) on investments 'at fair value through profit and loss'				
Net gain / (loss) on sale of investments	15,170	(19,531)	2,067	(26,222)
Net unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss'	10,023	(7,204)	5,540	10,428
	25,193	(26,735)	7,607	(15,794)
Net gain / (loss) on 'available-for-sale' investments				
Net gain on sale of investments	304	20,218	304	-
Impairment loss	-	(22,241)	-	-
	304	(2,023)	304	-
Dividend income	761	6,576	43	2,143
Other operating revenue	38,790	39,935	10,614	6,094
	291,355	162,182	90,301	37,207
Operating and administrative expenses	(245,744)	(218,532)	(85,713)	(65,339)
Reversal of provision / (provision) against doubtful debts	20,904	(14,417)	-	(1,468)
	(224,840)	(232,949)	(85,713)	(66,807)
Operating profit / (loss)	66,515	(70,767)	4,588	(29,600)
Finance cost	(15,008)	(55,648)	(615)	(15,144)
	51,507	(126,415)	3,973	(44,744)
Other income	6,529	8,809	2,005	2,009
Profit / (loss) before taxation	58,036	(117,606)	5,978	(42,735)
Taxation				
Current	(7,212)	(6,286)	(2,720)	(2,109)
Deferred	51	654	(54)	73
	(7,161)	(5,632)	(2,774)	(2,036)
Profit / (loss) after taxation	50,875	(123,238)	3,204	(44,771)
Other comprehensive income:				
Unrealised gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net	40,209	9,396	5,957	(3,376)
Reclassification adjustment for net loss realised on disposal of 'available-for-sale' investments	-	(15,125)	-	-
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss	-	22,241	-	-
Other comprehensive income / (loss) for the period	40,209	16,512	5,957	(3,376)
Total comprehensive income / (loss) for the period	91,084	(106,726)	9,161	(48,147)
(Rupees)				
Earnings / (loss) per share - basic	0.51	(1.23)	0.03	(0.45)

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

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Jamal Tariq Chief Financial Officer
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**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Nine months ended September 30	
	2012	2011
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	58,036	(117,606)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation	6,426	7,692
Amortisation	639	1,294
Gain on sale of investments	(15,474)	(687)
Gain on sale of property and equipment	(536)	(3,151)
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' - net	(10,023)	7,204
Impairment loss on 'available-for-sale' investments	-	22,241
Reversal of provision against doubtful debts	(20,904)	(3,897)
Provision against doubtful debts	-	18,314
Finance cost	15,008	55,648
Dividend income	(761)	(6,576)
	(25,625)	98,082
	32,411	(19,524)
Working capital adjustments:		
Trade debts	(85,432)	93,391
Advances, deposits, prepayments and other receivables	(2,778)	(50,322)
	(88,210)	43,069
Increase in current liabilities		
Trade and other payables	180,032	99,591
	124,233	123,136
Finance cost paid	(16,590)	(41,270)
Income tax paid	(17,094)	(16,162)
Net cash flows generated from operating activities	90,549	65,704
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	12,000	84,793
Investments 'at fair value through profit or loss' - net	(54,333)	136,863
Purchase of property and equipment	(3,673)	(4,467)
Proceeds from disposal of property and equipment	87,122	5,039
Dividend received	818	6,261
Net cash flows generated from investing activities	41,934	228,489
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(1,852)	(3,002)
Long-term deposits and prepayments	(134)	2,034
Long-term receivable	(13,260)	(50,515)
Repayment of redeemable capital	(166,500)	(166,400)
Net cash flows used in financing activities	(181,746)	(217,883)
Net (decrease) / increase in cash and cash equivalents	(49,263)	76,310
Cash and cash equivalents at the beginning of the period	145,835	105,829
Cash and cash equivalents at the end of the period	96,572	182,139

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

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Jamal Tariq Chief Financial Officer
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CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2011	1,000,000	18,752	22,083	15,125	1,055,960
Total comprehensive loss for the period	-	-	(123,238)	16,512	(106,726)
Balance as at September 30, 2011	1,000,000	18,752	(101,155)	31,637	949,234
Total comprehensive loss for the period	-	-	(83,342)	56,592	(26,750)
Balance as at December 31, 2011	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

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Jamal Tariq
Chief Financial Officer

**NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

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 [Formerly: Karachi Stock Exchange (Guarantee) Limited] (KSE). The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Holding Company is a subsidiary of KASB Bank Limited which holds 77.12 percent 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 KSE and Pakistan Mercantile Exchange Limited (PMEL) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services.

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

These consolidated interim condensed financial statements 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, 2011.

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, 2011.

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 October 24, 2012.

7. GENERAL

- 7.1 Figures have been rounded off to the nearest thousands.



Syed Asghar Ali Shah
Chairman

Nadir Rahman
Chief Executive Officer

Jamal Tariq
Chief Financial Officer





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