



**Interim Financial Statements  
(Un-Audited)**  
For the Nine Months Ended September 30, 2014

## ***Our Vision***

To be a leading investment company, governed by  
shareholder returns and managed in line  
with the highest ethical standards.



## **Our Commitment**

We will maintain financial discipline and adhere to  
professional and moral codes. In the operation of the  
company, we will comply with all rules and regulations set  
down by the supervisory authorities.

## Company information

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<b>Board of Directors</b>	Mr. Nasir Ali Shah Bukhari	Chairman & Chief Executive Officer
	Syeda Mubashira Bukhari Khwaja	Director
	Mr. Tariq Riaz Malik	Director
	Syed Waseem ul Haq Haqqie	Director
	Mr. Irshad Ali Shaban Ali Kassim	Director
	Mr. Farrukh Ansari	Director
	Ms. Sophie Liu	Director

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**Chief Financial Officer** Mr. Muhammad Aamir Ahmadani

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**Company Secretary** Mr. Zia-ul-Haq

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**Auditors** M/s Ernst & Young Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

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**Legal Advisor** Ahmed & Qazi  
Advocates and Legal Consultants

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<b>Audit Committee</b>	Mr. Tariq Riaz Malik	Chairman
	Syed Waseem ul Haq Haqqie	Member
	Mr. Irshad Ali Shaban Ali Kassim	Member

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**Bankers** KASB Bank Limited  
Soneri Bank Limited

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**Registered Office** 90-91 Razia Sharif Plaza, Blue Area, Islamabad - 44000  
Tel: (92-51) 2826181-82  
Fax: (92-51) 2826184  
Email: info.kcorp@kasb.com  
Website: www.kasb.com/corporation

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**Corporate Office** 24-C, Shahbaz Commercial Lane 2, Main Khayaban-e-Shahbaz,  
D.H.A Phase VI, Karachi.  
Tel: (92-21) 35349167-69, Fax: (92-21) 35349166

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**Share Registrar** THK Associates (Pvt.) Limited  
2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road,  
Karachi - 75530. P.O.Box No. 8533  
Tel: (92-21) 111-000-322  
Fax: (92-21) 35655595  
Email: info@thk.com.pk  
Website: www.thk.com.pk

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## **DIRECTORS' REPORT TO THE MEMBERS**

We are pleased to present the Directors' Report and financial statements of KASB Corporation Limited for the period ended September 30, 2014.

### **Financial Performance**

Profit and Loss Account	September 30, 2014
	<b>Rs. (000)</b>
Revenue	11,555
Expenses	(23,780)
Loss before tax	(12,225)
Taxation	(431)
Loss after tax	(12,656)
Earnings per share (Rupee)	(0.02)

### **Change of Accounting Year**

During the previous year 2013, the Board of Directors approved change of accounting year of the Company from June 30 to December 31 in accordance with the requirements of the Companies Ordinance, 1984. Subsequently, the Federal Board of Revenue also approved the change of tax year for the Company from June 30 to December 31. Accordingly, these are the first nine monthly condensed interim financial statements of the Company as at September 30, 2014.

### **Consolidated Financial Statements**

As a result of merger with KASB Finance (Private) Limited during the previous year 2013, the Company has become the holding company of following subsidiaries:

- KASB Bank Limited
- KASB Funds Limited
- KASB Invest (Private) Limited
- KASB Capital Limited (formerly KASB International Limited)
- KASB Securities Limited
- KASB Modaraba
- My Solutions Corporation Limited
- Structured Venture (Private) Limited

The Securities and Exchange Commission of Pakistan has exempted the Company from consolidating its above listed subsidiary companies in its financial statements for the period ended 30 September 2014 subject to certain caveats. The matter has been fully explained in note 2.2 of the financial statements.

### **Changes in Board Composition**

There has been no change in Board composition during the quarter ended September 30, 2014.

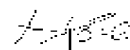
### **Acknowledgement**

The Directors wish to record their gratitude to the Company's valued clients, shareholders and business partners for their continued trust and confidence, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance. The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

For and on behalf of the Board of Directors.

Dated: October 29, 2014

Karachi



**Nasir Ali Shah Bukhari**

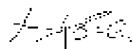
Chairman/ CEO

## Condensed Interim Statement of Financial Position

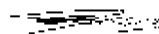
As at September 30, 2014

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		809,370	1,455,739
Short term Investments	4	25,396,926	288,936,479
Short term loans		-	10,000,000
Advances, prepayments and other receivables		5,042,268	4,726,608
Deferred tax assets - net		68,129,997	68,169,488
Advance taxation - net		2,884,763	2,732,760
<b>Total current assets</b>		<b>102,263,325</b>	<b>376,021,073</b>
<b>Non-current assets</b>			
Long term investments	5	7,001,649,941	7,001,649,941
Long term deposits		240,400	239,035
Property and equipment		62,031,575	62,652,451
<b>Total non-current assets</b>		<b>7,063,921,916</b>	<b>7,064,541,427</b>
<b>TOTAL ASSETS</b>		<b>7,166,185,241</b>	<b>7,440,562,501</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued expenses, advances and other liabilities		12,867,092	22,588,980
Short term loans		28,000,000	280,000,000
<b>Total current liabilities</b>		<b>40,867,092</b>	<b>302,588,980</b>
<b>Non-current liabilities</b>			
Advance against further issue of shares		1,045,051,000	1,045,051,000
<b>TOTAL LIABILITIES</b>		<b>1,085,918,092</b>	<b>1,347,639,980</b>
<b>NET ASSETS</b>		<b>6,080,267,149</b>	<b>6,092,922,521</b>
<b>REPRESENTED BY</b>			
Issued, subscribed and paid-up capital		5,577,730,900	5,577,730,900
Reserve on Amalgamation		1,123,402,769	1,123,402,769
Accumulated loss		(620,866,520)	(608,211,148)
		<b>6,080,267,149</b>	<b>6,092,922,521</b>
Contingencies and commitments	6		

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



Chief Executive Officer

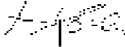


Director

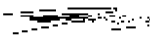
**Condensed Interim Profit & Loss Account (Un-Audited)**  
for the nine months ended September 30, 2014

	Nine months ended		Quarter Ended	
	September 30, 2014	2013	September 30, 2014	2013
	(Restated)		(Restated)	
	----- (Rupees) -----			
<b>INCOME</b>				
Mark-up on bank balances and short term loans	861,629	3,102,167	76,979	598,440
Return on investments	350,000	2,498,640	-	70,890
Net (loss) / gain on financial assets at fair value through profit and loss				
Net gain on sale of investments	8,746,683	13,112,518	4,702,415	6,292,848
Net unrealised (loss) / gain on remeasurement of investments	396,926	4,204,697	(4,216,560)	544,094
	9,143,608	17,317,216	485,855	6,836,942
Other operating income	1,200,000	825,000	750,000	-
	11,555,237	23,743,023	1,312,834	7,506,272
<b>EXPENSES</b>				
Administrative and operating expenses	13,446,049	18,045,563	3,741,600	5,094,371
Financial charges	10,333,659	18,604,597	799,366	4,718,518
	23,779,708	36,650,160	4,540,966	9,812,890
<b>Loss before taxation</b>	<b>(12,224,471)</b>	<b>(12,907,137)</b>	<b>(3,228,132)</b>	<b>(2,306,618)</b>
<b>Taxation</b>				
Current	391,410	(139,246)	230,763	69,465
Deferred	39,491	(133,495)	15,489	8,309
	430,901	(272,741)	246,252	77,773
<b>Loss after taxation</b>	<b>(12,655,372)</b>	<b>(12,634,396)</b>	<b>(3,474,384)</b>	<b>(2,384,391)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.023)</b>	<b>(0.023)</b>	<b>(0.006)</b>	<b>(0.004)</b>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



Chief Executive Officer

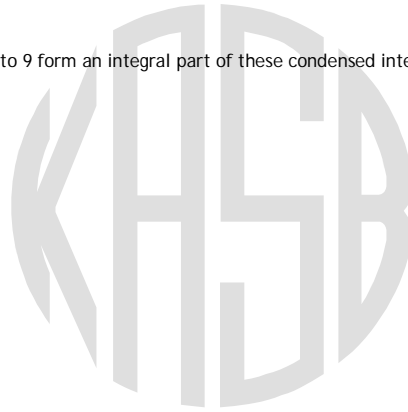


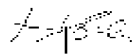
Director

**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
for the nine months ended September 30, 2014

	Nine months ended		Quarter Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(Restated)		(Restated)	
	----- (Rupees) -----			
Loss for the period	(12,655,372)	(12,634,396)	(3,474,384)	(2,384,391)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(12,655,372)</u></b>	<b><u>(12,634,396)</u></b>	<b><u>(3,474,384)</u></b>	<b><u>(2,384,391)</u></b>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.





Chief Executive Officer



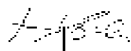
Director

**Condensed Interim Cash Flow Statement (Un-Audited)**

for the nine months ended September 30, 2014

	September 30, 2014	September 30, 2013
	-----	-----
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(12,224,471)	(12,907,137)
<b>Adjustments for:</b>		
Depreciation	620,876	698,558
Financial charges	10,333,659	18,605,095
Unrealised gain on revaluation of investments	(396,926)	(4,204,697)
Realized gain on sale of investments	(8,746,683)	(13,112,518)
	<u>(10,413,544)</u>	<u>(10,920,700)</u>
<b>Changes in operating assets / liabilities</b>		
Prepayments and other receivables	(315,660)	7,257,515
Accrued expenses and other liabilities	(9,721,887)	18,914,425
	<u>(10,037,547)</u>	<u>26,171,940</u>
<b>Cash used in from operations</b>	(20,451,092)	15,251,240
Financial charges paid	(10,333,659)	(18,605,095)
Taxes paid	(543,414)	(1,270,312)
	<u>(10,877,073)</u>	<u>(19,875,408)</u>
<b>Net cash used in operating activities</b>	(31,328,165)	(4,624,167)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(25,000,000)	(502,185,309)
Proceeds from disposal of investments	297,683,162	607,511,281
Proceeds from short term loans - net	10,000,000	16,500,000
Short term loan repaid	(252,000,000)	-
Deposits	(1,365)	(2,734)
<b>Net cash generated from / (used) in investing activities</b>	30,681,797	121,823,238
<b>Net Increase / (decrease) in cash and cash equivalents</b>	(646,369)	117,199,071
<b>Cash and cash equivalents at beginning of the period</b>	1,455,739	36,829,716
<b>Cash and cash equivalents at end of the period</b>	<u>809,370</u>	<u>154,028,787</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



Chief Executive Officer



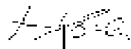
Director



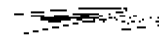
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
for the nine months ended September 30, 2014

	Share capital	Reserve on amalgamation	Un-appropriated profit / (loss)	Total
	----- (Rupees) -----			
Balance as at December 31, 2012 - Restated	5,577,730,900	1,123,402,769	10,727,625	6,711,861,294
Total comprehensive loss for the period- restated	-	-	(12,634,396)	(12,634,396)
<b>Balance as at September 30, 2013 - Restated</b>	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>(1,906,771)</u>	<u>6,699,226,898</u>
Balance as at December 31, 2013	5,577,730,900	1,123,402,769	(608,211,148)	6,092,922,521
Total comprehensive loss for the period	-	-	(12,655,372)	(12,655,372)
<b>Balance as at September 30, 2014</b>	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>(620,866,520)</u>	<u>6,080,267,149</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
for the nine months ended September 30, 2014

**1. LEGAL STATUS AND OPERATIONS**

- 1.1** KASB Corporation Limited (formerly Sigma Corporation Limited) [the Company] was incorporated in Pakistan on April 11, 1996 as a Public Limited Company and received certificate of commencement of business on January 27, 1997 and is listed on the Karachi Stock Exchange since 1997. The registered office of the Company is situated at 90-91 Razia Sharif Plaza, Blue Area, Islamabad.
- 1.2** On May 31, 2012, the Securities and Exchange Commission of Pakistan (SECP) de-registered the Company as a Non-banking Finance Company (NBFC) and revoked its license to carry on leasing business vide letter NLA/PRDD/SCD/Sigma/2012-704. On June 22, 2012, the SECP has issued certificate of change of name of the Company from "Sigma Leasing Corporation Limited" to "Sigma Corporation Limited". On September 05, 2013, SECP has issued certificate for change of name of the Company from "Sigma Corporation Limited" to "KASB Corporation Limited". Pursuant to the said discontinuation of leasing business in 2012, the Company's core business is now to undertake portfolio investment management and investment in other financial instruments.

**1.3 Following are the subsidiaries of the Company:**

**Subsidiaries**

KASB Bank Limited  
KASB Funds Limited  
KASB Invest (Private) Limited  
KASB Capital Limited (formerly KASB International Limited)  
KASB Securities Limited  
KASB Modaraba  
My Solutions Corporation Limited  
Structured Venture (Private) Limited

**2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS**

- 2.1** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2013.
- 2.2** These are separate financial statements of the Company. The Securities and Exchange Commission of Pakistan (SECP) has granted exemption to the Company from consolidating its subsidiaries (as mentioned in note 1.3) subject to certain conditions applicable to the annual and half yearly financial statements, which the Company has made arrangements for compliance. In compliance with the SECP exemption letter, the Company will present the consolidated financial statements for the year ended December 31, 2014.
- 2.3** During the previous year 2013, the Board of Directors approved change of accounting year of the Company from June 30 to December 31 in accordance with the requirements of the Companies Ordinance, 1984. On June 28, 2014, the Federal Board of Revenue vide letter Jud-I/CIR/Zone-II/RTO/Khi/2013/8748 also approved the change of tax year for the Company from June 30 to December 31. Accordingly, these are the first nine months condensed interim financial statements of the Company as at September 30, 2014.

**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 ended December 31, 2013.

4. SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

		September 30, 2014 (Un-audited)		December 31, 2013 (Audited)	
----- (Rupees) -----					
Number of Units / Certificates	Name of mutual funds	September 30, 2014		December 31, 2013	
		(Un-audited)	(Audited)	Carrying Value	Market value
-	898,670.0706	-	-	90,000,000	91,910,583
-	1,910,983.5402	-	-	187,191,794	191,213,013
-	81,226.6994	-	-	4,908,148	5,812,883
2,483,345.5013	-	25,000,000	25,396,926	-	-
		<b>25,000,000</b>	<b>25,396,926</b>	282,099,942	288,936,479
	Unrealised gain on remeasurement of fair value through profit or loss investments	<b>396,926</b>	-	6,836,537	-
		<b>25,396,926</b>	<b>25,396,926</b>	288,936,479	288,936,479

\* Related party

Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
----- (Rupees) -----		

5. LONG TERM INVESTMENTS

Subsidiary companies

5.1	<b>7,001,649,941</b>	<b>7,001,649,941</b>
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5.1 SUBSIDIARY COMPANIES

**KASB Bank Limited (quoted)**  
Advance against further issue of shares

<b>6,460,001,505</b>	6,460,001,505
<b>981,410,000</b>	981,410,000
<b>7,441,411,505</b>	7,441,411,505
<b>(597,077,505)</b>	(597,077,505)
<b>6,844,334,000</b>	6,844,334,000

Less: Provision for impairment

**KASB Funds Limited (unquoted)**  
Less: Provision for impairment

<b>111,666,670</b>	111,666,670
<b>(43,148,000)</b>	(43,148,000)
<b>68,518,670</b>	68,518,670

**KASB Invest (Private) Limited (unquoted)**  
Less: Provision for impairment

<b>1,500,000</b>	1,500,000
<b>(1,500,000)</b>	(1,500,000)
-	-

**KASB Securities Limited (quoted)**

<b>2,525,932</b>	2,525,932
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**KASB Capital Limited (formerly KASB International Limited) (unquoted)**

<b>85,386,000</b>	85,386,000
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**KASB Modaraba (quoted)**

<b>885,339</b>	885,339
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<b>7,001,649,941</b>	<b>7,001,649,941</b>
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**6. CONTINGENCIES AND COMMITMENTS**

6.1 There is no change in the status of contingencies in respect of Federal Excise Duty and Capital Gain tax as disclosed in the annual financial statements of the Company for the period ended December 31, 2013 except for the update during the period in respect of WWF as disclosed in note 6.1.1 below.

6.1.1 During the period the Deputy Commissioner Inland Revenue issued demand of Rs. 12.6 million against payment of Workers Welfare Fund for the tax years 2009, 2010, 2011, 2012 and 2013 based on incorrect profit amounts. The Company has already held a provision of Rs. 3.6 million against liability of Workers Welfare Fund. The Company has preferred appeals to Commissioner Inland Revenue against the Orders issued. The management, is confident about the favourable outcome of the above matter and consequently no additional provision has been made in these condensed interim financial statements for the remaining unprovided amount of Rs. 9 million.

**7. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise associates, retirement benefit fund, major shareholders, directors and key management personnel and their close family members. Transactions/balances with related parties are summarized as follows:

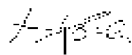
	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
<b>Balances (assets and liabilities)</b>		
	-----	-----
		(Rupees)
Bank balances	709,620	1,344,429
Short term loan to a subsidiary	-	10,000,000
Investment in mutual funds	-	288,936,479
Investment in subsidiary companies	7,001,649,941	7,001,649,941
Short term loan	28,000,000	280,000,000
Markup receivable on deposits and short term loans	295	404,274
Markup payable on loan	650,522	14,115,068
Other payable	5,940,000	2,800,000
Other receivables	3,518,919	3,218,919
	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	-----	-----
		(Restated)
<b>Transactions</b>		
		(Rupees)
<b>Income</b>		
Markup on deposits and short term loans	860,260	2,309,726
Return on investments	9,096,682	15,067,667
Rent received	900,000	-
<b>Expenses</b>		
Financial charges	1,464	806
Markup on loan	14,115,068	13,884,932
CDC custody charges	81,322	118,952
Advisory service fee	-	4,500,000
<b>Key management personnel</b>		
Remuneration paid to key management personnel	4,000,000	-
<b>Others</b>		
Contribution paid to employees' provident fund	47,745	54,866
Reimbursements	163,288	104,196
Purchase of investments	-	502,185,309
Sale of investments	297,683,162	607,511,281

**8. DATE OF AUTHORIZATION**

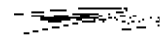
These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on October 29, 2014.

**9. GENERAL**

- 9.1 The results for the corresponding period have been restated to reflect the merged position of the Company. The merger of the Company with KASB Finance (Private) Limited was retrospectively effective from September 26, 2012 as fully explained in note 1.4 to the financial statements of the Company as at December 31, 2013.
- 9.2 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Registered Office: 90-91 Razia Sharif Plaza, Blue Area, Islamabad - 44000  
Tel: (051) 2826181-82 Fax: (051) 2826184

Corporate Office: 24-C, Shahbaz Commercial Lane 2, Main Khayaban-e-Shahbaz, DHA Phase VI, Karachi  
Tel: +92 21 35349167-69 Fax: +92 21 35349166  
Email: [info.kcorp@kasb.com](mailto:info.kcorp@kasb.com)  
Website: [www.kasb.com/corporation](http://www.kasb.com/corporation)