



**KASB SECURITIES**

Annual Report 2008

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## COMPANY INFORMATION

<b>Board of Directors:</b>	Syed Asghar Ali Shah - Chairman Saeed Yousuf Chinoy Syed Wamiq Abrar Bokhari Farrukh H. Sabzwari - Chief Executive Officer Sheikh Muhammad Moeen Kamran Muneer Ansari Tahir Iqbal
<b>Audit Committee:</b>	Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Sheikh Muhammad Moeen Zia-ul-Haq - Secretary
<b>Investment Committee:</b>	Saeed Yousuf Chinoy Farrukh H. Sabzwari Kamran Muneer Ansari
<b>CFO &amp; Company Secretary:</b>	Kamran Muneer Ansari
<b>Auditors:</b>	A.F Ferguson & Co. (Chartered Accountants) State Life Building 1-C, I.I. Chundrigar Road, Karachi, Pakistan
<b>Bankers:</b>	KASB Bank Limited MCB Bank Limited Standard Chartered Bank Limited Allied Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Askari Bank Limited Habib Bank Limited United Bank Limited
<b>Legal Advisor:</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan Ph : (92-21) 5657658-59 & 5657674 Fax: (92-21) 5657673 E-mail: bawaney@cyber.net.pk
<b>Registered Office:</b>	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 2630202 E-mail: kasbho@kasb.com

**Branches:**

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Blue Area, Islamabad, Pakistan  
Ph : (92-51) 111-222-000 & 2276325-8  
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E-mail: kasbisb@kasb.com

Lahore  
2nd Floor, Fountain Avenue Building, 64-A,  
Main Boulevard, Gulberg III, Lahore, Pakistan  
Ph : (92-42) 111-222-000 & 5787536-41  
Fax: (92-42) 5787545  
E-mail: kasblhr@kasb.com

**Website:**

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

**Share Registrar:**

THK Associates (Private) Limited  
Ground Floor, State Life Building No.3,  
Dr. Ziauddin Ahmed Road, Karachi, Pakistan  
Ph : (92-21) 111-000-322  
Fax: (92-21) 5655595

## Vision

To invest in Quality Human Resource ensuring sustained growth enabling provision of par excellence financial services fuelled with innovation.

## Mission

Building a team of professionals, managing relationship with all stakeholders their families and businesses on the principles of integrity, accountability with a tradition of trust.



V	ision	Customer Oriented, Innovative
A	ttitude	Proactive, Based on Commitment & Respect
L	eadership	Based on integrity, Trust & Teamwork
U	pright	Credible & Reliable
E	xcellence	In Customer Services with Quality
S	ynergy	In Team Result



**Notice of Annual General Meeting**

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of KASB Securities Limited (the Company) will be held at Beach Luxury Hotel, Karachi on Monday, 27 April 2009 at 1600 hours to transact the following business:

### A Ordinary Business

- 1) To confirm the minutes of the Annual General Meeting held on 25 March 2008.
- 2) To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December 2008 together with the Directors' and Auditors' Report thereon.
- 3) To appoint the auditors for the year ending 31 December 2009 and fix their remuneration, Messrs. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.

### B Special Business

- 4) To consider and, if thought fit, pass the following resolution as Ordinary Resolution:

**RESOLVED AND APPROVED THAT** pursuant to the Securities and Exchange Commission of Pakistan (SECP) Circular 19 of 2004 dated April 14 (the Circular), and the Karachi Stock Exchange's notice dated 03 June 2004 to the listed companies, the Directors of the Company be and are hereby authorised to place the subsequent Quarterly Financial Statements of the Company on the website of KASB Securities Limited, instead of sending the same by post to the Members, subject to the fulfillment of the conditions contained in the said Circular, including obtention of prior permission of the SECP.

**FURTHER RESOLVED THAT** all procedural formalities required for the placement of the subsequent Quarterly Financial Statements on the website of KASB Securities Limited be fulfilled with the assistance of an Information Technology Service Provider and the Information Technology personnel of KASB Securities Limited.

- 5) To consider and approve providing/obtaining diversified services to/from other KASB Group companies on cost sharing and commercial basis for the amounts to be recovered/paid as determined according to the nature, scope and extent of the services, and if thought fit to pass the following special resolution, with or without modifications, in compliance of the provisions of section 208 of the Companies Ordinance, 1984:

**RESOLVED AND APPROVED THAT** KASB Securities Limited (KASB Securities) will provide/obtain diversified services to/from other KASB Group companies on commercial as well as cost sharing basis on the terms and conditions to be decided in relation to the nature, scope and extent of the service(s) provided/received.

**RESOLVED FURTHER THAT** the Chief Executive Officer of KASB Securities will finalize the terms and conditions of the diversified services and execute related necessary documents/agreements either himself or through his nominated executives of KASB Securities.

### C Other Business

- 6) To transact any other business with the permission of the Chair.

A statement under section 160 of the Companies Ordinance, 1984 setting forth all material facts concerning the Resolutions contained in items (4) and (5) of the Notice which will be considered for adoption at the meeting is annexed to this Notice of Meeting being sent to Members.

By order of the Board

Karachi  
06 April 2009

**Kamran Ansari**  
Company Secretary

**Notes:**

- (i) Share transfer books of the Company will remain closed from 20 April 2009 to 26 April 2009 (both days inclusive). Transfers received in order at the office of our Registrar, THK Associates (Private) Limited; Ground Floor, State Life Building No.3, Ziauddin Ahmed Road, Karachi; by the close of business on April 19, 2009 will be treated in time.
- (ii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy will have the same rights as are available to the member.
- (iii) Proxy must be received at the office of our Registrar not later than 48 hours before the time of the meeting. The form of proxy submitted must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers must be mentioned on the form, along with the attested copies of CNIC or the passport of the beneficial owner and the proxy.
- (iv) In case of proxy by a corporate entity, Board of Directors resolution/power of attorney shall also be submitted along with the form.
- (v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan and/or their proxies are required to produce their original (CNICs) or Passport for identification purpose at the time of attending the meeting.
- (vi) Members are requested to promptly notify any change in their address to the office of our registrar.

**STATEMENT UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE 1984**

**Item 4: Placement of Quarterly Financial Statements on the Company's Website**

The Securities and Exchange Commission of Pakistan (Commission) vide Circular 19 of 2004 has allowed the listed companies to place the quarterly/half yearly financial statements on the website of the Company instead of sending the same to the members by post subject to fulfillment of certain conditions. In order to avoid unnecessary cost and cumbersome exercise, the Company's Board has recommended for the placement of Company's quarterly/half yearly financial statements on the website of the Company, [www.kasb.com](http://www.kasb.com) instead of transmitting the same to the members by post subject to necessary approval of Members / Commission. Now, the consent of the members in this context is solicited to move for obtaining approval of the Securities and Exchange Commission of Pakistan.

**Item 5: Diversified Services**

The Company intends to provide/obtain diversified services to/from other companies of the KASB Group for which the Company will charge/pay appropriate amounts from/to the respective companies in relation to the nature, scope and quantum of the services provided/received.

As provided for in section 208 of the Companies Ordinance, 1984 a Company shall not make any investment in any of its associated companies or associated undertakings except under the authority of a special resolution. The expression investment shall include loans, advances, equity, by whatever name called, or any amount which is not in the nature of normal trade credit.

The receivable/payable amounts from/to the Group companies for services rendered/obtained, by nature, may fall within the ambit of section 208 of the Companies Ordinance, 1984; hence as a matter of abundant precaution, approval of the members is sought for providing/obtaining diversified services to/from other companies of KASB Group in compliance of the requirement of section 208 of the Companies Ordinance, 1984.

**The directors of the Company have no additional interest in any of the above businesses except to the extent of their shareholding.**





**Directors' Report**

## DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present to you the audited financial statements of KASB Securities Limited (the "Company") for the year ended 31 December 2008.

The Company during the last year changed its financial year from 30 June to 31 December in order to enhance financial reporting quality and usefulness within the group. The corresponding figures shown in the financial statements pertain to the period of six months ended 31 December 2007. Therefore, the corresponding figures are not comparable.

### Economic Review

Pakistan's economy after witnessing a major economic transformation deteriorated significantly owing to adverse security developments, large exogenous oil and food price shocks, global financial turmoil, and policy inaction during the political transition to the new government. The real GDP growth slowed to 5.8 percent during the year reflecting the weaker performance of the agricultural and manufacturing sector. The CPI 12-month inflation rose to 25 percent in October 2008, with core inflation excluding energy and food increasing to 18 percent. In order to contain the inflationary pressure, the SBP increased the discount rate in several steps.

The external current account deficit widened, growth of exports and remittances from abroad declined and the total imports increased primarily due to an increase in the value of oil imports and strong aggregate demand growth. The surplus in the financial account of the balance of payments kept declining and led to a reduction in the reserves of the State Bank of Pakistan to \$ 3.4 billion less than one month of imports as of end October 2008. The deficit was largely covered through the SBP financing.

The banking system was well capitalized and liquid as of end-June 2008, but the second half of the year saw a huge liquidity crisis engulf most of the banks and asset management companies as well. The global financial crisis and domestic pressures led to rising dollarisation and an outflow of deposits from the system during July-October08, which contributed to a deterioration of the liquidity conditions. The escalation of liquidity pressures led SBP to reduce the reserve requirement by 4 percent but the effort proved futile as liquidity conditions continued to worsen and forced the GOP to enter into an IMF program.

### Stock Market Review

The premier stock market of Pakistan after registering a robust performance and an era of unabated success reflected a negative growth trail in line with the generally prevailing global tendency as the foreign investors started to pull out. The sheer plunge in the KSE 100 Index during the month of June forced the regulator to adjust the circuit breakers, virtually transforming the Stock Market into a buying market forcing regulator within a short span to withdraw its earlier directives. This depleted the investors' confidence further and on withdrawal, investors started panic selling resulting in sharper declines of valuations and thereby the index. The Supervisory body realizing the gravity of the situation decided to impose a floor on the prices of the securities based on the closing prices of securities on 27 August 2008 both in the ready and futures market. Consequently, the volumes traded on the exchange reduced drastically and were negligible.

The floor was finally removed on 15 December 2008 and the market returned to its normal trading. Following, the removal of the floor, the National Clearing Company of Pakistan Limited entered into agreements with KSE Member financees and Authorised Financiers with respect to the settlement of open CFS MK-II positions as on 24 December 2008. These agreements and the activation of Rs. 20 billion NIT-State Enterprise Fund helped to provide limited support to the market and trading in the market normalized to some extent shortly after.

Since the start of year 2009, the market has rebounded to a little extent led by the oil and banking sector, mainly due to a regulatory change announced by the State Bank of Pakistan allowing 30% of Forced Sales Value benefit against the provisions for a period of 3 years and the slowdown in selling by foreign investors coupled with the expectations of good corporate announcements.

### Operating Performance

The political uncertainty, global as well as domestic financial turmoil and the sharp fall in the trading volumes and values during the second half of the financial year ended 31 December 2008 severely impacted the financial results of the Company. The average daily turnover was approximately 45 million shares for the second half of 2008 as compared to over 300 million shares for the corresponding period last year and the KSE-100 index after touching a high of 15,676.34 during the year closed at 5,865.01 as at 31 December 2008.

Resultantly, the profitability of the Company dropped significantly and the Company has only managed to report a PBT of Rs. 45.20 million and PAT of Rs. 4.69 million in comparison to PBT of Rs. 359.96 million and PAT of Rs. 301.31 million for the same period last year. Accordingly, the earnings per share of the Company also dropped to Rs. 0.05 per share as compared to Rs. 2.38 per share for the six months period ended 31 December 2007.

The decline in PBT, PAT and earnings per share of the Company is primarily attributable to the unrealized loss of Rs. 105.746 million recognized on the remeasurement of the held for trading investments at fair value through profit and loss account and the provision made for the doubtful trade debts amounting to Rs. 154 million. This provision of Rs. 154 million includes an amount of Rs. 88 million against the impairment loss in respect of certain debtors based on estimated timing and the amount of recoveries.

The management remained proactive and took various measures to counter this unusual situation by controlling and managing the expenditures by implementing various cost cutting measures including freezing of hiring and limiting IT projects as well as deferring some expenses. Substantial saving was also achieved due to the transfer of the investment banking arm of the Company to the then holding Company, KASB Capital Limited – now merged in KASB Bank Limited. As such, the operating and administrative expenses curtailed to Rs. 197.89 million excluding the provision for doubtful debts as against Rs. 431.58 million incurred in the corresponding period last year. Other operating revenue declined mainly due to the transfer of the investment banking arm. The reduction in net assets is principally due to the recognition of unrealized loss recognized on the remeasurement of available for sale investments during the year.

The volatile and turbulent financial and equity markets across the globe had the visible negative bearings on the equity markets of Pakistan. This has adversely affected our plans for the year ended 31 December 2008 to make recommendation of some return on the investment to the members. The Board is genuinely concerned about its obligations towards the stakeholders and would leave no stone unturned to provide relief to them in the ensuing year.

#### **Significant event Relating to the Shareholding Structure**

KASB Capital Limited now merged into KASB Bank, the then 100% holding company of KASB Securities Limited, offered 24 million Ordinary shares of the issued, subscribed and paid up capital of the Company constituting 24 percent to the general public through an Offer for Sale. The subscription against the offer commenced on 28 June 2008 and closed on 30 June 2008. The offer was under subscribed and the unsubscribed portion was taken up by the underwriters as the offer was fully underwritten. The Company obtained formal listing on the Karachi Stock Exchange on 04 August 2008.

#### **Corporate Governance**

The directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance for the following:

- Proper books of account of the Company have been maintained;
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies as more fully explained in notes 3.1 to 3.17.2 to the financial statements have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement;
- Approved Accounting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission as also stated in note 2.1 to the financial statements, have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- Key operating and financial data of the preceding years is appearing on page 17 and 18;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 31 December 2008 except for those disclosed in the financial statements;

- The Company operates an approved contributory provident fund for its eligible employees. The value of investments as per the audited financial statements for the year ended 31 December 2008 amounts to approximately Rs. 23.32 million; and
- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet date and the date of the Directors Report.

### **The Board**

The Board comprised of four non-executive directors and three working directors. The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices. The Board has a separate Audit and Investment Committee to assist the Board in the performance of its functions. The names of the members of these Committees are stated in the Company information pages.

The directors wish to report the following changes in the Board of Directors:

Mr. Imtiaz Gadar appointed on 25 March 2008 resigned from the position of director on 11 April 2008 and in his place Mr. Muzaffar Ali Shah Bukhari was appointed as the new director on 11 April 2008.

Mr. Muzaffar Ali Shah Bukhari appointed on 11 April 2008 resigned from the position of director on 01 January 2009 and in his place Mr. Sheikh M. Moeen was appointed as the new director on 01 January 2009.

Mr. Waseem Haqqie elected on 28 January 2008 resigned from the position of director on 31 March 2009 and in his place Mr. Asghar Ali Shah was appointed as the new director on 01 April 2009.

Mr. Asghar Ali Shah has been appointed as the new Chairman Board of Directors of the Company in place of the outgoing Chairman, Mr. Waseem Haqqie. The Board welcomes the new directors on the Board and places on record its sincere appreciation for the services rendered by the outgoing directors.

### **Financial Responsibility**

The management of the Company is responsible for the preparation of financial statements and the related notes contained therein. These financial statements are reviewed by the Audit Committee (AC) before being approved by the Board members. The AC assists the Board in monitoring and managing the risks associated with the business and the internal controls put in place to mitigate these risks. The internal audit function is reportable to the AC and has been outsourced to Ford Rhodes Sidat Hyder & Co., Chartered Accountants.

The internal audit function adopts a risk based methodology for the planning and conducting the business process audits, which is very much consistent with the established Framework. The Audit Committee operates in accordance with the requirements laid down in the Code of Corporate Governance and the terms of reference approved by the Board. The Committee comprises of three Non-Executive Directors and held two meetings during the year.

### **Appointment of External Auditors**

The external auditors Messrs. A. F. Ferguson & Co., Chartered Accountants stand retired and offer themselves for reappointment. The Board recommends their reappointment for the financial year ending 2009. Approval to this effect will be sought from the members at the forthcoming annual general meeting.

### **Shareholding**

The pattern of shareholding as on 31 December 2008 is appearing on Page 53 including the transactions carried out by directors, Chief Executive Officer and their spouses and minor children. The principal officers of the Company had reportedly carried out no trading in the shares of the Company.

### **Credit Rating**

The directors are pleased to inform you that The Pakistan Credit Rating Agency (PACRA) has maintained the long term rating at A+ (Single A Plus) while maintaining the short term rating at A1 (A One). The rating of secured TFC issue of PKR 500million has also been maintained at AA- (Double A Minus).

The ratings reflect the strong presence of the Company in the broking business, an outcome of its established franchise supported by an advanced technology infrastructure, effective risk management systems and extensive research skills.

**Future Outlook**

Pakistan's economy came under severe strain and the rising trade deficit, surging inflation, increased government borrowings, continuously weakening rupee, tumbling foreign exchange reserves and other weakening macro economic indicators are a clear reflection of the economic woes. The government of late has taken a number of measures in order to correct the macro economic imbalances and despite these turbulent times we remain confident that the government's financial policies would gradually result in a more stabilized macroeconomic situation. In spite of the above, we remain optimistic that our Company is well geared to handle the situation and take benefit of the next economic upturn.

**Acknowledgement**

The directors wish to record their gratitude to the Company's valued customers, shareholders, business partners and other stakeholders for their continued faith and support and the executives and the staff members for their dedication and commitment.

On behalf of the Board of Directors



**Syed Asghar Ali Shah**  
Chairman

Karachi: 01 April 2009



## Board of Directors



*Left to Right*

Syed Wamiq Abrar Bokhari, Tahir Iqbal, Kamran Ansari, Sheikh Muhammad Moeen,  
Syed Asghar Ali Shah, Farrukh H. Sabzwari,  
Saeed Yousuf Chinoy,

## PROFILE OF DIRECTORS

### **Syed Asghar Ali Shah - Chairman**

Mr. Asghar Ali Shah is a seasoned and experienced technology expert having worked with a number of banks and institutions in Pakistan and abroad. He is a German national with Pakistani origin. He was born in Rawalpindi on March 21, 1950. He got his education in Pakistan and graduated from University of Punjab in 1969. Thereafter he got Diploma in Data Processing at Frankfurt C D I, Germany and did numerous professional courses from UK, USA and Germany.

Mr. Shah worked in senior positions with a number of organizations during the period from 1971 till date such as Stock Exchange Frankfurt, American Express, Frankfurt, University Info Systems Frankfurt, Abbot Europe, H.Q. Germany, BCCI, Asia Pacific Hong Kong and Abu Dhabi . He was the CEO of Musthekem Cement Rawalpindi, Education Tech-Knowledge, Lahore and Amtex Europe, HO, Germany.

### **Saeed Yousuf Chinoy - Director**

Mr. Saeed Yousuf Chinoy is a business and management consultant with over thirty years global experience in corporate consultancy and project development. He is appointed to the Board of Directors of KASB Securities Limited as an independent non-executive Director and is currently the Managing Director of Dubai Shows Limited; a Dubai based international property exhibition company. He has also served on the Boards of various other companies in Pakistan including Singer Pakistan Limited, Premier Sugar and Distillery Co. Limited, Phipson & Co. Limited, Pakistan Agencies Limited and Continental Furnishing Co. Limited. He remains engage in international financial and equities market and holds investments in Pakistan Real Estate and Capital Markets. He holds a Bachelors as well as Master from Cambridge University, United Kingdom.

### **Farrukh H. Sabzwari - Chief Executive Officer**

Mr. Farrukh H. Sabzwari joined KASB Securities Limited as its CEO in January 2005. Prior to this, he was associated with AKD Securities (Private) Limited as Head of Broking from April 2003 to December 2004. He was previously employed at Credit Lyonnais Emerging Markets (CLSA) Pakistan, as their Head of Sales from 1995 to 1998, Pakistan Country Head from 1998 to 2000 and then as Vice President Subcontinent Sales in New York till December 2002.

He received an MBA majors in Finance from the Institute of Business Administration (IBA), Karachi in 1992 and has also completed Series 7 general Securities Representative Examination & Series 63 Uniform Securities Agent State Law Examination from the National Association of Securities Dealers, Inc. (NASD) currently known as Financial Industry Regulatory Authority (FINRA), New York in 2001.

Mr. Sabzwari has over fifteen years of diverse investment banking and institutional broking experience and enjoys excellent rapport with some of the biggest domestic and international institutional capital market participants. His invaluable efforts and team working spirit has led KASB securities limited to win recognition through various forums - Asia Money Best equities house Award for 2006 and 2007, Best Research Analyst Award for KASB securities Limited by the CFA association of Pakistan for 2005, 2006 and 2007 and the Asset Magazine Award for the Best Equities house in Pakistan for 2007. Farrukh was also ranked among the top sub-continent sales people in New York by Asia Money Publication in their 2002 annual broker polls.

### **Sheikh Muhammad Moeen - Director**

Mr. Moeen has been associated with the KASB Group since 2004 when he joined the KASB Securities as Risk Manager and Company Secretary. Before being elevated to the position of Chief Financial Officer in 2005, he headed the risk and compliance function and was also responsible for managing corporate and legal affairs of the company.

During his tenure at KASB Group he has played key role in developing various corporate entities and structures within KASB Group, some of which include KASB Capital, KASB Funds, KASB Finance, KASB Modaraba and various other corporates and ventures.

Presently he is heading the Group Finance Control and Reporting function at KASB Finance Limited (the group holding company) where one of his primary responsibility include monitoring group level business and financial performance within all group-corporations. He is discharging responsibilities as member of other board and committees both within and outside KASB Group.

He is an associate member of the Institute of Chartered Accountants of Pakistan and holds certificate level qualifications in Management Accounting and Islamic Finance.

Prior to joining KASB Securities, Mr. Moeen was associated with a local Credit Rating Company as Senior Financial Analyst, where he played key role in devising the first ever corporate governance rating benchmark and implemented these ratings for the first time in Pakistan. He has also remained associated with the A.F. Ferguson & Co. Chartered Accountants, Karachi (member firm of PricewaterhouseCoopers) from year 1997 to 2002.

#### **Syed Wamiq Abrar Bokhari - Director**

Syed Wamiq Abrar Bokhari is a senior International petroleum executive who has worked on various projects in five continents. He attained his Bachelors and Master degrees in Petroleum Engineering from University of Texas. He has attended several technical and management courses, including advance management course in Oxford. Mr Wamiq started his career with US based ARCO (Atlantic Richfield Company) in US. He later joined LASMO (later acquired by Eni) and served as the Operation manager in Pakistan. Lately, he was assisting Kuwait Foreign Petroleum Company (KUFPEC) in managing the Exploration and Production (E&P) activities in the Far east & Australia region that is almost entirely offshore.

Mr. Wamiq has also been very active in the Society of Petroleum Engineers and has authored several technical papers. He also served as Vice President Expert Committee of PPEPCA (Pakistan Petroleum E & P Companies Association) from 2002-2003.

#### **Mr. Kamran Ansari - CFO and Company Secretary**

Mr. Kamran Ansari joined KASB Securities in October 2007 and worked as the Head of Risk & Compliance before being elevated to the position of Chief Financial Officer & Company Secretary. In addition to his core responsibilities of managing financial, secretarial and corporate affairs, he is also entrusted with the responsibility to manage and supervise the risk side of the business.

Prior to joining the KASB Securities, Mr. Ansari was associated with JS Global Capital Limited in the capacity of Chief Financial Officer & Company Secretary. He is a Chartered Accountant by profession from A.F. Ferguson & Co., Chartered Accountants. Before joining the Capital Markets, he held managerial position on the business advisory side with Anjum Asim Shahid Rahman member firm of Grant Thornton International.

#### **Tahir Iqbal - Head of Operations**

Mr. Tahir Iqbal joined KASB Securities Limited in February 1994. Mr. Iqbal has over a decade long association with the KASB securities Limited where he has been engaged with Settlements, Custody and general Operations of the company and has been a key resource is designing and automating its business and back office systems. Prior to joining KASB securities Limited he was Associated as a Cost Accountant with Associated Industries Pakistan (Pvt) Limited, one of the most prominent export house in Pakistan. He has an MBA (Finance and Accounts) degree from Preston University and has completed various courses from the Institute of Cost and Management Accountants of Pakistan.



## CODE OF CONDUCT

KASB Securities is a strong supporter of corporate decorum and ensures that its employees endeavor to maintain highest ethical standards during the discharge of their duties. The Company has adopted a Code of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. A summary of the Code is as follows:

### **Conflict of Interest**

Employees must act at all times in the Company's best interests and are expected to avoid situations in which their financial or other personal interests or dealings are in conflict with the interests of the Company. Matters involving conflict of interest are prohibited as a matter of policy and any conflict that arises in a specific situation or transaction must be disclosed and resolved.

### **Gifts or entertainment**

Offering or acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any existing or potential customer, supplier or business associate of the Company, other than occasional gifts of a modest value and entertainment on a modest scale as part of customary business practice.

### **Bribery**

The making or receiving of facilitation payments or inducements such as bribes and similar acts in cash or kind are prohibited and the resources of the Company are not utilized for any such purpose.

### **Accounting Standards**

Compliance with applicable accounting standards and procedures is always necessary. The information supplied to the external auditors, shareholders and other third parties must be complete and not misleading.

### **Human Resources**

Human Resource policies are consistent, transparent and fair and staff members are encouraged to make suggestions or raise business concerns. Selection for employment and promotion is based on objective assessment of ability, qualification and experience, free from discrimination on any grounds. Discrimination on the basis of cast, culture, religion, disability or sex is intolerable.

### **Compliance with Regulatory Requirements**

KASB Securities transacts its business in accordance with the applicable laws, rules and regulations and cooperates fully with the government and regulatory bodi

### **Confidentiality**

Employees are bound to protect the confidentiality of information and are obliged to keep the delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

### **Community Responsibility**

KASB aims to operate as a responsible corporate citizen, supporting the communities locally and globally and recognizes its responsibilities towards these communities.

### **Environmental Responsibility**

KASB is concerned with the conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and it aims to limit its use of all finite resources.

## FINANCIAL HIGHLIGHTS

	Jan - Dec 2008	July - Dec 2007 **	July - June 2007	July - June 2006	July - June 2005	July - June 2004
<b>Operating Performance</b>						
<b>(Rupees in '000)</b>						
Revenue *	476,890	454,495	692,315	568,836	342,139	246,785
Operating and administrative expenses	351,949	227,837	383,234	309,507	256,083	218,308
Finance cost	106,575	53,518	37,962	34,888	21,650	11,508
Other income	26,834	6,382	17,336	14,254	7,503	7,075
Profit before taxation	45,200	179,522	288,455	238,695	71,909	24,044
Profit after taxation	4,690	151,003	226,920	187,522	47,980	15,084
<b>Per Ordinary Share</b>						
<b>(Rupees)</b>						
Earnings per share	0.05	2.38	4.71	6.25	2.74	1.01
Break-up value per share	11.98	13.71	18.74	16.56	11.02	11.68
<b>Dividends (Percentage)</b>						
Cash	–	–	83.4% (I)	33.5% (I)	5% (I)	–
<b>Assets and Liabilities</b>						
<b>(Rupees in '000)</b>						
Total assets	2,255,343	3,368,462	2,911,785	1,461,700	1,536,989	596,624
Current assets	2,143,693	3,122,576	2,673,746	1,261,344	1,490,219	548,873
Current liabilities	556,308	1,493,612	1,842,154	956,924	1,184,177	397,659
<b>Financial Position</b>						
<b>(Rupees in '000)</b>						
Shareholders equity	1,198,356	1,371,103	562,158	496,908	330,720	175,244
Share capital	1,000,000	1,000,000	300,000	300,000	300,000	150,000
Reserves	198,356	371,103	262,158	196,908	30,720	25,244
Share outstanding (Number in '000)	100,000	100,000	30,000	30,000	30,000	15,000
Return on capital employed - (%)	3.77	13.09	51.31	48.04	21.74	13.72
Return on total assets - (%)	6.73	6.92	11.21	18.72	6.09	5.96
Current ration-times	3.85	2.09	1.45	1.32	1.26	1.38
Interest cover ratio-times	1.42	4.35	8.60	7.84	4.32	3.09

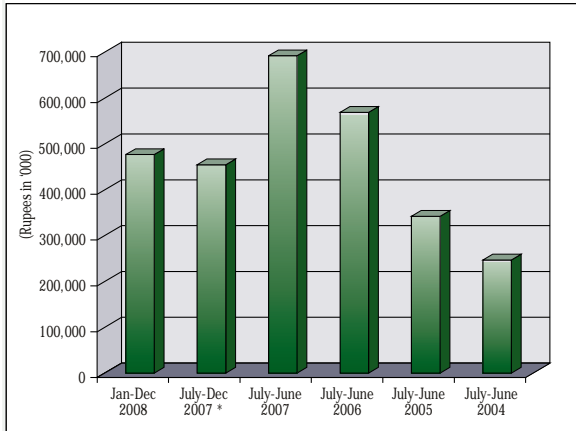
(I) Interim

(F) Final

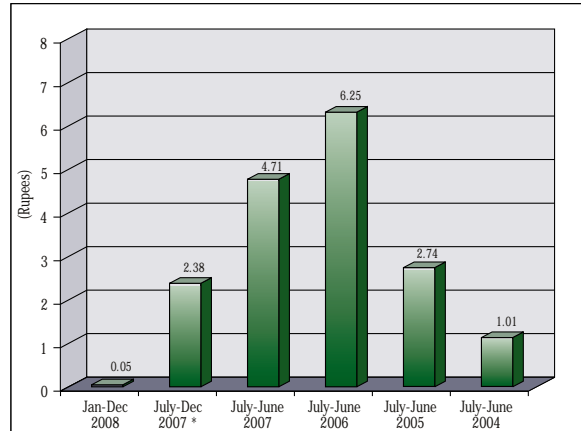
\* Revenue is net / gross of net unrealised (loss) / gain on remeasurement of investments at fair value through profit or loss to fair value - held for trading.

\*\* In 2007, the Company changed its financial year from 30 June to 31 December.

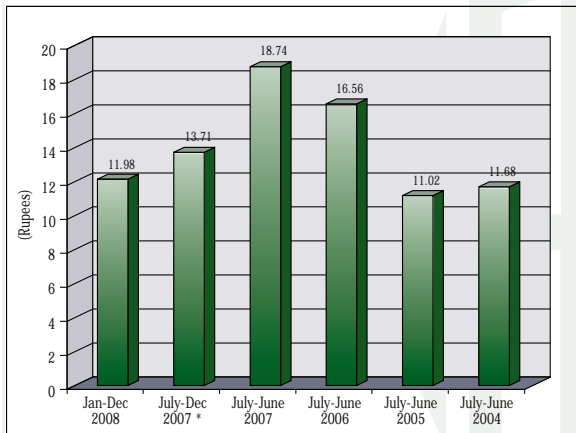
**Revenue**



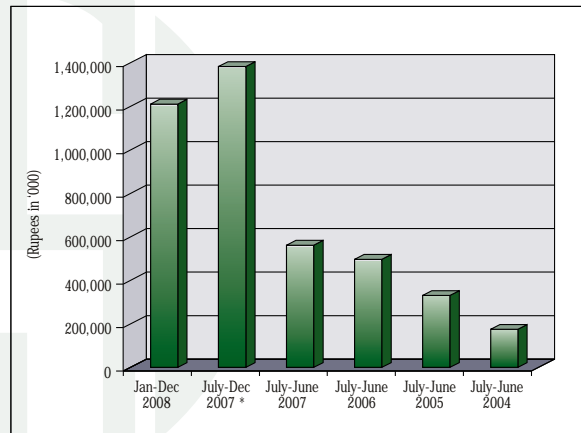
**Earnings Per Share**



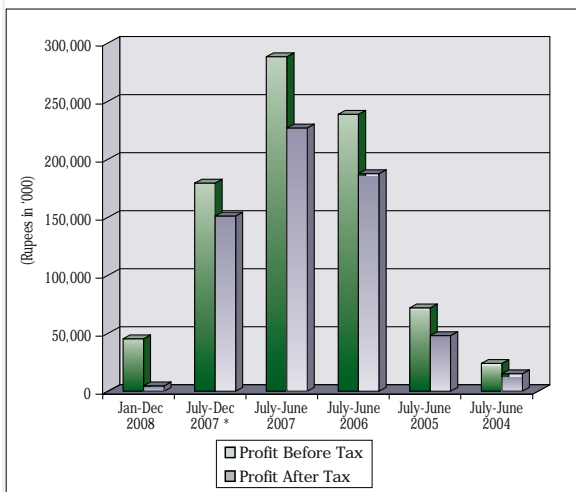
**Break-up Value Per Share**



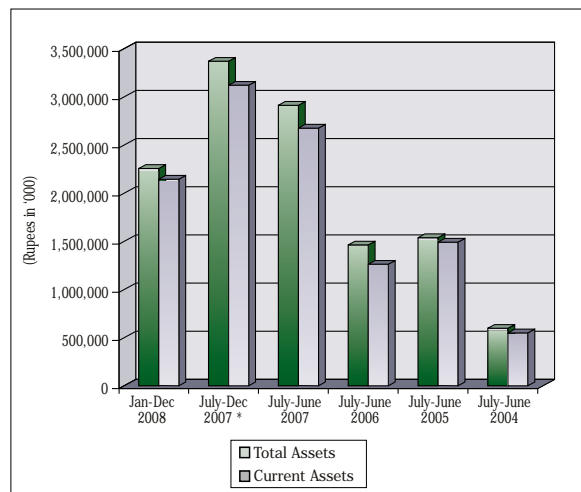
**Shareholders Equity**



**Profit Before Tax & Profit After tax**



**Total Assets & Current Assets**



**A.F.FERGUSON & CO.**

A member firm of

**PRICEWATERHOUSECOOPERS** 

A.F.Ferguson & Co  
Chartered Accountants  
State Life Building No. 1-C  
I.I.Chundrigar Road, P.O.Box 4716  
Karachi-74000, Pakistan  
Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938


**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **KASB SECURITIES LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2008.

  
Chartered Accountants  
Karachi  
Dated: April 1, 2009

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE


This statement is being presented to comply with the Code of Corporate Governance contained in the Regulations No 37 and Chapter XI of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of the Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and the Board currently includes four independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies including KASB Securities Limited.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.
5. The Board has developed the vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The management of the Company has submitted a paper to the Board of Directors to consider it as orientation course for its directors and to apprise them of their duties and responsibilities.
9. The appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO is approved by the Board of directors.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before the approval by the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an audit Committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
16. The Company has outsourced the internal audit function to Ms. Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and their representatives are involved in the internal audit function.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
19. We confirm that all material principles contained in the Code have been complied with.

On behalf of the Board of Directors



**Syed Asghar Ali Shah**  
Chairman

**Karachi:** 01 April 2009





**Financial Statement  
KASB Securities Limited**

**A.F.FERGUSON & CO.**

A member firm of

**PRICEWATERHOUSECOOPERS** 

A.F.Ferguson & Co  
Chartered Accountants  
State Life Building No. 1-C  
I.I.Chundrigar Road, P.O.Box 4716  
Karachi-74000, Pakistan  
Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938


**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **KASB Securities Limited** as at December 31, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at December 31, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

  
Chartered Accountants  
Karachi

01 APR 2009

Lahore Office: 505-509, 5<sup>th</sup> Floor, Alfalah Building, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54000, Pakistan Tel: (92-42) 6285078-85 Fax: (92-42) 6285088  
Islamabad Office: PIA Building, 3<sup>rd</sup> Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000, Pakistan Tel: (92-51) 2273457-60 Fax: (92-51) 2277924  
Kabul Office: House No. 4, Street No. 3, District 6, Road Karje-3, Kabul, Afghanistan. Tel : (93-799) 315320-203424



## BALANCE SHEET

AS AT 31 DECEMBER 2008

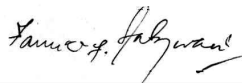
	Note	31 December 2008	31 December 2007
(Rupees in '000)			
<b>Non-current assets</b>			
Fixed assets			
- Tangible fixed assets	4	78,106	210,948
- Intangible assets	5	16,674	13,210
		94,780	224,158
Investment Properties	6	11,170	12,103
Long-term loans and advances	7	3,834	6,418
Long-term deposits and prepayments	8	1,866	1,554
Deferred tax asset - net	9	-	1,653
		111,650	245,886
<b>Current assets</b>			
Investments	10	577,504	1,172,510
Trade debts - considered good	11	1,389,456	1,605,925
Advances, deposits, prepayments and other receivables	12	161,961	87,416
Cash and bank balances	13	14,772	256,725
		2,143,693	3,122,576
<b>Current liabilities</b>			
Trade and other payables	14	433,671	1,458,532
Running finances under mark-up arrangements	15	86,973	-
Accrued mark-up on borrowings	16	12,179	12,097
Taxation payable - net		20,143	14,295
Current portion of liabilities against assets subject to finance lease	17	3,142	8,488
Current maturity of redeemable capital	18	200	200
		556,308	1,493,612
<b>Net current assets</b>		<b>1,587,385</b>	<b>1,628,964</b>
<b>Non-current liabilities</b>			
Deferred tax liability - net	9	790	-
Liabilities against assets subject to finance lease	17	389	4,047
Redeemable capital	18	499,500	499,700
<b>Net assets</b>		<b>1,198,356</b>	<b>1,371,103</b>
<b>Represented by</b>			
Issued, subscribed and paid-up capital	19	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised (loss) / gain on remeasurement of available for sale investments to fair value - net	10.2	(79,303)	98,134
Unappropriated profit		258,907	254,217
		1,198,356	1,371,103
<b>Commitments</b>			
	20		

The annexed notes 1 to 34 form an integral part of these financial statements.

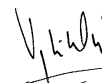
As more fully explained in note 10.3, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange (Guarantee) Limited as of 31 December 2008 and the resulting deficit arising therefrom has been disclosed under the head 'Unrealised loss on remeasurement of available for sale investments to fair value' in the Statement of Changes in Equity. Had the management followed the requirements of IAS 39, an amount of Rs 61.778 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the net unrealised loss on remeasurement of available for sale investments to fair value by Rs 61.778 million with a corresponding decrease in the profit after taxation by the same amount and a decrease in earnings per share by Rs 0.62.



**Syed Asghar Ali Shah**  
Chairman



**Farrukh H. Sabzwari**  
Chief Executive Officer



**Kamran Muneer Ansari**  
Chief Financial Officer

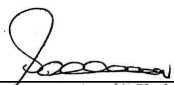
## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

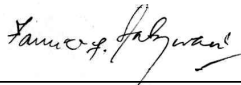
	Note	Year ended 31 December 2008	Six months ended 31 December 2007
(Rupees in '000)			
Brokerage revenue		526,775	314,655
Gain on sale of investments - net		35,714	7,454
Income from continuous funding system transactions		5,141	1,636
Other operating revenue	21	15,006	125,487
		<b>582,636</b>	<b>449,232</b>
Operating and administrative expenses	22	(351,949)	(227,837)
<b>Operating profit</b>		<b>230,687</b>	<b>221,395</b>
Finance cost	23	(106,575)	(53,518)
Other income	24	26,834	6,382
		<b>150,946</b>	<b>174,259</b>
Net unrealised (loss) / gain on remeasurement of investments at fair value through profit or loss to fair value - held for trading	10.1 & 10.4	(105,746)	5,263
Profit before taxation		45,200	179,522
Taxation	25	(40,510)	(28,519)
<b>Profit after taxation</b>		<b>4,690</b>	<b>151,003</b>
(Rupees)			
Earnings per share - basic	26	0.05	2.38

The annexed notes 1 to 34 form an integral part of these financial statements.

As more fully explained in note 10.3, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange (Guarantee) Limited as of 31 December 2008 and the resulting deficit arising therefrom has been disclosed under the head 'Unrealised loss on remeasurement of available for sale investments to fair value' in the Statement of Changes in Equity. Had the management followed the requirements of IAS 39, an amount of Rs 61.778 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the net unrealised loss on remeasurement of available for sale investments to fair value by Rs 61.778 million with a corresponding decrease in the profit after taxation by the same amount and a decrease in earnings per share by Rs 0.62.



**Syed Asghar Ali Shah**  
Chairman



**Farrukh H. Sabzwari**  
Chief Executive Officer



**Kamran Muneer Ansari**  
Chief Financial Officer

## CASH FLOW STATEMENT

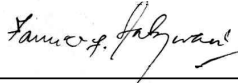
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Year ended 31 December 2008	Six months ended 31 December 2007
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		45,200	179,522
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		22,964	10,697
Amortization		1,350	189
Gain on sale of investments		(35,714)	(7,454)
(Gain) / loss on sale of fixed assets		(2,691)	437
Unrealised loss / (gain) on remeasurement of investments at fair value through profit or loss - net (held for trading)		105,746	(5,263)
Reversal of provision for doubtful debts		(102)	(3)
Provision against doubtful trade debts		154,063	10,065
Provision against doubtful receivables		3,000	-
Finance cost		106,575	53,518
Dividend income		(5,085)	(1,905)
		<b>350,106</b>	<b>60,281</b>
		<b>395,306</b>	<b>239,803</b>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in assets</b>			
Long-term loans and advances		2,584	(749)
Long-term deposits and prepayments		(312)	-
Trade debts		62,508	(192,275)
Advances, deposits, prepayments and other receivables		(77,832)	106,546
		<b>(13,052)</b>	<b>(86,478)</b>
<b>Increase in current liabilities</b>			
Trade and other payables		(1,024,861)	(15,951)
		<b>(642,607)</b>	<b>137,374</b>
Finance cost paid		(105,140)	(51,162)
Income tax paid		(32,219)	(36,790)
		<b>(779,966)</b>	<b>49,422</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in available for sale financial assets - net		19,158	34,165
Investment in marketable securities - net		328,379	(279,707)
Fixed capital expenditure incurred		(19,906)	(23,481)
Proceeds on sale of operating fixed assets		129,509	3,338
Dividend received		5,372	1,629
		<b>462,512</b>	<b>(264,056)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(11,272)	(6,467)
Issue of right shares		-	700,000
Redemption of redeemable capital		(200)	(100)
Dividends paid		-	(200,100)
		<b>(11,472)</b>	<b>493,333</b>
		<b>(328,926)</b>	<b>278,699</b>
Cash equivalents at the beginning of the year / period	29	256,725	(21,974)
Cash and cash equivalents at the end of the year / period	29	<b>(72,201)</b>	<b>256,725</b>


The annexed notes 1 to 34 form an integral part of these financial statements.



**Syed Asghar Ali Shah**  
Chairman



**Farrukh H. Sabzwari**  
Chief Executive Officer



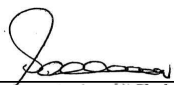
**Kamran Muneer Ansari**  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

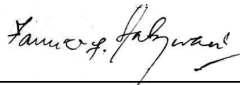
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital	General reserve	Unappropriated profit	Unrealised gain / (loss) on remeasurement of available for sale investments to fair value - net	Total
	(Rupees in '000)				
Balance as at 01 July 2007	300,000	18,752	103,214	140,192	562,158
Realised loss on disposal of available for sale investments during the period – net	–	–	–	470	470
Unrealised loss on remeasurement of available for sale investments during the period – net	–	–	–	(42,528)	(42,528)
Issue of right shares	700,000	–	–	–	700,000
Profit after taxation for the six months ended 31 December 2007	–	–	151,003	–	151,003
Balance as at 31 December 2007	1,000,000	18,752	254,217	98,134	1,371,103
Realised gain on disposal of available for sale investments during the year – net	–	–	–	(1,419)	(1,419)
Unrealised loss on remeasurement of available for sale investments during the year – net	–	–	–	(176,018)	(176,018)
Profit after taxation for the year ended 31 December 2008	–	–	4,690	–	4,690
Balance as at 31 December 2008	1,000,000	18,752	258,907	(79,303)	1,198,356

The annexed notes 1 to 34 form an integral part of these financial statements.



**Syed Asghar Ali Shah**  
Chairman



**Farrukh H. Sabzwari**  
Chief Executive Officer



**Kamran Muneer Ansari**  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## 1 STATUS AND NATURE OF BUSINESS

KASB Securities Limited (hereinafter referred to as the “Company”) was incorporated in Pakistan on 24 October 2000, under the Companies Ordinance, 1984, and commenced its operations effective 01 January 2003, on the transfer of assets and liabilities of the securities segment of then Khadim Ali Shah Bukhari and Co. Limited under a scheme of arrangement approved by the High Court of Sindh. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

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

The Company obtained formal listing on the KSE on 04 August 2008 consequent to the completion of offer for sale of 24,000,000 ordinary shares to the general public by KASB Capital Limited i.e. 24 percent of the issued, subscribed and paid up capital of the Company. Subsequent to the merger of KASB Capital Limited into KASB Bank Limited effective 31 December 2008, KASB Bank Limited is now holding 76 percent of the shareholding of the Company.

Last year, the company changed its financial year from 30 June to 31 December. This change was made in order to enhance financial reporting quality and usefulness within KASB group. The corresponding figures shown in these financial statements pertain to the period of six months ended 31 December 2007. Accordingly, corresponding figures are not comparable.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the 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 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IFRS, the requirements of Companies Ordinance, 1984 and the directives issued by the SECP prevail.

### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except that certain investments have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: “Financial Instruments: Recognition and Measurement”.

### 2.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

During the year ended 31 December 2008, IFRIC Interpretation 14, ‘IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction’ became effective. The interpretation provides guidance on assessing the limit in IAS 19 - ‘Employee Benefits’ on the amount of the surplus that can be recognised as an asset. It also explains how the gratuity asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the company’s financial statements.

The IAS 39, ‘Financial instruments: Recognition and measurement’, amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to IFRS 7, ‘Financial instruments: Disclosures’, introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 01 July 2008. The company adopted the amendment from 01 October 2008. See note 10.4 for the effect of the amendment on the current year.

There are other interpretations that were mandatory for accounting periods beginning on or before 01 January 2008 but were considered not to be relevant or did not have any significant effect on the company’s operations.

## 2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2009:

IAS 1 (Revised), 'Presentation of financial statements' (effective from 01 January 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the above standard will only impact the presentation of the financial statements.

IAS 23 (Amendment) 'Borrowing costs' (effective from 01 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Further, the definition of borrowing cost has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. The amendments will have impact on the company's financial statements to the extent of borrowing costs, if any, directly attributable to the acquisition of or construction of qualifying assets.

IAS 19 (Amendments), 'Employee benefits' (effective from 01 January 2009).

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The management is in the process of assessing the impact of its adoption on the company's financial statements.

IAS 36 (Amendment), 'Impairment of assets' (effective from 01 January 2009). As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 38 (Amendment), 'Intangible assets' (effective from 01 January 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect on the company's financial statements.

IFRS 2 (Amendment), 'Share-based payment' (effective from 01 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment is not expected to have a significant effect on the company's financial statements.

IFRS 7 'Financial Instruments: Disclosures'. The SECP vide S.R.O 411 (I) / 2008 dated 28 April 2008 notified the adoption of IFRS 7 'Financial Instruments: Disclosures'. IFRS 7 is mandatory for accounting periods

beginning on or after the date of notification i.e. 28 April 2008. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. The Company will apply IFRS 7 from 01 January 2009. Adoption of IFRS 7 will only impact the format and extent of disclosures presented in the financial statements.

IFRS 8 'Operating segments', (effective from 01 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This may result in an increase in the number reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The management is in the process of assessing the presentation impact of its adoption on the Company's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 January 2009 but are considered not to be relevant or to have any significant effect on the company's operations and are therefore not detailed in these financial statements.

## **2.5 Use of Estimates and Judgments**

This preparation of financial statements in conformity with International Accounting Standards requires the use of certain accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (i) Classification and valuation of investments
- (ii) Provision for taxation
- (iii) Provision for doubtful debts
- (iv) Determination of useful life and depreciation rates for fixed assets

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated.

### **3.1 Staff retirement benefits**

The company operates an approved contributory provident fund for all its permanent employees. The company and employees make equal contribution to the fund at the rate of 8.33 percent of the basic salary. The contributions are recognised as an employee benefit expense when they are due.

### **3.2 Employees' compensated absences**

The Company provides a facility to its management and non-management employees to avail 30 days annual leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

### **3.3 Taxation**

#### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

#### **Deferred**

Deferred tax is recognised, using the balance sheet liability method, on all major temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **3.4 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 3.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortised cost.

### 3.6 Fixed assets

#### 3.6.1 Tangible fixed assets

##### Owned assets

Tangible fixed assets are stated at historical cost less accumulated depreciation or impairment, if any, except for capital work-in-progress which is stated at cost less impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during the installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation on all fixed assets is calculated using the straight-line method in accordance with the rates specified in note 4.1 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on additions is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account.

##### Leased assets

Leases where the company has transferred substantially all the risk and rewards of ownership are classified as finance lease. Leased assets are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset.

The related rental obligation net of finance charges for future periods, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payments.

Each lease payment is allocated between the liability and related finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rentals is charged to income over the lease term.

Depreciation of leased assets is recognised in the same manner as for owned assets.

#### 3.6.2 Intangible assets

Intangible assets with a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight line method taking into account residual value, if any. The residual values, useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal.

Intangible assets with an indefinite useful life are stated at cost less accumulated impairment losses, if any. These assets are not amortised as they are expected to have an indefinite life and are marketable.

Gain and loss on disposal of intangible assets, if any, are taken to the profit and loss account.

#### 3.6.3 Investment property

Investment properties are carried at cost less accumulated depreciation and impairment losses, if any. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

### 3.7 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exist, the recoverable amount of the assets is estimated and impairment losses are recognised as an expense in the profit and loss account.



### 3.8 Borrowing cost

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of the relevant asset.

### 3.9 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard (IAS) 39: "Financial Instruments: Recognition and Measurement", at the time of purchase. Currently, the investments have been classified in the following categories:

#### **Investments at fair value through profit or loss - held for trading**

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'Investment at fair value through profit or loss - held for trading'. These investments are initially recognised at fair value. Transaction costs associated with these investment are taken directly to the profit and loss account. Subsequent to initial measurement, investments at fair value through profit or loss - held for trading are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

#### **Available for sale**

These are non-derivatives that are either designated in this category or not classified in any of the other categories. These investments are initially recognised at fair value which includes transaction costs associated with the investment. Subsequent to initial measurement, 'available for sale' investments are revalued and are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are recognized in shareholder's equity, until the investment is derecognized. At that time the cumulative gain or loss previously recognized in equity is reclassified from equity to profit or loss as a reclassification adjustment.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the company commits to purchase or sell the asset.

Investments are derecognised when the right to receive cash flows from the investments have expired, have been realised or transferred, and the company has transferred substantially all risks and rewards of ownership.

The company assesses at each balance sheet date whether there is object evidence that the investments are impaired. In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' investments, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in profit or loss, is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments recognised in the profit and loss account are not reversed through the profit and loss account.

The company may choose to reclassify a non-derivative trading investment in equity securities out of the 'held for trading' category to the 'available for sale' category if the investment is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassification are made at fair value as of the reclassification date. Fair value as of the reclassification becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

### 3.10 Securities under repurchase / resale arrangements

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and are continued to be recognised as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the financial statements as investments, as the company does not obtain control over the assets. Amounts paid under these arrangements are included in the financial statements as lendings against securities purchased under

resale arrangements. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse-repo agreement.

### 3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash and balances with banks in current and deposit accounts, cash in hand, stamps in hand and bank overdrafts.

### 3.12 Revenue recognition

- Brokerage income is recognised as and when such services are rendered on accrual basis.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Dividend income is recognised when the right to receive dividend is established.
- Gains and losses on sale of shares are recognised at the time of sale of shares.
- Income on fixed term investments is recognised using the effective interest method.

### 3.13 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on management's assessment regarding their recoverability. Balances considered bad and irrecoverable are written off when identified.

### 3.14 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for in rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the foreign exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

### 3.15 Dividend appropriation

Dividend is recognized as a liability in the period in which it is declared.

### 3.16 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

### 3.17 Financial instruments

#### 3.17.1 Financial assets and liabilities

Financial assets include long term loans, advances and deposits, investments, trade debts, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include trade and other payables, running finances under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

#### 3.17.2 Off setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset the recognised amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Note	31 December 2008	31 December 2007
(Rupees in '000)			
<b>4. TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	4.1	<b>70,920</b>	92,549
Capital work in progress	4.4	<b>7,186</b>	118,399
		<b>78,106</b>	210,948

**4.1 Operating fixed assets**

	Year ended 31 December 2008						Total
	Office premises- lease hold	Furniture and fixtures	Computers and office equipments		Motor vehicles		
			Owned	Held under finance lease	Owned	Held under finance lease	
Rupees in '000							
<b>As at 01 January 2008</b>							
Cost	21,704	21,214	100,711	5,100	8,859	28,851	186,439
Accumulated depreciation	(2,471)	(4,427)	(71,916)	(4,806)	(3,911)	(6,359)	(93,890)
<b>Net book value</b>	<b>19,233</b>	<b>16,787</b>	<b>28,795</b>	<b>294</b>	<b>4,948</b>	<b>22,492</b>	<b>92,549</b>
<b>Year ended 31 December 2008</b>							
Opening net book value	19,233	16,787	28,795	294	4,948	22,492	92,549
Additions	-	1,127	7,619	-	1,328	915	10,989
Disposals							
Cost	-	232	2,121	-	17,437	-	19,790
Depreciation	-	(63)	(2,108)	-	(6,892)	-	(9,063)
Depreciation charge for the year	(1,088)	(1,920)	(13,661)	(243)	(1,225)	(3,754)	(21,891)
Transfers							
Cost	-	-	5,100	(5,100)	12,806	(12,806)	-
Depreciation	-	-	(5,049)	5,049	(4,394)	4,394	-
	-	-	51	(51)	8,412	(8,412)	-
<b>Closing net book value</b>	<b>18,145</b>	<b>15,825</b>	<b>22,791</b>	<b>-</b>	<b>2,918</b>	<b>11,241</b>	<b>70,920</b>
<b>As at 31 December 2008</b>							
Cost	21,704	22,109	111,309	-	5,556	16,960	177,638
Accumulated depreciation	(3,559)	(6,284)	(88,518)	-	(2,638)	(5,719)	(106,718)
<b>Net book value</b>	<b>18,145</b>	<b>15,825</b>	<b>22,791</b>	<b>-</b>	<b>2,918</b>	<b>11,241</b>	<b>70,920</b>
Depreciation rate (% per annum)	5	10	33.33	33.33	20	20	
<b>Six months ended 31 December 2007</b>							
	Office premises- lease hold	Furniture and fixtures	Computers and office equipments		Motor vehicles		Total
			Owned	Held under finance lease	Owned	Held under finance lease	
Rupees in '000							
<b>As at 01 July 2007</b>							
Cost	21,704	25,091	95,679	5,100	9,308	28,531	185,413
Accumulated depreciation	(1,924)	(11,022)	(67,575)	(4,643)	(3,616)	(4,109)	(92,889)
<b>Net book value</b>	<b>19,780</b>	<b>14,069</b>	<b>28,104</b>	<b>457</b>	<b>5,692</b>	<b>24,422</b>	<b>92,524</b>
<b>Six months ended 31 December 2007</b>							
Opening net book value	19,780	14,069	28,104	457	5,692	24,422	92,524
Additions	-	4,400	8,823	-	-	879	14,102
Disposals							
Cost	-	8,277	3,791	-	1,008	-	13,076
Depreciation	-	(7,436)	(1,398)	-	(467)	-	(9,301)
Depreciation charge for the period	(547)	(841)	(5,739)	(163)	(654)	(2,358)	(10,302)
Transfers (at net book value)							
Cost	-	-	-	-	559	(559)	-
Depreciation	-	-	-	-	(108)	108	-
	-	-	-	-	451	(451)	-
<b>Closing net book value</b>	<b>19,233</b>	<b>16,787</b>	<b>28,795</b>	<b>294</b>	<b>4,948</b>	<b>22,492</b>	<b>92,549</b>
<b>As at 31 December 2007</b>							
Cost	21,704	21,214	100,711	5,100	8,859	28,851	186,439
Accumulated depreciation	(2,471)	(4,427)	(71,916)	(4,806)	(3,911)	(6,359)	(93,890)
<b>Net book value</b>	<b>19,233</b>	<b>16,787</b>	<b>28,795</b>	<b>294</b>	<b>4,948</b>	<b>22,492</b>	<b>92,549</b>
Depreciation rate (% per annum)	5	10	33.33	33.33	20	20	

4.2 Particulars of operating fixed assets having book value exceeding Rs. 50,000 disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
<b>Rupees in '000</b>						
<b>Vehicles</b>						
Suzuki Cultus	510	(150)	360	389	Negotiation	Ms. Samran Ali
Honda City	750	(222)	528	572	Negotiation	Mr. Khurram Iqbal
Toyota Corolla	879	(191)	688	737	Negotiation	Mr. Farhan Ali Meerza
Honda Civic	1,506	(274)	1,232	1,318	Negotiation	Mr. Farid Masood *
Suzuki Cultus	620	(154)	466	502	Negotiation	Ms. Sana Tabani
Honda Civic	1,080	(457)	623	624	Negotiation	Mr. Babar Hameed Awan
Honda Civic	943	(724)	219	620	Negotiation	Mr. Shahzad
Honda City	936	(271)	665	762	Negotiation	Mr. Imran Qureshi
Suzuki Cultus	560	(221)	339	356	Negotiation	Mr. Ghazanfar Ali (Employee)
Toyota Corolla XLI	720	(253)	467	655	Negotiation	Mr. Ali Akhtar Ali
Honda City	936	(321)	615	636	Negotiation	Mr. Imtiaz Gadar (Ex-employee)*
Honda City	885	(430)	455	585	Negotiation	KASB Capital Limited (Parent Company)*
Mercedes Benz E200	2,466	(1,120)	1,346	1,600	Negotiation	KASB Capital Limited (Parent Company)*
Toyota Corolla	969	(405)	564	925	Negotiation	KASB Capital Limited (Parent Company)*
Mercedes Benz E240	2,674	(1,214)	1,460	1,800	Negotiation	KASB Capital Limited (Parent Company)*
Honda Civic	1,003	(485)	518	835	Negotiation	Mr. Zia-ul Haq
	17,437	(6,892)	10,545	12,916		
<b>Furniture &amp; Fixtures</b>						
Tables, Racks etc	232	(63)	169	45	Negotiation	Mr. Adam Khan
	232	(63)	169	45		
<b>31 December 2008</b>	<b>17,669</b>	<b>(6,955)</b>	<b>10,714</b>	<b>12,961</b>		
<b>31 December 2007</b>	<b>12,528</b>	<b>(8,839)</b>	<b>3,689</b>	<b>3,198</b>		

\* Represents related parties

	Note	31 December 2008 (Rupees in '000)	31 December 2007
<b>4.3</b> The cost of fully depreciated operating fixed assets that are still in use is:			
Furniture and fixtures		2,540	2,540
Computers and office equipment		65,868	66,294
Vehicles		524	524
<b>4.4 Capital work in progress - at cost</b>			
Advance against purchase of office premises	4.4.1	—	116,091
Advances to suppliers against:			
- civil works		7,186	981
- acquisition of vehicles		—	1,327
		<b>7,186</b>	<b>2,308</b>
		<b>7,186</b>	<b>118,399</b>

4.4.1 During the year, the Company made further advance amounting to Rs 21.767 million to a construction company in respect of acquisition of office premises. Subsequently, the company withdrew the entire advance of Rs 137.858 million from the said construction company.

## 5 INTANGIBLE ASSETS

Year ended 31 December 2008					
Cost / Net book value					
	Software	Membership card of KSE and NCEL	Rooms at KSE	Booths at KSE	Total
(Rupees in '000)					
<b>As at 01 January 2008</b>					
Cost	1,200	5,445	5,804	950	13,399
Accumulated amortisation	(189)	-	-	-	(189)
Net book value	<u>1,011</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>13,210</u>
<b>Year ended 31 December 2008</b>					
Opening net book value	1,011	5,445	5,804	950	13,210
Additions	4,814	-	-	-	4,814
Amortisation for the year	(1,350)	-	-	-	(1,350)
Closing net book value	<u>4,475</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>16,674</u>
<b>As at 31 December 2008</b>					
Cost	6,014	5,445	5,804	950	18,213
Accumulated amortisation	(1,539)	-	-	-	(1,539)
Net book value	<u>4,475</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>16,674</u>
Amortisation rate (% per annum)	33.33				
Six months ended 31 December 2007					
Cost / Net book value					
	Software	Membership card of KSE and NCEL	Rooms at KSE	Booths at KSE	Total
(Rupees in '000)					
<b>As at 01 July 2007</b>					
Cost	-	5,445	5,804	950	12,199
Accumulated amortisation	-	-	-	-	-
Net book value	<u>-</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>12,199</u>
<b>Six months ended 31 December 2007</b>					
Opening net book value	-	5,445	5,804	950	12,199
Additions	1,200	-	-	-	1,200
Amortisation for the period	(189)	-	-	-	(189)
Closing net book value	<u>1,011</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>13,210</u>
<b>As at 31 December 2007</b>					
Cost	1,200	5,445	5,804	950	13,399
Accumulated amortisation	(189)	-	-	-	(189)
Net book value	<u>1,011</u>	<u>5,445</u>	<u>5,804</u>	<u>950</u>	<u>13,210</u>
Amortisation rate (% per annum)	33.33				

	31 December 2008 (Rupees in '000)	31 December 2007 (Rupees in '000)
<b>6 INVESTMENT PROPERTIES</b>		
<b>Opening balances</b>		
Cost	20,592	14,881
Accumulated depreciation	(8,489)	(8,094)
Net book value	12,103	6,787
<b>Year / period ended 31 December</b>		
Opening net book value	12,103	6,787
Additions	140	5,711
Depreciation charge for the year / period	(1,073)	(395)
Closing net book value	11,170	12,103
<b>As at 31 December</b>		
Cost	20,732	20,592
Accumulated depreciation	(9,562)	(8,489)
Net book value	11,170	12,103
Depreciation rate % per annum	5	5

**6.1** Investment properties comprises 10th floor, Trade Centre, I.I. Chundrigar Road, Karachi given to KASB Bank Limited and 6th Floor, Trade Centre, I.I. Chundrigar Road, Karachi given to KASB Funds Limited and KASB Capital Limited on rental basis. The fair value of these floors amount, in aggregate to Rs 70.317 million on the basis of valuation carried out by M/s. Akbani & Javed Associates on 30 October 2008. The rent income for the year ended 31 December 2008, from the aforementioned investment properties amounted to Rs 9.778 million.

	Note	31 December 2008 (Rupees in '000)	31 December 2007 (Rupees in '000)
<b>7 LONG-TERM LOANS AND ADVANCES - Considered good</b>			
Loans and advances due from:			
Executives	7.1, 7.2 & 7.3	322	-
Other employees	7.3	1,902	4,931
		2,224	4,931
Less: Receivable within one year	12	890	1,013
		1,334	3,918
Advance to National Commodity Exchange Limited	7.4	2,500	2,500
		3,834	6,418

**7.1 Details of loans and advances to executives**

Executive	Designation	Purpose	Security	Number of monthly instalments remaining	Expiry	Maximum amount outstanding at the end of any month during the year
Mr. Asif Riaz	Senior Manager - Finance	General purpose cash advance	Provident fund balance	16	April 2010	486,000
Mr. Ahmed Junaid Nasir	Head of Money Market	General purpose cash advance	Provident fund balance	19	July 2010	128,225

7.2 Reconciliation of carrying amount of loans and advances to executives is as follows:

	Year ended 31 December 2008 (Rupees in '000)	Six months ended 31 December 2007
Opening balance	–	775
Disbursements during the year / period	634	–
Repayments during the year / period	(312)	(775)
Closing balance	<u>322</u>	<u>–</u>

7.3 This represents loans given to executives and employees for purchase of motor vehicles and general purpose cash advance. These loans except for loans given for purchase of motorcycles carry mark-up at the rates ranging from 6% to 10% (31 December 2007: 5% to 10%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 120 months. These loans are granted to the employees in accordance with their terms of employment. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the company, whereas the general purpose cash advance are secured against the staff provident fund. The effect of discounting these advances to their present value is not considered material.

7.4 This represent advance given to National Commodity Exchange Limited (NCEL) for acquiring office premises thereat.

	Note	31 December 2008 (Rupees in '000)	31 December 2007
<b>8 LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Deposit with:			
Karachi Stock Exchange (Guarantee) Limited		962	712
National Clearing Company of Pakistan Limited		100	100
National Commodity Exchange Limited		500	500
KASB Technology Services Limited - related party		142	142
Others		100	100
		<u>1,804</u>	1,554
Prepayments		62	–
		<u>1,866</u>	<u>1,554</u>

**9 DEFERRED TAX (LIABILITY) / ASSETS - NET**

**Deferred tax debits arising due to:**

Provision for bad and doubtful debts
 – | 3,617 |

**Deferred tax credits arising due to:**

Tax depreciation on owned fixed assets
 (437) | (1,097) |

Liabilities against assets subject to finance lease
 (353) | (867) |

 (790) | (1,964) | (790) | 1,653 |

**10 INVESTMENTS**

At fair value through profit or loss - held for trading
 10.1 | 32,130 | 441,169 |

Available for sale
 10.2 | 545,374 | 731,341 |

 577,504 | 1,172,510 |

**10.1 Investment in equity securities – held for trading**

Number of shares / certificates / units		Name of investee	31 December 2008		31 December 2007	
31 December 2008	31 December 2007		Cost	Fair value	Cost	Fair value
(Rupees in '000)						
<b>Open end mutual funds</b>						
-	96,805	AKD Opportunity Fund	-	-	6,070	5,837
-	60,664	MCB Dynamic Stock Fund	-	-	6,489	6,466
-	104,397	Al Meezan Islamic Income Fund	-	-	5,223	5,450
-	1,813,956	KASB Stock Market Fund	-	-	98,856	98,407
<b>Closed end mutual funds</b>						
-	500,000	WE Balanced Fund	-	-	4,950	4,225
-	68,909	Pakistan Premier Fund Limited	-	-	1,079	830
<b>Commercial Banks</b>						
165,000	150,000	National Bank of Pakistan	35,163	8,303	36,856	34,823
167,250	73,800	United Bank Limited	15,909	6,173	12,026	12,760
-	11,400,000	KASB Bank Limited	-	-	222,344	230,280
200,000	-	Bank Islami Pakistan Limited	3,541	1,450	-	-
<b>Oil and gas exploration companies</b>						
12,100	77,120	Oil and Gas Development Company Limited	649	605	8,929	9,212
-	22,750	Pakistan Oilfields Limited	-	-	7,212	7,608
38,230	-	Pakistan Petroleum Limited	6,713	3,847	-	-
<b>Technology and Communication</b>						
-	1,000,000	Worldcall Telecom Limited	-	-	18,267	16,600
200	-	Pakistan Telecommunication Company Limited	4	3	-	-
<b>Paper and Board</b>						
-	23,835	Packages Limited	-	-	7,605	8,671
<b>Investment Bank / Cos. / Securities</b>						
9,413	-	Arif Habib Securities Limited	425	396	-	-
<b>Fertilizer</b>						
51,750	-	Engro Chemical Pakistan Limited	10,212	4,992	-	-
70,500	-	Fauji Fertilizer Bin Qasim Limited	898	909	-	-
<b>Cement</b>						
20,750	-	Fauji Cement Company Limited	73	98	-	-
<b>Power Generation and Distribution</b>						
9,000	-	The Hub Power Company Limited	105	127	-	-
<b>Oil and Gas Marketing Companies</b>						
5,500	-	Sui Northern Gas Pipelines Limited	89	118	-	-
<b>Textile Composite</b>						
175,000	-	Azgard Nine Limited	13,243	2,849	-	-
100,000	-	Nishat Mills Limited	12,324	2,260	-	-
			<b>99,348</b>	<b>32,130</b>	435,906	441,169
Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss to fair value			(67,218)	-	5,263	-
			<b>32,130</b>	<b>32,130</b>	<b>441,169</b>	<b>441,169</b>



**10.2 Available for sale**

Number of shares / units		Name of investee	31 December 2008		31 December 2007	
31 December 2008	31 December 2007		Cost	Fair value/ cost	Cost	Fair value/ cost
(Rupees in '000)						
<b>Open end mutual funds</b>						
1,805,889	–	KASB Stock Market Fund -note 10.4	66,951	40,560	–	–
–	61,935	JS Fund of Funds	–	–	5,000	6,664
<b>Transport</b>						
4,960,500	5,950,000	Pakistan International Airlines Corporation	42,172	17,412	50,585	37,485
<b>Cement</b>						
85,937	85,937	Maple Leaf Cement Factory Limited	1,828	352	1,828	1,650
<b>Commercial Banks</b>						
13,292,500	–	KASB Bank Limited - note 10.4 & 10.3.1	260,001	246,709	–	–
<b>Chemicals</b>						
2,300,403	–	Descon Oxychem Limited -note 10.4	22,406	18,173	–	–
<b>Auto and allied engineering</b>						
389,000	484,500	Pak Suzuki Motor Company Limited	40,119	30,968	49,968	159,716
<b>Others - stated at cost</b>						
–	5,400,000	Evolve Capital Limited	–	–	334,626	334,626
1,500,000	1,500,000	KASB Funds Limited - note 10.3.2	15,000	15,000	15,000	15,000
3,000	3,000	AI-Jomaih Power Limited	151,200	151,200	151,200	151,200
25,000,000	25,000,000	New Horizon Exploration and Production Limited	25,000	25,000	25,000	25,000
			<b>624,677</b>	<b>545,374</b>	633,207	731,341
Unrealised gain / (loss) on re-measurement of available for sale investments to fair value - net			<b>(79,303)</b>	–	98,134	–
			<b>545,374</b>	<b>545,374</b>	731,341	731,341

**10.3** During the year, the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited (Exchanges) placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under this mechanism, the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. Consequently to the introduction of the above measures by the exchanges, the market volume declined significantly. The "Floor Mechanism" was subsequently removed on 15 December 2008 in order to rationalise the prices of equity securities. However, even after the removal of floor, the market remained generally inactive due to low trading volumes. The trading volumes started to pick up from 02 January 2009 onward.

In view of the above circumstances, a clarification was sought from the Securities and Exchange Commission of Pakistan on whether the prices quoted on the stock exchange as at 31 December 2008 could be considered as the fair value of such securities at that date. The Securities and Exchange Commission of Pakistan vide its circular No. Enf/D-III/Misc/1/2008 dated 29 January 2009 has clarified that the market price as quoted on the stock exchange on 31 December 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended 31 December 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on 31 December 2008.

International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in the profit and loss account even though the investment has not been derecognized. Impairment losses recognized in the profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognized in the available for sale reserve in equity. As at 31 December 2008, out of the total deficit on revaluation of investments classified as available for sale, deficit amounting to Rs 61.778 million should have been charged to the profit and loss account as impairment loss in accordance with the requirements of IAS 39. However,

the Securities and Exchange Commission of Pakistan (SECP), vide its SRO 150(I)/2009 dated 13 February 2009 has given an option to companies to either follow the requirements of IAS 39 and charge the impairment loss to the profit and loss account or to show this impairment loss under equity as per the following allowed alternative:

- The amount taken to equity as specified above, including any adjustment/effect for price movements during the quarter of calendar year 2009 shall be taken to the profit and loss account on quarterly basis during the calendar year ending on 31 December 2009.
- The amount taken to equity as specified above shall be treated as a charge to the profit and loss account for the purposes of distribution as dividend.

The management has opted not to charge the impairment loss in the profit and loss account but to show it under equity. Had the management followed the requirements of IAS 39 for the treatment of impairment on available for sale equity investments, the resultant impairment loss would have had the following impact on the financial statements of the Company.

Recognition of impairment loss in the profit and loss account (Rupees in '000)	61,778
Decrease in the deficit on revaluation of available for sale investments (Rupees in '000)	61,778
Decrease in profit after taxation for the year (Rupees in '000)	61,778
Decrease in earnings per share for the year (Rupees)	0.62

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

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

**10.4** During the year, the management reclassified investment in certain securities which are no longer held for the purpose of selling them in the near term out of the held for trading category into the available-for-sale category. The management believes that the floor mechanism which was in place in the stock markets in Pakistan from 27 August 2008 to 15 December 2008, and the deterioration of these markets after the removal of the floor represent rare circumstances that allow such a reclassification.

The fair values of investments in equity securities reclassified from the 'held for trading' to the 'available for sale' category as of the respective dates of the reclassification are given below:

Particulars of investments in equity securities reclassified during the year ended 31 December 2008	Cost	Fair value on the date of reclassification	Unrealised loss upto the date of reclassification taken to profit and loss account	Fair value as at 31 December 2008	Unrealised loss taken to equity
Rupees in '000					
KASB Bank Limited	263,188	260,001	(3,187)	246,709	(13,292)
KASB Stock Market Fund	101,694	66,951	(34,743)	40,560	(26,391)
Descon Oxychem Limited	23,004	22,406	(598)	18,173	(4,233)
	387,886	349,358	(38,528)	305,442	(43,916)

If the company had not made the above reclassification, net unrealised loss on remeasurement of investments at fair value through profit or loss - held for trading and net unrealised loss on remeasurement of investments classified as available for sale would have amounted to Rs 111.134 million and Rs 35.387 million respectively.

**10.5** Investments include shares having average cost of Rs 114.896 million (2007: Rs 47.894 million) and fair value of Rs 43.994 million (2007: Rs 46.129 million) which have been pledged with the Karachi Stock Exchange (Guarantee) Limited against exposure arising out of trading in securities.

**10.6** Securities having average cost of Rs 20.007 million (2007: Rs 46.410 million) and fair value of Rs 15.444 million (2007: Rs 148.343 million) have been pledged with United Bank Limited against guarantee issued by United Bank Limited in favor of Askari Bank Limited in respect of corporate cards issue to executives of the Company.

	Note	31 December 2008 (Rupees in '000)	31 December 2007 (Rupees in '000)
<b>11 TRADE DEBTS – considered good</b>			
Receivable against purchase of marketable securities	11.1	1,388,018	1,603,868
Inter-bank brokerage		1,203	1,760
Fees		235	297
		<b>1,389,456</b>	<b>1,605,925</b>
<b>11.1 Secured</b>		<b>1,388,018</b>	<b>1,603,868</b>
Considered good			
<b>Unsecured</b>		<b>194,540</b>	<b>40,631</b>
Considered doubtful			
Less: Provision for doubtful debts	11.3	<b>1,582,558</b>	<b>1,644,499</b>
		<b>194,540</b>	<b>40,631</b>
		<b>1,388,018</b>	<b>1,603,868</b>
<b>11.2</b> Amount due from related parties at the year / period end are as under:			
KASB Capital Limited		–	6
KASB Liquid Fund		39	9
KASB Stock Market Fund		–	93
KASB Balanced Fund		7	–
KASB Bank Limited		29	73
KASB Modaraba		2	–
KASB Modaraba Management Company (Private) Limited		1	–
Directors		68	57
Others		489,259	7
<b>11.3</b> This represents provision against impairment loss made by the management in respect of certain trade debtors based on the estimated timing and amount of recoveries in respect of these debtors.			
	Note	31 December 2008 (Rupees in '000)	31 December 2007 (Rupees in '000)
<b>12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to:			
Executives	12.1	1,784	–
Employees	12.1	–	1,390
Suppliers		2,523	4,613
		<b>4,307</b>	<b>6,003</b>
Current portion of long term loans to employees	7	<b>890</b>	<b>1,013</b>
Deposits			
Exposure deposit with Karachi Stock Exchange (Guarantee) Limited	12.2	<b>100</b>	<b>57,980</b>
Exposure deposit with National Clearing Company of Pakistan Limited	12.3	<b>130,740</b>	<b>–</b>
Other deposits		<b>2,144</b>	<b>2,050</b>
		<b>132,984</b>	<b>60,030</b>
Prepayments		<b>7,517</b>	<b>6,282</b>
Other receivables:			
Dividend receivable		<b>189</b>	<b>476</b>
Profit on bank deposits		<b>512</b>	<b>112</b>
Income accrued on Continuous Funding System (CFS) transactions		<b>832</b>	<b>–</b>
Profit on exposure deposit with Karachi Stock Exchange (Guarantee) Limited		<b>2</b>	<b>1,461</b>
Receivable against Continuous Funding System (CFS)	12.4	<b>11,673</b>	<b>–</b>
Receivable from KASB Capital Limited		<b>–</b>	<b>6,879</b>
Receivable from KASB Funds Limited		<b>1,858</b>	<b>713</b>
Receivable from KASB Bank Limited		<b>–</b>	<b>865</b>
Others	12.5	<b>6,344</b>	<b>5,729</b>
		<b>21,410</b>	<b>16,235</b>
Less: Provision for doubtful receivables		<b>(5,147)</b>	<b>(2,147)</b>
		<b>161,961</b>	<b>87,416</b>

- 12.1** These advances are provided to director, executives and other employees to meet business expenses and are settled as and when the expenses are incurred.
- 12.2** This represents the amount of deposit held at year / period end against exposure arising out of trading in securities in accordance with the regulations of the Karachi Stock Exchange (Guarantee) Limited. In addition, shares amounting to Rs 238.505 million (at the rates quoted on the KSE as at 31 December 2008) (2007: Rs 535.198 million) have been placed with KSE against exposure margin.
- 12.3** This represents the amount of deposit held at year / period end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company of Pakistan Limited.
- 12.4** On 24 December 2008, a scheme namely Continuous Funding System Square Up Program (the program) was introduced. Under the said program, CFS shares and their associated margins were sold at a 12.5% discount to the closing price as of 24 December 2008. The financiers opting into the program have purchased shares of an amount approximately equal to 30% of the total value they have financed in the CFS market. The balance as at 31 December 2008, represents the investment in CFS shares which are to be settled in the normal course of settlement.
- 12.5** This includes other receivables amounting to Rs 5.147 million (31 December 2007: Rs 2.147 million) which have been fully provided.

	Note	31 December 2008	31 December 2007
(Rupees in '000)			
<b>13 CASH AND BANK BALANCES</b>			
Cash at bank in:			
Saving accounts	13.1	7,212	234,413
Current accounts	13.2	7,496	22,109
		14,708	256,522
Cash in hand		49	183
Stamps in hand		15	20
		14,772	256,725

- 13.1** The savings accounts carry interest rates ranging from 1.25% to 11.00% (2007: 4.25% to 8.00%) per annum.
- 13.2** These include balances amounting to Rs 0.734 million (2007: Rs 8.733 million) representing a book overdraft netted off against the balances in current accounts.

	Note	31 December 2008	31 December 2007
(Rupees in '000)			
<b>14 TRADE AND OTHER PAYABLES</b>			
Trade creditors	14.1	425,194	1,363,206
Accrued expenses		6,765	89,682
Withholding tax		122	484
Unclaimed dividends		609	609
Others		981	4,551
		433,671	1,458,532

- 14.1** This includes payable to Karachi Stock Exchange (Guarantee) Limited and National Clearing Company of Pakistan Limited amounting to Rs 0.008 million (31 December 2007: 77.751 million) and Rs 90.162 million (31 December 2007: Rs nil) respectively in respect of trading in securities settled subsequent to year/ period end.

	31 December 2008	31 December 2007
	(Rupees in '000)	
<b>14.2</b> Amount due to related parties at the year / period end are as under:		
KASB Capital Limited	–	164,503
KASB Fund Limited	–	2,002
KASB Stock Market Fund	719	–
KASB Technology Services Limited	68	–
KASB Bank Limited	113	–
Chief Executive Officer	875	61
Directors	4	279
Executive	642	308
Othe key management personnel	–	418

	31 December 2008	31 December 2007
	(Rupees in '000)	
<b>15</b> <b>RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS – Secured</b>		
Short-term running finances from:		
KASB Bank Limited – related party	37,003	–
Other bank	49,970	–
	<b>86,973</b>	<b>–</b>

**15.1** The facilities for short-term running finances available from various banks amounted to Rs 1,925 million (2007: Rs 2,625 million). These facilities carry mark-up at rates ranging from 10.92 % to 17.77% (2007: 10.55% to 14.08%) per annum and are repayable on various dates by 31 October 2009. The arrangements are secured by way of pledge of shares of listed companies and charged over company's all present and future current asset.

	Note	31 December 2008	31 December 2007
		(Rupees in '000)	
<b>16</b> <b>ACCRUED MARK-UP ON BORROWINGS</b>			
Mark-up accrued on:			
– Short-term running finances	16.1	10,976	11,283
– Redeemable capital	16.2	1,203	814
		<b>12,179</b>	<b>12,097</b>

**16.1** This includes Rs 4.414 million (2007: Rs 2.029 million) due to KASB Bank Limited, a related party.

**16.2** This includes Rs 0.120 million (2007: Rs 0.081 million) due to KASB Liquid Fund, a related party.

## 17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 December 2008			31 December 2007		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Not later than one year	3,510	368	3,142	9,721	1,233	8,488
Later than one year and not later than five years	431	42	389	4,328	281	4,047
	<b>3,941</b>	<b>410</b>	<b>3,531</b>	<b>14,049</b>	<b>1,514</b>	<b>12,535</b>

The company has entered into agreements with leasing companies for lease of vehicles and equipments on commercial terms and conditions. Lease rentals are payable quarterly and include finance charges ranging from 12.89% to 17.63% (31 December 2007: 8.31% to 13.99%) which have been used as discounting factors.

## 18 REDEEMABLE CAPITAL - Secured

18.1 This represents term finance certificates issued by way of private placement to various institutional and others investors. The repayments in respect of these term finance certificates are secured by first charge by way of hypothecation over all present and future current and fixed assets (excluding movable properties). Significant terms and conditions in respect of these term finance certificates are:

Face value per certificate (Rupees)	Issue date	Maturity date	Mark-up rate	Frequency of payment of mark-up and principal
5,000	June 2007	June 2012	Average Ask side Six months KIBOR+1.90%	Semi annual

18.2 As at 31 December 2008, KASB Liquid Fund, a related party, held 10,000 term finance certificates (2007: 10,000 term finance certificates) amounting to Rs 49.970 million (2007: Rs 49.990 million).

## 19 SHARE CAPITAL

### 19.1 Authorised Capital

31 December 2008	31 December 2007		31 December 2008	31 December 2007
Number of shares			(Rupees in '000)	
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs 10 each	<b>2,000,000</b>	2,000,000

### 19.2 Issued, subscribed and paid-up share capital

<b>89,867,900</b>	89,867,900	Ordinary shares of Rs 10 each fully paid-up in cash	<b>898,679</b>	898,679
<b>10,132,100</b>	10,132,100	Ordinary shares of Rs 10 each fully paid-up as part of the scheme of arrangement	<b>101,321</b>	101,321
<b>100,000,000</b>	100,000,000		<b>1,000,000</b>	1,000,000

19.3 The following shares were held by related parties of the company:

	2008		2007	
	Share held	Percentage	Share held	Percentage
KASB Capital Limited	<b>75,996,000</b>	<b>75.996%</b>	100,000,000	100.00%
Key Management Personnel	<b>4,000</b>	<b>0.004%</b>	—	—

## 20 COMMITMENTS

In respect of :

Capital expenditure contracted for but not incurred	<b>862</b>	146,863
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	Note	Year ended 31 December 2008 (Rupees in '000)	Six months ended 31 December 2007
<b>21 OTHER OPERATING REVENUE</b>			
Financial advisory fee		–	121,732
Dividend income		5,085	1,905
Custody services	21.1	8,029	1,095
Subscription research income		1,892	755
		<u>15,006</u>	<u>125,487</u>

21.1 This includes custody service charges received from KASB Capital Limited, a related party, amounting to Rs 0.351 million (31 December 2007: Rs 0.012 million).

	Note	Year ended 31 December 2008 (Rupees in '000)	Six months ended 31 December 2007
<b>22 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	22.2	60,658	100,814
Staff training and development		240	682
Rent, rates and taxes		5,574	4,643
Insurance charges		1,429	958
Depreciation	4.1 & 6	22,964	10,697
Amortisation	5	1,350	189
Repairs and maintenance		8,127	2,465
Power and utilities		3,787	2,224
Communication		17,768	10,623
Fees and subscription		36,149	26,718
Printing and stationery		3,904	5,853
Papers and periodicals		192	137
Advertisement and business promotion		6,203	10,416
Travelling and conveyance		6,869	18,267
Entertainment		624	394
Consultancy charges		4,584	1,500
Legal and professional charges		5,565	16,517
Auditors' remuneration	22.3	672	452
Stamp charges		1,885	21
Donations	22.4	4,392	3,861
Reversal of bad debts previously provided		(102)	(3)
Provision for doubtful trade debts		154,063	10,065
Provision for doubtful receivables		3,000	-
Financial advisory fee expense		4	140
Workers Welfare Fund	22.1	922	-
Others		1,126	204
		<u>351,949</u>	<u>227,837</u>

22.1 This represents provision for Worker's Welfare Fund (WWF) at the rate of 2 percent of accounting profit before tax or taxable income which ever is higher. The provision has been made in pursuance of the amendments in the Finance Act, 2008.

22.2 Salaries, allowances and benefits include company's contribution to provident fund amounting to Rs 3.497 million (31 December 2007: Rs 1.894 million).

	Year ended 31 December 2008	Six months ended 31 December 2007
	(Rupees in '000)	
<b>22.3 Auditors' remuneration</b>		
Statutory audit fee	300	210
Half yearly review fee	100	-
Special audit fee	-	125
Special reports and certifications	225	-
Out of pocket expenses	47	117
	<b>672</b>	<b>452</b>
	<b>672</b>	<b>452</b>

**22.4** Donation were not made to any donee fund in which any director of the company or his spouse had any interest.

	Year ended 31 December 2008	Six months ended 31 December 2007
	(Rupees in '000)	
<b>23 FINANCE COST</b>		
Mark-up on:		
- Short term running finances	32,947	22,005
- Redeemable capital	70,134	29,970
Bank charges	2,141	425
Finance lease charges	1,353	1,118
	<b>106,575</b>	<b>53,518</b>
	<b>106,575</b>	<b>53,518</b>

**23.1** The related party transactions during the year end / period end are as under:

Mark-up on redeemable capital - KASB Liquid Fund	7,013	2,997
Mark-up on short term running finance - KASB Bank Limited	8,786	5,362
Bank charges - KASB Bank Limited	240	106
Finance lease charges - KASB Modaraba	93	-

**24 OTHER INCOME**

Profit on bank deposits	10,705	4,735
Profit on Term Finance Certificates	1,003	-
Profit on pre-IPO investment in units of mutual funds	81	-
Gain / (loss) on disposal of fixed assets	2,691	(437)
Rental income	12,118	1,832
Others	236	252
	<b>26,834</b>	<b>6,382</b>
	<b>26,834</b>	<b>6,382</b>



	Year ended 31 December 2008 (Rupees in '000)	Six months ended 31 December 2007
<b>25 TAXATION</b>		
Current		
– for the year / period	36,718	37,903
– for prior year	1,349	(9,485)
Deferred	2,443	101
	<b>40,510</b>	<b>28,519</b>

**25.1 Relationship between tax expense and accounting profit**

The brokerage income, which is the main source of income of the company, is taxed under the final tax regime. Accordingly, reconciliation between tax expense and accounting profit is not practicable.

	Year ended 31 December 2008 (Rupees in '000)	Six months ended 31 December 2007
<b>26 EARNINGS PER SHARE</b>		
Profit after taxation attributable to ordinary shareholders	4,690	151,003
	<b>Number of shares</b>	
Weighted average number of ordinary shares	100,000,000	63,365,539
	<b>(Rupees)</b>	
Earnings per share	0.05	2.38

26.1 There were no convertible dilutive potential ordinary shares in issue as at 31 December 2008 and 31 December 2007.

**27 REMUNERATION OF DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the chief executive, directors and executives of the company are as follows:

	Year ended 31 December 2008			Six months ended 31 December 2007		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	7,598	4,439	32,043	3,098	–	10,180
Bonus	473	375	2,719	548	–	1,532
Fee	–	180	–	–	24	–
Consultancy services	–	4,500	–	–	1,500	–
Reimbursable expenses	140	109	1,111	76	–	139
Contribution to provident fund	308	228	1,483	137	–	455
	<b>8,519</b>	<b>9,831</b>	<b>37,356</b>	<b>3,859</b>	<b>1,524</b>	<b>12,306</b>
Number of persons	<b>1</b>	<b>4</b>	<b>27</b>	<b>1</b>	<b>2</b>	<b>8</b>

27.1 The Chief Executive and certain executives of the company are provided with free use of company owned and maintained vehicles and cellular phones.

**28 RELATED PARTY TRANSACTIONS**

28.1 The related parties of the company comprise of its parent company, associated undertakings, employee benefit plans and its key management personnel. As discussed in note 1 to these financial statements, KASB Capital Limited, which held 76 percent shares in the company, was merged with KASB Bank Limited effective 31 December 2008. Consequently, the company is a subsidiary of KASB Bank Limited effective from 31 December 2008. Accordingly, the transactions with the parent company has been disclosed both for KASB Bank Limited and KASB Capital Limited.

28.2 The balances with related parties as at 31 December 2008 and transactions with related parties during the year ended 31 December 2008 are as follows:

	As at 31 December 2008					As at
	Parent company					31 December
	KASB Bank Limited	Associated undertakings	Key management personnel	Others	Total	Total
	(Rupees in '000)					
<b>BALANCES</b>						
Trade receivables	29	1	75	489,300	489,405	245
Advances	-	-	106	-	106	-
Long term deposit	-	142	-	-	142	142
Receivable against expenses	-	443	-	-	443	8,184
Prepaid communication charges	-	1,697	-	-	1,697	1,879
Profit receivable on bank deposits	-	-	-	-	-	111
Advance against purchase of license	-	5	-	-	5	-
Advance against purchase of office premises	-	-	-	-	-	116,091
Bank balances with KASB Bank Limited	6,640	-	-	-	6,640	207,009
Trade payables	-	-	1,521	719	2,240	167,571
Payable against expenses	113	68	-	-	181	34
Accrued mark-up	4,414	-	-	120	4,534	2,110
Running finance under mark-up arrangement	37,003	-	-	-	37,003	-
Liability against assets subject to finance lease	-	-	-	570	570	-
Redeemable capital	-	-	-	49,970	49,970	49,990
Rent receivable	-	1,415	-	-	1,415	746
Investments	246,709	40,000	-	40,560	327,269	695,827
Other receivable	-	-	-	-	-	713

	Year ended 31 December 2008						Six months ended
	Parent company						31 December
	KASB Capital Limited	KASB Bank Limited	Associated undertakings	Key management personnel	Others	Total	Total
	(Rupees in '000)						
<b>TRANSACTIONS</b>							
Brokerage income earned	6,115	228	415	52	1,299	8,109	4,839
Custody services	351	-	-	-	-	351	12
Profit on bank deposits	-	2,219	-	-	-	2,219	1,557
Rent income	5,418	3,945	2,755	-	-	12,118	1,832
Communication expense	-	-	5,612	-	-	5,612	5,314
Repair and maintenance	-	-	68	-	-	68	16
Software maintenance expenses	-	-	1,258	-	-	1,258	-
Salary expenses	-	-	45	-	-	45	55
Charge in respect of contributory plan	-	-	-	-	3,497	3,497	1,894
Finance lease charges	-	-	-	-	93	93	-
Financial advisory fee expense	-	-	4	-	-	4	140
Investment made in KASB Bank Limited	-	-	-	-	32,927	32,927	-
Disposal of Investment in KASB Bank Limited	-	-	-	-	17	17	-
Investments purchased	-	142,256	-	-	129,862	272,118	-
Investments sold	412,840	142,287	-	-	100,300	655,427	-
Redemption of redeemable capital	-	-	-	-	20	20	10
Bonus units issued	-	-	-	-	824	824	9,277
Redemption of unit	-	-	-	-	950	950	8,835
Mark-up expense	-	8,786	-	-	7,013	15,799	5,362
Rent expense	-	387	180	-	-	567	1,980
Bank charges	-	240	-	-	-	240	106
Dividend paid	-	-	-	-	-	-	200,100
Purchases of fixed assets	-	60	212	-	915	1,187	294
Travelling expenses	-	-	-	-	-	-	3,175
Loans disbursed to key management personnel	-	-	-	-	134	134	-
Loan repayments by key management personnel	-	-	-	-	28	28	775
Donation	-	-	-	-	1,300	1,300	600
Advance made against acquisition of office premises	-	-	-	-	21,767	21,767	-
Withdrawal of advances made against office premises	-	-	-	-	137,858	137,858	-
Prepayments made	-	-	3,134	-	-	3,134	-
Fixed assets disposed off	4,910	-	-	1,969	-	6,879	2,331
Consultancy expense	-	-	-	4,500	-	4,500	1,500
Power and utilities	-	-	-	-	-	-	32
Fees and subscription	-	-	-	-	-	-	214
Acquisition of software	-	-	3,802	-	-	3,802	-

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 27.

**29 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet amounts:

	Note	31 December 2008 (Rupees in '000)	31 December 2007 (Rupees in '000)
Cash and bank balances	13	14,772	256,725
Running finances under mark-up arrangements	15	(86,973)	-
		<u>(72,201)</u>	<u>256,725</u>

**30 FINANCIAL ASSETS AND LIABILITIES**

	31 December 2008						
	Interest / mark-up bearing			Non interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	
	(Rupees in '000)						
<b>Financial Assets</b>							
Long-term loans and advances	-	1,105	1,105	-	2,729	2,729	3,834
Long-term deposits	-	-	-	-	1,804	1,804	1,804
Investments	-	-	-	80,862	496,642	577,504	577,504
Trade debts - considered good	-	-	-	1,389,456	-	1,389,456	1,389,456
Advances, deposits and other receivables	131,565	-	131,565	22,879	-	22,879	154,444
Cash and bank balances	7,212	-	7,212	7,560	-	7,560	14,772
	<u>138,777</u>	<u>1,105</u>	<u>139,882</u>	<u>1,500,757</u>	<u>501,175</u>	<u>2,001,932</u>	<u>2,141,814</u>
<b>Financial Liabilities</b>							
Trade and other payables	-	-	-	433,549	-	433,549	433,549
Running finances under mark-up arrangements	86,973	-	86,973	-	-	-	86,973
Accrued mark-up on borrowings	-	-	-	12,179	-	12,179	12,179
Liabilities against assets subject to finance lease	3,142	389	3,531	-	-	-	3,531
Redeemable capital	200	499,500	499,700	-	-	-	499,700
	<u>90,315</u>	<u>499,889</u>	<u>590,204</u>	<u>445,728</u>	<u>-</u>	<u>445,728</u>	<u>1,035,932</u>
	31 December 2007						
	Interest / mark-up bearing			Non interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	
	(Rupees in '000)						
<b>Financial Assets</b>							
Long-term loans and advances	-	809	809	-	5,609	5,609	6,418
Long-term deposit	-	-	-	-	1,554	1,554	1,554
Investments	-	-	-	646,684	525,826	1,172,510	1,172,510
Trade debts	-	-	-	1,605,925	-	1,605,925	1,605,925
Advances, deposits and other receivables	58,184	-	58,184	22,950	-	22,950	81,134
Cash and bank balances	234,413	-	234,413	22,312	-	22,312	256,725
	<u>292,597</u>	<u>809</u>	<u>293,406</u>	<u>2,297,871</u>	<u>532,989</u>	<u>2,830,860</u>	<u>3,124,266</u>
<b>Financial Liabilities</b>							
Trade and other payables	-	-	-	1,458,048	-	1,458,048	1,458,048
Accrued mark-up on borrowings	-	-	-	12,097	-	12,097	12,097
Liabilities against assets subject to finance lease	8,488	4,047	12,535	-	-	-	12,535
Redeemable capital	200	499,700	499,900	-	-	-	499,900
	<u>8,688</u>	<u>503,747</u>	<u>512,435</u>	<u>1,470,145</u>	<u>-</u>	<u>1,470,145</u>	<u>1,982,580</u>

30.1 The interest rate profile of interest / mark-up bearing assets and liabilities is given in notes relating to the respective assets / liabilities.

### 30.2 Concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. All the financial assets of the company except Rs 0.064 million (31 December 2007: Rs 0.203 million) are exposed to credit risk. The company controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

### 30.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company believes that it is not exposed to any significant level of liquidity risk. In addition, the company has availed facility or running finance to meet any deficit required to meet the short-term liquidity commitments.

### 30.4 Foreign exchange risk

Foreign currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The company believes that it is not exposed to major foreign exchange risk in this respect.

### 30.5 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

### 30.6 Capital risk management

The company's objectives when managing capital include:

- Reinforcing company's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of company's business operations.

In order to maintain the balance of its capital structure, the company may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The company monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long term borrowings, if any, as shown in the balance sheet. Equity represents paid up capital of the company, general reserve and unappropriated profit.

The gearing ratios at 31 December 2008 and 31 December 2007 were as follows:

	31 December 2008	31 December 2007
	Rupees in '000	
Long term borrowings	499,500	499,700
Paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unappropriate profit	258,907	254,217
	1,277,659	1,272,969
<b>Gearing ratio</b>	<b>28.11%</b>	28.19%

The decrease in the gearing ratio compared to last year resulted mainly from the profit for the year ended 31 December 2008.

### 30.7 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 31 USE OF COLLATERAL AND TRADING SECURITIES

The company utilises certain selected customers' marginable securities to meet the exposure deposit requirements of the Karachi Stock Exchange (Guarantee) Limited, for meeting securities short fall at the time of settlements on behalf of the customers and on availing running finance facilities. These securities are utilised by the company with the consent of these customers. As at 31 December 2008, the details of securities pledged / utilised by the company are as under:

	31 December 2008	31 December 2007
	Rupees in '000	
Exposure deposit with the Karachi Stock Exchange (Guarantee) Limited	194,511	489,069
Short-term funding needs	128,816	-

### 32 CORRESPONDING FIGURES

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

- Advances to supplier against acquisition of vehicles amounting to Rs 3.0 million has been reclassified from capital work in progress to advances, deposits, prepayments and other receivables.
- Advance to National Commodity Exchange Limited amounting to Rs 2.5 million has been reclassified from advances, deposits, prepayments and other receivables to long term loans and advances.
- Other deposits amounting to Rs 0.5 million has been reclassified from advances, deposits, prepayments and other receivables to long-term deposits and prepayments.
- Accrued expenses amounting to Rs 0.330 million and Rs 3.770 million have been reclassified to Trade payables and other payables respectively.
- Office premises having cost and accumulated depreciation amounting to Rs 14.881 million and Rs 8.094 million respectively as at 01 July 2007 has been reclassified to investment properties alongwith the related additions and depreciation during the six months ended 31 December 2007.

### 33 DATE OF AUTHORISATION

These financial statements were authorised for issue on 01 April 2009 by the Board of Directors of the company.

### 34 GENERAL

Figures have been rounded off to the nearest thousand rupees.



**Syed Asghar Ali Shah**  
Chairman



**Farrukh H. Sabzwari**  
Chief Executive Officer



**Kamran Muneer Ansari**  
Chief Financial Officer

## PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2008

Number of Shareholders	Shareholding		Total number of Shares held
	From	To	
52	1	100	4,638
5,651	101	500	1,240,701
397	501	1,000	295,200
158	1,001	5,000	375,693
33	5,001	10,000	250,800
8	10,001	15,000	95,900
5	15,001	20,000	81,900
4	20,001	25,000	98,900
3	25,001	30,000	87,203
3	30,001	35,000	100,300
1	35,001	40,000	39,400
1	40,001	45,000	41,000
1	50,001	55,000	55,000
1	55,001	60,000	60,000
1	60,001	65,000	62,000
1	65,001	70,000	70,000
1	95,001	100,000	100,000
1	395,001	400,000	400,000
1	1,120,001	1,125,000	1,121,500
1	1,720,001	1,725,000	1,721,617
1	2,590,001	2,595,000	2,591,176
1	2,665,001	2,670,000	2,667,640
1	3,215,001	3,220,000	3,215,771
1	4,050,001	4,055,000	4,051,561
1	5,175,001	5,180,000	5,176,100
1	75,995,001	76,000,000	75,996,000
<b>6,330</b>			<b>100,000,000</b>

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage %
Directors and CEO	7	4,000	0.0040%
Associated Companies	5	77,552,500	77.5525%
Banks, DFI and NBFIs	4	10,196,204	10.1962%
Individuals	6,273	2,640,300	2.6403%
Others	39	379,335	0.3793%
Foreign Companies	2	9,227,661	9.2277%
	<b>6,330*</b>	<b>100,000,000</b>	<b>100%</b>

\* Includes 2,287 CDC Beneficial owners as per list appearing on CDS.

## Pattern of Shareholding Additional Information

Serial No	Description	No of Shareholders	No of Shares held
<b>1</b>	<b>Associated Companies and Related Parties</b>		
	KASB Capital Limited	1	75,996,000
	KASB Bank Limited	1	1,121,500
	Trustee - KASB Bank Employees Provident Fund	1	400,000
	Trustee - KASB Securities Employees Provident Fund	1	32,000
	KASB Funds	1	3,000
		<u>5</u>	<u>77,552,500</u>
<b>2</b>	<b>Directors</b>		
	Syed Waseem Ul Haq Haqqie	1	625
	Saeed Yousuf Chinoy	1	625
	Syed Wamiq Abrar Bokhari	1	625
	Farrukh H. Sabzwari	1	625
	Kamran Ansari	1	500
	Tahir Iqbal	1	500
	Muzaffar Ali Shah Bukhari	1	500
		<u>7</u>	<u>4,000</u>
<b>3</b>	<b>Banks, DFI and NBFIs</b>	<u>4</u>	<u>10,196,204</u>
<b>4</b>	<b>Individuals</b>	<u>6,273</u>	<u>2,640,300</u>
<b>5</b>	<b>Foreign Companies</b>	<u>2</u>	<u>9,227,661</u>
<b>6</b>	<b>Others</b>	<u>39</u>	<u>379,335</u>

# FORM OF PROXY NINTH ANNUAL GENERAL MEETING

**The Company Secretary**  
KASB Securities Limited  
5th Floor, Trade Centre,  
I.I. Chundrigar Road, Karachi,  
Pakistan.

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being member(s) of **KASB Securities Limited** holding \_\_\_\_\_  
ordinary shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ who is/are also member(s) of **KASB Securities Limited** as my/our proxy in my/our  
absence to attend and vote for me/us and on my/our behalf at the Ninth Annual General Meeting of the Company to be held at Beach  
Luxury Hotel, Karachi on Monday, 27 April 2009 at 1600 hours and / or any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

## Witnesses

1. \_\_\_\_\_
2. \_\_\_\_\_

Shareholder Folio No. \_\_\_\_\_  
or  
CDC Participant I.D. No. \_\_\_\_\_  
&  
Sub Account No. \_\_\_\_\_


Signature on  
Five Rupees  
Revenue Stamp

--

The Signature should  
agree with the  
specimen registered  
with the Company

## NOTES:

1. The Member is requested:
  - (a) to affix Revenue Stamp of Rs. 5 at the place indicated above;
  - (b) to sign across the Revenue Stamp in the same Style of Signature as is registered with the Company; and
  - (c) to write down his folio number.
2. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan at least 48 hours before the time fixed for the meeting.
3. No person shall act as a proxy unless he himself is a member of the Company, except that a Corporate body may appoint a person who is not a member.
4. CDC shareholders or their proxies should bring their original computerised National Identity Card or Passport along with the Participant's ID Number and their Account number to facilitate their identification.



AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
**KASB Securities Limited**  
5th Floor, Trade Centre,  
I.I. Chundrigar Road, Karachi, Pakistan  
Ph: (92-21) 111-222-000 & 2635501-10  
Fax: (92-21) 2630202



 **KASB SECURITIES**

5th Floor, Trade Centre,  
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Fax: (92-21) 2630202  
E-mail: [kasbho@kasb.com](mailto:kasbho@kasb.com)