KASB SECURITIES

Annual Report

For the year ended December 31, 2011

Annual Report

For the year ended December 31, 2011

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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.

Vision	Customer Oriented, Innovative
Attitude	Proactive, Based on Commitment & Respect
Leadership	Based on Integrity, Trust & Teamwork
Upright	Credible & Reliable
Excellence	In Customer Services with Quality
Synergy	In Team Result

COMPANY INFORMATION

Board of Directors:	Syed Asghar Ali Shah - Chairman Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Irfan Nadeem Mahmood Ali Shah Bukhari Syed Asad Mustafa Shafqat Nadir Rahman - Chief Executive Officer
Audit Committee:	Saeed Yousuf Chinoy - Chairman Syed Asghar Ali Shah Irfan Nadeem Zia-ul-Haq - Secretary
CFO & Company Secretary:	Saeed Jamal Tariq
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) Progressive Plaza, Beaumont Road Karachi, Pakistan
Internal Auditor:	Zia-ul-Haq
Bankers:	Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited
Legal Advisor:	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-CL-10, Beaumont Road, Civil Lines, Karachi, Pakistan
Registered & Head Office:	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 32630202 E-mail: kasbho@kasb.com

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E-mail: kasbpsh@kasb.com

Website: www.kasb.com

Share Registrar:
THK Associates (Private) Limited
Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan
Ph : (92-21) 111-000-322
Fax: (92-21) 35655595

FINANCIAL HIGHLIGHTS

	Jan - Dec 2011	Jan - Dec 2010	Jan - Dec 2009	Jan - Dec 2008	July - Dec 2007*	July - June 2007
Operating Performance						
(Rupees in '000)						
Revenue	267,937	335,171	511,732	488,679	459,230	705,250
Operating and administrative expenses	(281,319)	(301,574)	(242,964)	(194,988)	(217,775)	(369,284)
(Provision) / reversal of provision / impairment	(61,521)	102,324	(450,858)	(156,961)	(10,062)	(13,950)
Finance cost	(69,774)	(72,600)	(85,320)	(106,575)	(53,518)	(37,962)
Other income	10,813	11,710	14,117	15,045	1,647	4,401
(Loss) / profit before taxation	(133,864)	75,031	(253,293)	45,200	179,522	288,455
(Loss) / profit after taxation	(146,226)	68,872	(298,270)	4,690	151,003	226,920
Per Ordinary Share						
(Rupees)						
(Loss) / earnings per share	(1.46)	0.69	(2.98)	0.05	2.38	4.71
Break-up value per share	9.90	10.63	10.18	11.98	13.71	18.74
Dividends (Percentage)						
Cash	-	-	-	-	-	83.4%(I)
Assets and Liabilities						
(Rupees in '000)						
Total assets	1,665,708	2,034,743	2,305,027	2,255,343	3,368,462	2,911,785
Current assets	747,216	1,151,957	1,876,991	2,143,693	3,122,576	2,673,746
Current liabilities	675,444	804,791	785,478	556,308	1,493,612	1,842,154
Financial Position						
(Rupees in '000)						
Shareholders equity	990,264	1,063,386	1,018,202	1,198,356	1,371,103	562,158
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	300,000
Reserves	(9,736)	63,386	18,202	198,356	371,103	262,158
Share outstanding (Number in '000)	100,000	100,000	100,000	100,000	100,000	30,000
Return on capital employed - (%)	(13.52)	7.06	(24.88)	3.77	13.09	51.31
Return on total assets - (%)	(3.85)	7.26	(7.29)	6.73	6.92	11.21
Current ratio-times	1.11	1.43	2.39	3.85	2.09	1.45
Interest cover ratio-times	(0.92)	2.03	(1.97)	1.42	4.35	8.60

(I) Interim
(F) Final

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

DIRECTORS' REPORT

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the audited financial statements of the Company, and commentary for the year ended December 31, 2011.

Economic Review

2011 saw macro indicators recovering from the nation-wide floods in 2010. Inflation cooled off to 9.8% by the end of 2011 from a peak of 15.5% last year despite repeat floods in Sindh. Higher cotton prices supported growth in textile exports in the earlier part of the year. Despite fiscal constraints and lack of sovereign flows, the government managed to restrict its borrowing from central bank (net-zero) during the September quarter which encouraged State Bank to slash discount rate by 200 bps to its current level of 12%. However, rising liquidity and pressure on the external account in the latter part of the year plagued the macro landscape led by a mix of global and domestic factors. Above-expected increase in current account deficit was due to weakening export growth and rising oil import bill, as prices firmed up stoked by political situation in the MENA region. The slow implementation of reforms by the government in the light of election considerations has added to the slowing growth environment, which was already affected by energy shortfall. This kept the IMF program suspended for most part of the year while lack of other sovereign flows has built pressure on financing of the domestic and external deficits.

Equity Market Review

KSE rounded off the year with a negative return of 5.6% which can be considered a decent showing when compared to peer markets. It however was a frustrating year for KSE investors as market capitalization, volumes (79mn shares/day) and value traded at US$41mn/day were at multi year lows. Exaggerating the frustration was the range bound behavior which limited opportunities for investors. A key reason for the lackluster behavior was a regulatory overhang where 1) investors remained concerned over capital gains tax and 2) strict risk management regime, which nullified the re-launch of the leverage product.

KSE only recorded a few major moves in a lackluster year. Weakness was seen in early 2011 due to MENA unrest and certain issues due to which relations with the United States turned tense. These were offset by hopes of CGT relaxation around the budget time. However lack of any positive news in the budget and weakness in regional markets saw KSE slip. Market reaction, as a result, also remained muted to rate cuts and easing of risk management in the leverage product in 2H11.

Debt and Currency Markets Review

Money market started off the year with a stable benchmark interest rate. However following the first cut in discount rate in July 11, the market's focus shifted to purchasing longer term T-bills with expectations of further decline in the benchmark interest rate which led to T-bill yields declining by more than 50bps before the October 11 monetary policy decision of a 150 bps cut. Market liquidity conditions were tight during most part of the year compelling the State Bank to intervene frequently in the latter half to conduct Open Market Operations, injecting PKR 200-350 bn on a weekly basis.

State Bank conducted ten PIB auctions during the year, comfortably meeting the targeted amount in all but the last two auctions of the year where participation dwindled.

Pak Rupee started off 2011 on a relatively stable footing where it depreciated by only 0.3% against the US dollar by June 11. However several factors led to a fall in value by approximately 4.8% thereafter. These included (1) completion of IMF program in September 2011; (2) growing political tension between Pakistan and the US; and (3) higher current account deficit. Additional concerns over decline in foreign exchange reserves position were led by the fact that loan repayments to IMF to the tune of $1.1 bn are to fall due in 1H2012.

Operating Performance

Loss (after tax) for the year amounted to PKR 146.23 mn as compared to Profit (after tax) of PKR 68.87 mn for 2010. Monetary impact of significant P&L items on the Company's bottom-line are highlighted as under:

- Decline of PKR 36.53 mn under Brokerage and fee income.
- Decline of PKR 22.96 mn under Capital gains-PKR 25.52 mn in 2011 as compared to PKR 48.48 mn in 2010.
- Increase of PKR 46.93 mn due to reduced impairment on strategic investments-PKR 28.00 mn recorded in 2011 as compared to PKR 74.93 mn in 2010.

- Decrease of PKR 210.78 mn against provision made against trade debts-PKR 33.52 mn provided during 2011 as against reversal of provision of PKR 177.26 mn during 2010 resulting from the recovery of a significant overdue trade debt.

- Increase of PKR 20.25 mn due to decrease in operating & admin costs from PKR 301.57 mn in 2010 to PKR 281.32 mn during 2011.

EPS for 2011 was negative PKR 1.46 as compared to EPS of PKR 0.69 in 2010.

Lower brokerage volumes, stock market decline and non-liquid strategic investments continued to exert pressure on core profitability, decreased Capital gains and resulted in higher provisions.

Some of the following 'positives' should augur well for the future, in-case an upturn in the economic conditions occur:

- Increased market share in equities brokerage from 8.9% in 2010 to 11.4% in 2011.
- Increased market share in commodities brokerage from 7.3% in 2010 to 13.9% in 2011.
- Client acquisition-1,437 in equities (increase of 18%) and 471 in commodities (increase of 260%).
- New branches-Low operating costs, therefore low break even.

Corporate Governance

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

- Proper books of accounts 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 4.1 to 4.18 of the financial statements have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;

- Approved Accounting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission as also stated in note 3 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 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 appear on page 5.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2011 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 December 31, 2011 amounts to approximately PKR 46 mn.

- No material changes and commitments affecting the financial position of the Company have occurred between the balance sheet date and the date of the Directors Report

Corporate Social Responsibility

Responsibility towards the Community: KASB aims to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities in respect of all these communities. KASB will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

Responsibility towards the Environment : 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, with specific focus on its waste management practices and usage of energy.

KASB has integrated corporate social responsibility (CSR) into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives.

Summary of CSR activities during 2011 are as follows:

(i) Adherence to Regulatory Requirements: The Company and its employees contributed an amount of PKR 41.6 million to the national exchequer in the form of taxes.

(ii) Environmental Performance and Sustainability:
- 62% reduction in air travel costs.
- 47% reduction in use of fuel.

(iii) People/Human Resources:
- Conducted/arranged various in-house and external training programs for improving HR quality.

Community Relations: 16% increase towards corporate philanthropy contributions during 2011 (in partnership with KASB Foundation).

The Board

The Board comprises of four non-executive directors and three executive directors. The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices. The Board has established an Audit Committee to assist in the performance of its functions. The names of the members of this Committee are stated on the Company Information pages.

Five meetings of the Board of Directors were held during the year. The attendance of Directors at the Board meetings was as follows:

Name of Director	Meetings held after appointment	Meetings attended*
Syed Asghar Ali Shah	Five	Five
Saeed Yousuf Chinoy	Five	Five
Irfan Nadeem	Three	Three
Malik Munir Ahmed Saleem	Five	Nil
Bilal Mustafa Siddiqui	Two	One
Sheikh Muhammad Moeen	Two	Two
Nadim D. Khan	Two	One
Syed Asad Mustafa Shafqat	Two	Two
Nadir Rahman	Five	Five

*Against all absences, leave of absence was granted by the Board.

The directors wish to report the following changes during 2011 in the composition of the Board:

- Syed Tariq Hussain Gilani, elected on January 28, 2011 resigned and in his place Mr. Nadim D. Khan was co-opted on March 24, 2011.
- Sheikh Muhammad Moeen elected on January 28, 2011 resigned and in his place Mr. Irfan Nadeem was co-opted on August 9, 2011.
- Mr. Bilal Mustafa Siddiqui, elected on January 28, 2011 resigned and in his place Syed Asad Mustafa Shafqat was co-opted on September 19, 2011.

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 before being approved by the Board of Directors.

The Audit Committee assists the Board in monitoring and managing risks associated with the business and the internal controls put in place to mitigate these risks. The 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 is composed of three Non-Executive Directors and held four meetings during the year.

Appointment of External Auditors

The external auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants stand retired after expiry of their tenor. As per the recommendations of the Audit Committee, the Board endorses the re-appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the external auditors for the financial year ending 2012. Approval to this effect will be sought from the shareholders at the forthcoming annual general meeting.

Shareholding

The pattern of shareholding as on December 31, 2011 appears on page 81. Transactions in the Company's shares, as reported by the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary on their own account and on account of their spouse and minor children are also reported therein.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has revised the Company's long term rating to "A-" (A Minus) and short term rating to A2 (A Two). The rating of the secured and privately placed TFC issue of PKR 500 million has also been revised to "A" (Single A). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Future Outlook

Looking ahead, the future is likely to be shaped by interplay of politics and regulations. Considerations of possible early elections will likely shape government policies while international politics will determine sovereign flows which remain critical to macro economic fortunes of Pakistan. However from KSE's vantage point, details on the capital gains tax relief package announced by the Finance Minister in January 12 will be critical given the drag witnessed by the market since the imposition of capital gains tax.

Core focus areas of the Company for 2012 and beyond will be:

1. Improving core business revenues by (i) re-aligning branches to unify marketing efforts for all products, offline & online; (ii) establishing low cost sales and customer acquisition outlets: and (iii) improving service quality.

2. Improving efficiencies by (i) exploiting cross-sell opportunities with Group concerns; and (ii) managing costs; and (iii) Focusing on "smart" revenue opportunities.

Acknowledgement

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

On behalf of the Board of Directors

Syed Asghar Ali Shah
Chairman

Karachi: March 20, 2012

PROFILE OF DIRECTORS

Syed Asghar Ali Shah – Chairman

Syed 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 of Pakistani origin. He received his education in Pakistan and graduated from the University of Punjab in 1969. He has a Diploma in Data Processing from Frankfurt CDI, Germany and has done numerous other professional courses from UK, USA and Germany.

Mr. Shah has worked in senior positions with a number of organizations during the period since 1971, such as the Frankfurt Stock Exchange, American Express Frankfurt, University Info Systems Hannover, Abbott Europe, H. Q. Wiesbaden in Germany, BCCI London, Asia Pacific Hong Kong and Abu Dhabi. He was the CEO of Mustekham Steel, Rawalpindi, Education Tech-Knowledge, Lahore and Amtex Europe HO, Loerrach, Germany. He also remained a Director on the Board of Privatization Commission.

Currently, Mr. Shah is the Chairman BOD at KASB Securities and Director Hi-Tech Engineering Works in Karachi. Mr. Shah has accumulated vast business and management experience, has traveled the world over and also possesses full command of the German language.

Malik Munir Ahmed Saleem – Director

Malik Munir Ahmed Saleem has over 35 years of rich experience of the banking industry. He is currently working with KASB Bank as Group Executive Commercial Banking and is responsible for looking after a portfolio of 104 branches around Pakistan. His current assignment entails Middle Market, SME banking, Consumer banking, Agricultural and leasing facilities. His long association with the banking industry has enabled him to develop a specialization for all operational aspects of commercial banking, consumer finance, process reengineering, setting up of strategic business units and business integration. Prior to joining KASB Bank, he was SEVP/Group Head at MCB Bank and managed 980 branches across the country. He was a permanent member of Management Committee, delegated with authority to approve credit facilities to customers.

He holds a Bachelors degree in Law and Arts from University of Punjab. He is also a Diplomaed Associate of Institute of Bankers of Pakistan.

Saeed Yousuf Chinoy – Director

Mr. Saeed Yousuf Chinoy is a business and management consultant with over forty 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 President of the Oxford & Cambridge Society, an educational charity raising money to fund university education of the financially disadvantaged. He has also served on the Boards of various other companies in Pakistan including Singer Pakistan Limited, Premier Sugar and Distillery Company Limited, Phipson & Co. Limited, Pakistan Agencies Limited, and Continental Furnishing Co. Limited, as well as companies in Saudi Arabia and Dubai. He remains engaged in international financial services and equity markets and holds investments in Pakistan Real Estate and Capital Markets. He holds a Bachelors as well as a Masters degree from Cambridge University, United Kingdom.

Irfan Nadeem – Director

Mr. Irfan Nadeem is a senior retired civil servant and during his service with the Government of Pakistan, Mr. Nadeem served as (a) Federal Secretary-Ministry of Science and Technology, (b) Director General, Pakistan Standards and Quality Control Authority, (c) Deputy/Acting Chairman-National Accountability Bureau (d) Additional Director General, Economic Crimes Wing-Federal Investigation Agency and (e) Member Inland Revenue FBR apart from various field positions in Income Tax. Mr. Nadeem also served as a member of the governing body of the Higher Education Commission, COMSATS, NUST apart from being the Chairman Board of Governors of Commecs Institute for nearly 14 years.

Mr. Nadeem holds a bachelor's degree in Law and Commerce from the University of Karachi. While serving the Government of Pakistan, he attended specialized training programs such as the Executive Leadership Development Program in Honors category from the JFK School of Government, Harvard University, Cambridge, USA, Advance Management for Senior Tax Officials at Lincoln, England, International Taxation in Tokyo, Japan, apart from many other short and long courses. He has lead Pakistani delegations in many National and International conferences and is recepient of many Awards.

Mahmood Ali Shah Bukhari – Director

Mahmood Ali Shah Bukhari is a Director in KASB Finance Limited and an Economic Consultant with KASB Modaraba where his primary focus is on devising feasibilities of new ventures with group companies.

As a KASB Foundation Ambassador, Mr. Bukhari also plays an active role in fulfilling social responsibilities by volunteering for human relief efforts, and special children projects. In addition, he has also participated in various national and international conferences organized by outfits, such as Young Presidents Organization (YPO) and United Nations.

Mr. Bukhari has a BSc in Liberal Studies from University of Waterloo, Waterloo-Canada. Furthermore, he has received professional training in various aspects of Asset Management, Investment Analysis, Core Banking and Brokerage at leading companies such as Citi Group, Tikehau Capital and Stanhope Capital.

Syed Asad Mustafa Shafqat – Director

Syed Asad Mustafa Shafqat possesses more than 13 years of experience in Investment Banking, Capital Markets and Private Equity. During his career, Mr. Shafqat has lead-managed large ticket domestic and international transactions, including M&A, debt and equity raising, project finance, corporate restructurings & reorganizations, portfolio and investment management, asset valuation and loan resolution/workouts.

Previously, Mr. Shafqat has held senior level positions at renowned organizations including Faysal Bank, Foundation Securities, Fauji Foundation, Actis Capital and Ernst & Young Pakistan.

Mr. Shafqat received his Bachelors in Accounting from The University of Hull in 1998 and is a CFA Level 3 Candidate

Nadir Rahman – Chief Executive Officer

Mr. Nadir Rahman has 20 plus years of experience in corporate and investment banking, sales and trading, direct investments, and real estate. He has done business in over 25 countries, focused on capital markets and financing.

Mr. Rahman has held senior management positions (including board memberships) with various global and local firms, including Pakistan's Fauji Foundation.

Mr. Rahman holds degrees from the Wharton School and the College of Arts and Sciences of the University of Pennsylvania.

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 caste, 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 bodies.

Confidentiality

Employees are bound to protect the confidentiality of information and are obliged to keep 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth Annual General Meeting of KASB Securities Limited (the Company) will be held at Beach Luxury Hotel, Karachi on Friday April 27, 2012 at 11 a.m. to transact the following business:

1. To confirm the minutes of the Eleventh Annual General Meeting held on April 23, 2011.
2. To receive, consider and adopt the audited standalone and consolidated financial statements of the Company for the year ended December 31, 2011 together with the Directors' and Auditors' Report thereon
3. To appoint Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the auditors for the year ending December 31, 2012 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

S.J.Tariq

Karachi
April 6, 2012

Saeed Jamal Tariq
Company Secretary

Notes:

(i) Share transfer books of the Company will remain closed from April 21, 2012 to April 27, 2012 (both days inclusive). Transfers received in order at the office of our Registrar, Messrs THK Associates (Private) Limited, Ground Floor, State Life Building No.3, Ziauddin Ahmed Road, Karachi; by the close of business on April 20, 2012 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 Limited and/or their proxies are required to produce their original (CNIC) or Passport for identification purposes 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.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan

Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2011 prepared by the Board of Directors of KASB Securities Limited (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiry of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 systems 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.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular number KSE / N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 31 December 2011.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: 20 March 2012

Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 and Chapter XI of Listing Regulations of The Karachi Stock Exchange (Guarantee Limited) 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:

- The Company encourages the representation of independent non-executive directors and the Board as at December 31, 2011 comprised of Four non-executive directors.
- The directors have confirmed that none of them is serving as a director in more than ten listed Companies including KASB Securities Limited.
- 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 Development Financial Institution or a Non-Banking Financial Institution. None of the resident Directors are members of any Stock Exchange of Pakistan.
- The Company has prepared a 'Statement of Ethics and Business Practices', which is signed by all the directors and employees of the Company.
- 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.
- All the powers of the Board have been duly exercised and decisions on material transactions or significant matters are documented by a resolution passed at a meeting of the Board;
- 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.
- Casual vacancies that occurred in the Board were filled up by the Board in accordance with the Articles of Association of the Company.
- The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
- The management of the Company intends to nominate candidate(s) from the Board of Directors for the purposes of attending orientation course(s) to apprise them of their duties and responsibilities.
- 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 are approved by the Board of directors.
- 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.
- The financial statements of the Company were duly endorsed by CEO and CFO before their approval by the Board.
- The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the Code.
- 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.
- The meetings of the Audit Committee were held at least once in 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.
- The Board has setup an internal audit function. The staff of the Internal Audit department is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

- 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.

- 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.

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: March 20, 2012

STANDALONE FINANCIAL STATEMENTS

ERNST & YOUNG

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KASB Securities Limited (the Company) as at 31 December 2011 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 except for the changes as stated in note 4.1 to the financial statements with which we concur;

   (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 31 December 2011 and of the loss, comprehensive loss, 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.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 20 March 2012

Karachi

A member firm of Ernst & Young Global Limited

BALANCE SHEET

AS AT DECEMBER 31, 2011

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	36,588	42,689
Intangible assets	8	13,590	15,099
Investment properties	9	8,129	9,020
Long-term Investments	10	826,176	809,319
Long-term loans and advances	11	2,017	1,021
Long-term deposits and prepayments	12	3,604	5,638
Long-term receivable	13	27,920	-
Deferred tax asset - net		468	-
		918,492	882,786
Current assets			
Assets held for sale	14	86,490	-
Short-term investments	15	221,864	611,920
Trade debts	16	227,617	381,342
Advances, deposits, prepayments and other receivables	17	66,084	61,750
Taxation -net		2,853	-
Cash and bank balances	18	142,308	96,945
		747,216	1,151,957
TOTAL ASSETS		1,665,708	2,034,743
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	19	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		88,229	15,125
(Accumulated loss) / unappropriated profit		(116,717)	29,509
		990,264	1,063,386
Current liabilities			
Trade and other payables	20	507,362	465,280
Accrued mark-up	22	1,582	1,214
Taxation payable - net		-	5,497
Current maturity of redeemable capital	23	166,500	332,800
		675,444	804,791
Non-current liabilities			
Redeemable capital		-	166,500
Deferred tax liability - net		-	66
		-	166,566
TOTAL EQUITY AND LIABILITIES		1,665,708	2,034,743
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 41 form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011	2010
		(Rupees in '000)	
Operating revenue	25	**184,981**	221,513
Net (loss) / gain on investments 'at fair value through profit and loss '			
Net (loss) / gain on sale of investments		**(36,175)**	29,381
Net unrealized (loss) / gain on re-measurement of investments		**(16,350)**	10,803
		(52,525)	40,184
Net gain / (loss) on available-for-sale investments			
Net gain on sale of investments	26	**78,047**	8,296
Impairment loss	30	**(28,001)**	(74,931)
		50,046	(66,635)
Dividend income		**7,791**	8,496
Other operating revenue	27	**49,643**	56,682
		239,936	260,240
Operating and administrative expenses	28	**(281,319)**	(301,574)
(Provision) / reversal of provision against doubtful debts	29	**(33,520)**	177,255
		(314,839)	(124,319)
Operating (loss) / profit		**(74,903)**	135,921
Finance cost	31	**(69,774)**	(72,600)
		(144,677)	63,321
Other income	32	**10,813**	11,710
(Loss) / profit before taxation		**(133,864)**	75,031
Taxation	33	**(12,362)**	(6,159)
(Loss) / profit after taxation		**(146,226)**	68,872
Other comprehensive income:			
Net unrealized gain / (loss) arising during the year on re-measurement of 'available-for-sale' investments - net		**65,321**	(97,279)
Reclassification adjustment for net gain realized on disposal of 'available-for-sale' investments		**(20,218)**	(1,340)
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit and loss		**28,001**	74,931
Other comprehensive income / (loss) for the year		**73,104**	(23,688)
Total comprehensive (loss) / income for the year		**(73,122)**	45,184
		(Rupees)	
(Loss) / earnings per share - basic and diluted	34	**(1.46)**	0.69

The annexed notes 1 to 41 form an integral part of these financial statements.

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(133,864)**	75,031
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	**9,951**	15,275
Amortisation	**1,509**	2,132
Gain on sale of investments-net	**(41,872)**	(37,677)
Gain on sale of property and equipment	**(3,150)**	(634)
Unrealised loss / (gain) on re-measurement of investments 'at fair value through profit or loss' - net	**16,350**	(10,803)
Impairment loss on 'available-for-sale' investments	**28,001**	74,931
Reversal of provision against doubtful debts	**(987)**	(209,432)
Reversal of provision against other receivables	**-**	(5,147)
Provision against long-term receivable	**13,988**	-
Provision against doubtful debts	**20,519**	32,852
Finance cost	**69,774**	72,600
Dividend income	**(7,791)**	(8,496)
	106,292	(74,399)
	(27,572)	632
Working capital adjustments:		
(Increase) / decrease in assets		
Assets held for sale	**(86,490)**	-
Trade debts	**134,193**	849,418
Advances, deposits, prepayments and other receivables	**(4,297)**	137,756
	43,406	987,174
Increase / (decrease) in current liabilities		
Trade and other payables	**42,082**	(282,047)
	57,916	705,759
Finance cost paid	**(69,406)**	(72,365)
Income tax paid	**(21,246)**	(39,534)
Net cash flows (used in) / generated from operating activities	**(32,736)**	593,860
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	**185,993**	(503,656)
Investments 'at fair value through profit or loss' - net	**257,831**	(318,179)
Purchase of property and equipment	**(4,850)**	(7,980)
Proceeds from disposal of property and equipment	**5,041**	3,754
Dividend received	**7,754**	42,071
Net cash flows generated from / (used in) investing activities	**451,769**	(783,990)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	**(996)**	201
Long-term deposits and prepayments	**2,034**	(1,134)
Long-term receivable	**(41,908)**	-
Lease rentals paid	**-**	(81)
Redemption of redeemable capital	**(332,800)**	(200)
Net cash flows (used in) financing activities	**(373,670)**	(1,214)
Net increase / (decrease) in cash and cash equivalents	**45,363**	(191,344)
Cash and cash equivalents at the beginning of the year	**96,945**	288,289
Cash and cash equivalents at the end of the year	**142,308**	96,945

The annexed notes 1 to 41 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Share capital	General reserve	Unappropri-ated profit / (accumulated loss)	Unrealised gain / (loss) on re-measurement of 'available--for-sale' investments to fair value - net	Total
			(Rupees in '000)		
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive income for the year	-	-	68,872	(23,688)	45,184
Balance as at December 31, 2010	**1,000,000**	**18,752**	**29,509**	**15,125**	**1,063,386**
Total comprehensive loss for the year	-	-	(146,226)	73,104	(73,122)
Balance as at December 31, 2011	**1,000,000**	**18,752**	**(116,717)**	**88,229**	**990,264**

The annexed notes 1 to 41 form an integral part of these financial statements.

Syyed Asghar Ali Shah
Chairman

Nadir Rahman
Chief Executive Officer

Saeed Jamal Tariq
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

1. STATUS AND NATURE OF BUSINESS

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

The Company is a subsidiary of KASB Bank Limited (the Parent company) which holds 77.12% of the shares of the Company.

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

1.2 These are separate financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.7 below.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IAS 24 - Related Party Disclosures (Revised)

IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 3 - Business Combinations

- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests
- Un-replaced and voluntarily replaced share-based payment awards

IFRS 7 - Financial Instruments: Disclosures

- Clarification of disclosures

IAS 1 - Presentation of Financial Statements

- Clarification of statement of changes in equity

IAS 27 - Consolidated and Separate Financial Statements

- Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements

IAS 34 - Interim Financial Reporting

- Significant events and transactions

IFRIC 13 - Customer Loyalty Programmes

- Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

4.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.3 Assets subject to finance lease

Assets subject to finance lease are stated at fair value of the leased assets at inception of the lease or, if lower at the present value of minimum lease payments. Depreciation is charged at the rates specified in note 7.

The outstanding obligations under finance lease less finance charges allocated to future periods are shown as liability. The finance charges are calculated at the rate implicit in the leases and are charged to profit and loss account.

4.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. Instead these are systematically tested for impairment at each balance sheet date. Intangible assets include KSE and PMEL membership cards, rooms and booths at KSE, the carrying amounts of which are reviewed at each balance sheet date to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceed the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred.

Gains and losses on disposals, if any, of assets are included in income currently.

4.5 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.6 Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

4.7 Investments

Investments in subsidary company is stated at cost less provision for imairment, if any. Other, investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sell is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments at fair value through profit or loss

Investments classified as 'investments at fair value through profit or loss' are carried at fair value. Gain / loss on re-measurement of such investments to fair value is recognised in the profit and loss account.

Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss including that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as fair value through profit or loss or available for sale. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.8 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.9 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.10 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Capital gains and losses on sale of securities is recognised as and when realised.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / deficit arising on revaluation.

4.12 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.13 Staff retirement benefits

Defined contribution plan

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Company allows it’s management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.14 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purpose of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.

4.15 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

Foreign currency translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.17 Trade and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables whereas debts deemed uncollectible are written off.

4.18 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation	4.2 to 4.5,7, 8 & 9
Classification of investments	4.7, 10 & 15
Provision for doubtful debts	4.16 & 16
Deferred taxation and taxation	4.11 & 33

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or amendment		Effective date (accounting periods beginning on or after)
IFRS 7	- Financial Instruments : Disclosures - (Amendments)	
	- Amendments enhancing disclosures about transfers of financial assets	01 July 2011
	- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1	- Presentation of Financial Statements - Presentation of items of comprehensive income	01 July 2012
IAS 1	- Income Taxes (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 1	- Employee Benefits - (Amendment)	01 January 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purposes of applicability in Pakistan.

		IASB Effective date (accounting periods beginning on or after)
IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	- Consolidated Financial Statements	01 January 2013
IFRS 11	- Joint Arrangements	01 January 2013
IFRS 12	- Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	- Fair Value Measurement	01 January 2013

7. PROPERTY AND EQUIPMENT

2011

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles – Owned	Motor vehicles – Held under finance lease	Total
	Rupees in '000					
Cost	23,853	24,882	118,864	5,484	-	173,083
Accumulated depreciation	(5,844)	(10,367)	(110,700)	(3,483)	-	(130,394)
Net book value at the begining of the year	18,009	14,515	8,164	2,001	-	42,689
Changes during the year						
Additions during the year	-	361	3,099	1,390	-	4,850
Disposals during the year						
- Cost	(2,656)	(51)	(625)	(2,984)	-	(6,316)
- Depreciation	1,832	40	522	2,031	-	4,425
	(824)	(11)	(103)	(953)	-	(1,891)
Depreciation charge for the year	(1,100)	(2,128)	(5,346)	(486)	-	(9,060)
	(1,924)	(1,778)	(2,350)	(49)	-	(6,101)
Net book value at the end of the year	16,085	12,737	5,814	1,952	-	36,588
Analysis of Net Book Value						
Cost	21,197	25,192	121,338	3,890	-	171,617
Accumulated depreciation	(5,112)	(12,455)	(115,524)	(1,938)	-	(135,029)
Net book value as at December 31, 2011	16,085	12,737	5,814	1,952	-	36,588
Depreciation rate (% per annum)	5	10	33.33	20	20	

2010

	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles – Owned	Motor vehicles – Held under finance lease	Total
	Rupees in '000					
Cost	23,853	24,349	114,702	9,664	1,815	174,383
Accumulated depreciation	(4,651)	(8,251)	(101,115)	(5,031)	(745)	(119,793)
Net book value at the begining of the year	19,202	16,098	13,587	4,633	1,070	54,590
Changes during the year						
Additions during the year	-	581	4,838	-	-	5,419
Disposals during the year						
- Cost	-	(48)	(676)	(5,995)	-	(6,719)
- Depreciation	-	28	515	3,056	-	3,599
	-	(20)	(161)	(2,939)	-	(3,120)
Depreciation charge for the year	(1,193)	(2,144)	(10,100)	(726)	(37)	(14,200)
Transfers during the year						
- Cost	-	-	-	1,815	(1,815)	-
- Depreciation	-	-	-	(782)	782	-
	-	-	-	1,033	(1,033)	-
	(1,193)	(1,583)	(5,423)	(2,632)	(1,070)	(11,901)
Net book value at the end of the year	18,009	14,515	8,164	2,001	-	42,689
Analysis of Net Book Value						
Cost	23,853	24,882	118,864	5,484	-	173,083
Accumulated depreciation	(5,844)	(10,367)	(110,700)	(3,483)	-	(130,394)
Net book value as at December 31, 2010	18,009	14,515	8,164	2,001	-	42,689
Depreciation rate (% per annum)	5	10	33.33	20	20	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year are as follows:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/ (loss)	Particulars of Buyer	Mode of disposal
	Rupees in '000						
Office Premises							
FF-01, First Floor, Business Centre, Lahore	2,656	1,832	824	3,878	3,054	Faiza Kamran-Karachi	Negotiation
Furniture and Fixtures							
Sofa set	51	40	11	7	(4)	Muhammad Asif Butt-Karachi	Negotiation
Vehicles							
Toyota Corolla XLI	879	670	209	209	-	Ghazanfar Ali (employee)-Lahore	Company policy
Suzuki Cultus	560	355	205	205	-	Farah Marwat (ex-employee)-Karachi	Company policy
Suzuki Cultus	555	353	202	202	-	Ahmed Junaid Nasir (employee)-Karachi	Company policy
Honda City	936	599	337	337	-	Atif Aziz Ahmed (employee)-Karachi	Company policy
Honda CD-70	54	54	-	17	17	Muhammad Amir-Karachi	Negotiation
	2,984	2,031	953	970	17		
Equipment							
Blackberry	22	19	3	8	5	EFU General Insurance Ltd.-Karachi	Insurance claim
Blackberry	23	10	13	16	3	EFU General Insurance Ltd.-Karachi	Insurance claim
Blackberry	19	4	15	15	-	Imran Qureshi (ex-employee)-Karachi	Company policy
Blackberry	19	7	12	12	-	Jawad Khokhar (ex-employee)-Karachi	Company policy
Blackberry	19	8	11	11	-	Farah Marwat (ex-employee)-Karachi	Company policy
Laptop	52	20	32	32	-	Jawad Khokhar (ex-employee)-Karachi	Company policy
Air-conditioners	90	90	-	20	20	Ali Asif-Karachi	Negotiation
Air-conditioners	27	13	14	6	(8)	Tahir Mehmood-Karachi	Negotiation
Air-conditioners	45	45	-	6	6	Tahir Mehmood-Karachi	Negotiation
Air-conditioners	92	92	-	43	43	KASB Funds Ltd.-(related Party)-Karachi	Negotiation
Generator	212	212	-	15	15	Tahir Mehmood-Karachi	Negotiation
LCD Monitor	5	2	3	2	(1)	Kodvavi Computers-Karachi	Negotiation
	625	522	103	186	83		
December 31, 2011	**6,316**	**4,425**	**1,891**	**5,041**	**3,150**		
December 31, 2010	6,719	3,599	3,120	3,754	634		

8. INTANGIBLE ASSETS

	2011				
	Computer software	Membership cards of KSE and PMEL	Rooms at KSE	Booths at KSE	Total
	(Rupees in '000)				
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(5,675)	-	-	-	(5,675)
Net book value at the beginning of the year	2,900	5,445	5,804	950	15,099
Amortisation for the year	(1,509)	-	-	-	(1,509)
Net book value at the end of the year	1,391	5,445	5,804	950	13,590
Analysis of Net Book Value					
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(7,184)	-	-	-	(7,184)
Net book value as at December 31, 2011	1,391	5,445	5,804	950	13,590
Amortisation rate (% per annum)	33.33	-	-	-	

	2010				
	Computer software	Membership cards of KSE and PMEL	Rooms at KSE	Booths at KSE	Total
	(Rupees in '000)				
Cost	6,014	5,445	5,804	950	18,213
Accumulated amortisation	(3,543)	-	-	-	(3,543)
Net book value at the beginning of the year	2,471	5,445	5,804	950	14,670
Changes during the year					
Additions during the year	2,561	-	-	-	2,561
Amortisation for the year	(2,132)	-	-	-	(2,132)
	429	-	-	-	429
Net book value at the end of the year	2,900	5,445	5,804	950	15,099
Analysis of Net Book Value					
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(5,675)	-	-	-	(5,675)
Net book value as at December 31, 2010	2,900	5,445	5,804	950	15,099
Amortisation rate (% per annum)	33.33	-	-	-	

	Note	2011	2010
9. INVESTMENT PROPERTIES		---------- (Rupees in '000) ----------	
Cost		**20,732**	20,732
Accumulated depreciation		**(11,712)**	(10,637)
Net book value at the beginning of the year		**9,020**	10,095
Depreciation charge for the year		**(891)**	(1,075)
Net book value at the end of the year		**8,129**	9,020
Analysis of net book value			
Cost		**20,732**	20,732
Accumulated depreciation		**(12,603)**	(11,712)
Net book value at the end of the year	9.1	**8,129**	9,020
Depreciation rate (% per annum)		**5**	5

9.1 Investment properties comprise of office spaces at 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 Bank Limited on rental basis. The fair value of these properties amount in aggregate to Rs. 70.317 million (2010: Rs. 70.317 million) as at the year end on the basis of valuation carried out by M/s. Akbani & Javed Associates on February 08, 2011. The rent income for the year amounted to Rs. 3.797 million (2010: Rs. 7.321 million) from the aforementioned investment properties.

	Note	2011	2010
		---------- (Rupees in '000) ----------	
10. LONG-TERM INVESTMENTS			
Subsidiary company (48,858,120 shares of Rs.10 each)	10.1	**488,581**	488,581
Available-for-sale investments	10.2	**337,595**	320,738
		826,176	809,319

10.1 Structured Venture (Private) Limited was incorporated as a wholly owned subsidiary for the purposes of expanding non-core revenue streams of the Company such as commodities, structured products and real estate etc. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 22, 2010 is Rs. 625 million. As of the balance sheet date, the Company has invested a total sum of Rs. 488.581 million.

The book value of each ordinary share is Rs. 9.80 (2010: Rs. 9.35) based on the latest audited financial statements of the subsidiary for the year ended December 31, 2011.

10.2 Description of 'available-for-sale' investments

2011	2010			2011		2010	
Number of shares		Name of investee	Note	Cost*	Carrying value	Cost*	Carrying value
				(Rupees in '000)			
		Quoted shares					
19,858,649	19,858,649	KASB Bank Limited (Parent company)	10.2.1	**49,845**	**21,844**	116,472	49,845
		Unquoted shares					
3,370	3,370	Al Jomaih Power Limited	10.2.2	**184,197**	**272,426**	184,197	184,197
2,000,000	2,000,000	KASB Funds Limited (related Party)	10.2.3	**11,696**	**11,696**	20,000	11,696
		New Horizon Exploration and Production Limited (related Party)					
14,760,000	25,000,000	- Class 'A' ordinary shares		**31,629**	**31,629**	25,000	25,000
-	10,000,000	- Class 'B' ordinary shares		**-**	**-**	50,000	50,000
			10.2.4	**31,629**	**31,629**	75,000	75,000
				277,367	**337,595**	395,669	320,738

(*) adjusted for impairment charge

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

10.2.2 Up until the previous year, the Company's investment in unquoted shares of Al Jomaih Power Limited was carried at cost as the management considered that fair value was not reliably measured due to non-availability of active market of such investment. However, during the year, the management has re-assessed the situation and considers that a reliable measure is available to arrive at the fair value of this investment. Accordingly, unquoted shares of Al Jomaih Power Limited are now valued at its fair value as at the year end based on the net assets value of the investee company as at September 30, 2011. The above mentioned change in the re-measurement basis of 'available for-sale' investments has resulted in a gain on re-measurement of investments amounting to Rs. 88.229 million which has been recognised as 'other comprehensive income' during the year.

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

10.2.4 During the year, the Company has sold 20.24 million shares of New Horizon Exploration and Production Limited having an aggregate cost of Rs.43.37 million to its subsidiary company. As a consideration thereof, the Company has received Rs. 16 million and ownership interest in 25 residential plots in Defence Housing Authority, Lahore with an estimated market value of Rs. 85.2 million (as determined by M/s. Akbani & Javed Associates on November 23, 2011). The above sale transaction resulted in a capital gain of Rs. 57.83 million recognised by the Company during the year.

	Note	2011	2010
11. LONG - TERM LOANS AND ADVANCES - Considered good		(Rupees in '000)	
Loans and advances to:			
- Executives		**2,644**	2,269
- Employees		**1,879**	1,730
	11.1	**4,523**	3,999
Current maturity shown in current assets	17	**(2,506)**	2,978
		2,017	1,021

11.1 This represents loans and advances given to executives and employees for purchase of motor vehicles and as general purpose cash advances in accordance with their terms of employment. These loans and advances (except for loan given for purchase of motorcycle) carry mark-up rates ranging from 6% to 10% (2010: 6% to 10%) per annum and are recovered through deduction from salaries over varying periods up to a maximum period of 120 months. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the Company, whereas general purpose cash advances are secured against staff provident fund balances.

	Note	2011	2010
		(Rupees in '000)	
12. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits with:			
- Karachi Stock Exchange (Guarantee) Limited (KSE)		**362**	862
- National Clearing Company of Pakistan Limited (NCCPL)		**400**	400
- Pakistan Mercantile Exchange Limited (PMEL)		**2,500**	4,000
- Others		**342**	362
		3,604	5,624
Prepayments		**-**	14
		3,604	5,638

13. LONG-TERM RECEIVABLE			
Receivable from client	13.1	**81,638**	-
Less: current maturity shown in current assets	17	**(39,730)**	-
		41,908	-
Less: provision against long-term receivable	29	**(13,988)**	-
		27,920	-

13.1 On February 01, 2011, the Company entered into a settlement agreement with three customers in respect of their liabilities owed to the Company, amounting to Rs. 99.638 million (as of the date of the agreement) in respect of the securities transactions undertaken by them through the Company.

Under the agreement , the obligations of these three customers have been taken over by another customer, who has agreed to pay an aggregate sum of Rs. 99.638 million to the Company along with the mark-up based on (three months) KIBOR ask rate plus 3.28% per annum, in monthly installments over a period up to January 2014. In accordance with the terms of the agreement, the customer was required to pay principal of Rs. 25.29 million and mark-up of Rs. 13.78 million aggregating to Rs. 39.07 million during the year. Against the said amount, the Company has received an aggregate amount of Rs. 28.60 million during the year. The management expects that the overdue amount will be received from the customer in due course. However, as a matter of prudence, the Company has made a provision to the extent of Rs. 13.988 million against the above receivable after taking into account the market value of securities held by the Company in respect of the said account.

14. ASSETS HELD FOR SALE

This represents ownership interest in 25 residential plots in Defence Housing Authority, Lahore acquired from it's subsidiary Company as fully explained in note 10.2.4 inclusive of the registration fee of Rs. 1.2 million. Currently, these plots are registered in the name of a related party and the Company is in the process of completing the legal formalities for the transfer of legal ownership of these plots in its name. The Company intends to sell these plots in the near future and accordingly the same has been classified as assets held for sale.

	Note	2011	2010
		(Rupees in '000)	
15. SHORT - TERM INVESTMENTS			
'At fair value through profit or loss' - held for trading	15.1		
- Open end mutual funds units	15.1.1	**78,779**	199,177
- Listed shares	15.1.2	**117,986**	152,813
- Term finance certificates	15.1.3	**25,099**	180,230
		221,864	532,220
'Available-for-sale' investments	15.2		
- Open end mutual fund units		**-**	79,700
		221,864	611,920

15.1 'At fair value through profit or loss' - held for trading

Number of shares / units 2011	Number of shares / units 2010	Name of investee	Note	2011 Cost	2011 Carrying value	2010 Cost	2010 Carrying value
				(Rupees in '000)			
15.1.1		**OPEN END MUTUAL FUNDS**					
-	554,735	MCB Cash Managment Optimizer		**-**	**-**	51,128	56,698
-	1,031,821	BMA Empress Cash Fund		**-**	**-**	10,000	10,914
705,948	1,046,203	KASB Cash Fund		**66,878**	**74,922**	98,486	105,674
-	-	ABL Cash Fund		**-**	**-**	25,000	25,866
36,669	-	AMZ Plus Income Fund		**2,299**	**3,857**	-	-
-	246	UBL Saving Income Fund		**-**	**-**	-	25
				69,177	**78,779**	184,614	199,177
15.1.2		**LISTED SHARES**					
		Banks					
-	103,313	Allied Bank Limited		**-**	**-**	7,283	7,247
25,000	-	MCB Bank Limited		**3,593**	**3,365**	-	-
30,000	-	National Bank of Pakistan Limited		**1,253**	**1,232**	-	-
5,000	50,000	United Bank Limited		**274**	**262**	3,515	3,412
		Financial services					
3,000,000	-	First Capital Securities Limited		**6,840**	**5,580**	-	-
90,000	-	Jahangir Siddiqui & Company Limited		**429**	**363**	-	-
		Personal goods					
55,000	-	Ibrahim Fibres Limited		**1,982**	**1,487**	-	-
10,000	-	Nishat Mills Limited		**422**	**405**	-	-
		Construction and materials					
3,140,000	189,000	D. G. Khan Cement Company Limited		**59,075**	**59,754**	5,942	5,702
-	75,000	Lucky Cement Limited		**-**	**-**	5,836	5,684
		Industrial engineering					
-	10,000	Millat Tractors Limited		**-**	**-**	5,001	4,998
		General industrials					
-	20,000	Tri Pack Films Limited		**-**	**-**	2,527	2,443
		Electricity					
-	1,445,690	Kot Addu Power Company Limited		**-**	**-**	58,037	58,811
635,500	-	Pakgen Power Limited		**10,147**	**7,156**	-	-
85,000	-	Nishat Power Limited		**1,117**	**1,101**	-	-
16,000	-	Hub Power Limited		**577**	**547**	-	-
		Oil and Gas					
2,500	17,000	Pakistan Oil Fields Limited		**872**	**866**	5,083	5,031
25,000	-	Pakistan Petroleum Limited		**4,278**	**4,208**	-	-
-	5,744	Oil and Gas Development Company Limited		**-**	**-**	984	981
		Chemicals					
686,000	654,000	Agritech Limited		**11,220**	**10,537**	19,553	15,631
110,000	-	Agritech Limited - Rights		**1**	**1**	-	-
-	200,000	Engro Corporation Limited		**-**	**-**	38,726	38,762
222,500	-	Fatima Fertilizer Company Limited		**5,164**	**5,100**	-	-
10,000	-	Fauji Fertilizer Company Limited		**1,537**	**1,495**	-	-
-	28,500	ICI Pakistan Limited		**-**	**-**	4,147	4,111
		Beverages					
20,000	-	Muree Brewery Company		**1,608**	**1,270**	-	-
		Fixed line telecommunication					
1,190,000	-	Pakistan Telecommunication Company		**12,148**	**12,364**	-	-
		Equity Investment Instruments					
190,000	-	JS Growth Funds		**1,131**	**893**	-	-
				123,668	**117,986**	156,634	152,813
15.1.3		**TERM FINANCE CERTIFICATES**					
10,000	10,000	Pace Pakistan Limited	15.1.3.1	**45,369**	**25,099**	45,339	45,389
-	22,030	NIB Bank Limited		**-**	**-**	107,949	107,960
-	2,000	Soneri Bank Limited		**-**	**-**	9,952	9,952
-	3,400	United Bank Limited		**-**	**-**	16,929	16,929
				45,369	**25,099**	180,169	180,230
				238,214	**221,864**	521,417	532,220

15.1.1 This includes investment in mutual fund units of a related party amounting to Rs. 74.922 million (2010: Nil) pledged with KSE against exposure margin.

15.1.2 This includes shares amounting to Rs. 157.965 million (at the rates quoted on KSE) (2010: Rs. 108.176 million) pledged with KSE against exposure margin.

15.1.3.1 Significant terms and conditions of Term Finance Certificate are as follows:

Name of security	Number of certificates	Face value per certificate (Amount in Rupees)	Profit rate (per annum)	Maturity	Secured / unsecured	Rating
Pace Pakistan Limited	10,000	5,000	6 Month KIBOR + 2%	Feb 15, 2017	Secured	Non Performing

15.2 'Available-for-sale' investments

Number of units 2011	Number of units 2010	Name of investee	2011 Cost	2011 Carrying value	2010 Cost	2010 Carrying value
			(Rupees in '000)			
		OPEN END MUTUAL FUNDS				
-	2,680,789	KASB Stock Market Fund (related Party)	-	-	64,575	79,700

	Note	2011	2010
		(Rupees in '000)	
16. TRADE DEBTS			
Receivable against purchase of marketable securities -net of provisions	16.1 & 16.2	**224,636**	372,474
Inter-bank brokerage		**1,803**	6,227
Fees		**1,178**	2,641
		227,617	381,342
16.1 Considered good			
Secured		**186,212**	334,831
Unsecured		**550**	1,130
		186,762	335,961
Considered doubtful		**187,223**	166,330
		373,985	502,291
Provision for doubtful debts	16.4	**(149,349)**	(129,817)
		224,636	372,474

16.2 This includes receivables from KSE and NCCPL amounting to Rs. 6.091 million (2010: Rs. 17.444 million) and Rs. Nil (2010: Rs.20.845 million) respectively in respect of trading in securities settled subsequent to the year end.

	2011	2010
	(Rupees in '000)	
16.3 Amounts due from related parties as at the year end are as under:		
KASB Funds Limited	**7**	2
KASB Stock Market Fund	**9**	86
KASB Balanced Fund	**7**	154
KASB Cash Fund	**4**	14
KASB Modaraba	**2**	2
KASB Bank Limited	**15**	32
KASB Finance (Private) Limited	**4**	-
Directors	**1,415**	18
Others	**1**	62
	1,464	370

	Note	2011	2010
		(Rupees in '000)	
16.4 Reconciliation of provisions against trade debts			
Opening balance		**129,817**	416,417
Provision written off during the year		**-**	(110,020)
Provision for the year		**20,519**	32,852
Reversal of Provision during the year		**(987)**	(209,432)
	29	**19,532**	(176,580)
		149,349	129,817

16.4.1 Provisions against doubtful debts have been made after considering the market value of listed shares amounting to Rs. 37.874 million (2010: Rs. 36.513 million) held in custody by the Company against respective customers accounts.

	Note	2011	2010
		(Rupees in '000)	
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
- Employees and executives		**-**	344
- Suppliers		**861**	300
		861	644
Current portion of long-term loans and advances to employees and executives	11	**2,506**	2,978
Deposits:			
- Exposure deposit with KSE		**-**	24,500
- Exposure deposit with PMEL		**2,283**	
- Others		**2,354**	2,128
		4,637	26,628
Prepayments:			
- Rent		**1,247**	1,146
- Insurance		**188**	349
- Software development and maintenance		**4,235**	3,666
- Others		**1,902**	3,660
		7,572	8,821
Other receivables:			
- Dividends receivable		**75**	38
- Profit on bank deposits		**555**	340
- Profit on exposure deposit with KSE		**-**	350
- Profit on long-term receivables		**3,153**	-
- Profit receivable on term finance certificates		**-**	8,807
- Current portion of long-term receivable	13	**39,730**	-
- Receivable against margin trading system		**990**	-
- Receivable from related parties	17.1	**4,772**	7,325
- Receivable from PMEL		**1,058**	5,376
- Others		**175**	443
		50,508	22,679
		66,084	61,750

	Note	2011	2010
17.3 Receivable from related parties comprises of:		(Rupees in '000)	
KASB Funds Limited		**127**	7,143
KASB Bank Limited (the Parent company)		**4,613**	47
KASB Finance (Private) Limited		**-**	135
KASB Technology Services Limited		**32**	-
		4,772	7,325

18. CASH AND BANK BALANCES

	Note	2011	2010
Cash at bank in:			
- Current accounts		**4,250**	3,820
- Saving accounts	18.1	**55,975**	34,805
- Certificate of deposit	18.2	**15,015**	58,279
- Term deposit	18.3	**67,000**	-
		142,240	96,904
Cash in hand		**64**	33
Stamps in hand		**4**	8
		142,308	96,945

18.1 These carry profit at rates ranging from 1% to 11.25% (2010: 1% to 11.25%).

18.2 This carries profit at the rate of 14.48% (2010: 16.28%) and is due to mature in June 2012.

18.3 This carries profit at the rate of 11.20% (2010: Nil) and is due to mature in March 29, 2012. This term deposit is under lien with a commercial bank against letter of guarantee issued by the bank in favour of KSE which the Company has arranged in lieu of exposure margin with KSE.

19. SHARE CAPITAL

19.1 Authorised Capital

2011	2010		2011	2010
Number of shares			(Rupees in '000)	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	**2,000,000**	2,000,000

19.2 Issued, subscribed and paid-up share capital

2011	2010		2011	2010
89,867,900	89,867,900	Ordinary shares of Rs 10 each fully paid-up in cash	**898,679**	898,679
10,132,100	10,132,100	Ordinary shares of Rs 10 each fully paid-up as part of the scheme of arrangement	**101,321**	101,321
100,000,000	100,000,000		**1,000,000**	1,000,000

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

	2011		2010	
	Shares held	Percentage	Shares held	Percentage
KASB Bank Limited	**77,117,500**	**77.118%**	77,117,500	77.118%
KASB Bank Limited -Employees Provident Fund Trust	**400,000**	**0.400%**	400,000	0.400%
KASB Securities Limited -Employees Provident Fund Trust	**32,000**	**0.032%**	32,000	0.032%
KASB Funds Limited -Employees Provident Fund Trust	**13,000**	**0.013%**	13,000	0.013%
KASB Finance (Private) Limited	**700,000**	**0.700%**	-	0.000%
Key Management Personnel	**99,700**	**0.100%**	204,400	0.204%
	78,362,200	**78.363%**	77,766,900	77.767%

		Note	2011	2010
20.	**TRADE AND OTHER PAYABLES**		(Rupees in '000)	
	Trade creditors	20.1 & 20.2	**477,197**	451,936
	Accrued expenses		**28,985**	8,713
	Withholding tax		**67**	2,028
	Unclaimed dividends		**609**	609
	Others		**504**	1,994
			507,362	465,280

20.1 This includes payables to KSE and NCCPL amounting to Rs. 18.181 million (2010: Nil) and Rs. 11.631 million (2010: Nil) respectively in respect of trading in securities settled subsequent to the year end.

20.2 This includes payable to related parties amounting to Rs. 112.12 million (2010: Rs. 4.173 million).

21. SHORT-TERM RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

21.1 Running finance facility of Rs. 299 million (2010: Rs. 425 million) is available to the Company from the Parent Company, which remained unutilised as at the year end. The facility is subject to mark-up at rates ranging from 15.17% to 15.52% (2010: 14.21% to 15.07%) per annum during the year and requires to be secured by second ranking charge over all present and future current assets of the Company.

21.2 Further, the facilities for short-term running finances available from various banks amounted to Rs. 850 million (2010: Rs. 1,350 million) which remained unutilised as at the year end. These facilities are subject to mark-up at rates ranging from 15.03% to 17.04% (2010: 15.38% to 17.39%) per annum and requires to be secured by pledge of securities for the purposes of utilisation of finance.

		Note	2011	2010
22.	**ACCRUED MARK-UP**		(Rupees in '000)	
	Mark-up accrued on:			
	- Short-term running finances facilities	22.1	**1,265**	153
	- Redeemable capital		**317**	1,061
			1,582	1,214

22.1 This represents mark-up payable to the Parent company.

23. REDEEMABLE CAPITAL - secured

This represents term finance certificates issued by the Company by way of private placement to various institutional and other 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 redemption
5,000	June 2007	June 2012	Average Ask side Six month KIBOR+1.90%	Semi annual

		2011	2010
		(Rupees in '000)	
24.	**CONTINGENCIES AND COMMITMENTS**		

Contingencies
There were no contingencies as at the year end.

Commitments
Following commitments are outstanding as at the year end:

	2011	2010
- Outstanding purchases against commodities future	**-**	3,084
- Outstanding sales against commodities future	**1,782**	25,077

	Note	2011	2010
		(Rupees in '000)	

25. OPERATING REVENUE

	Note	2011	2010
Brokerage		**182,817**	218,445
Financial advisory fee		**1,239**	2,404
Underwriting commission		**925**	664
		184,981	221,513

26. NET GAIN ON SALE OF AVAILABLE-FOR-SALE INVESTMENTS

	Note	2011	2010
Gain on:			
- sale of long-term investments	10.2.4	**57,829**	-
- sale of open ended mutual fund units		**20,218**	8,296
		78,047	8,296

27. OTHER OPERATING REVENUE

	Note	2011	2010
Custody services		**3,858**	4,691
Subscription research income		**2,448**	2,406
Profit on bank deposits		**17,223**	29,153
Profit on term finance certificates		**9,363**	20,432
Profit on long-term receivable	27.1	**13,786**	-
Profit on margin trading system		**2,965**	-
		49,643	56,682

27.1 This represents mark-up on long-term receivable as fully explained in note 13.1.

28. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries, allowances and other benefits	28.1	**176,563**	183,673
Staff training and development		**795**	447
Rent, rates and taxes		**7,725**	6,829
Insurance charges		**307**	353
Depreciation	28.2	**9,951**	15,275
Amortisation	8	**1,509**	2,132
Repairs and maintenance		**5,341**	8,383
Power and utilities		**6,766**	4,880
Communication		**13,034**	14,060
Trading costs		**7,997**	8,723
Information technology related costs		**13,796**	14,648
Fees and subscription		**14,204**	12,321
Printing and stationery		**4,407**	4,288
Papers and periodicals		**161**	390
Advertisement and business promotion		**5,473**	5,611
Travelling and conveyance		**3,427**	8,988
Entertainment		**458**	1,172
Brokerage expense		**1,204**	-
Legal and professional charges		**1,766**	212
Auditors' remuneration	28.3	**861**	845
Stamp charges		**25**	16
Donations	28.4	**1,460**	1,261
Workers' Welfare Fund		**(52)**	1,361
Financial Advisory fee		**36**	-
Service Level Agreement	28.5	**3,928**	5,517
Others		**177**	189
		281,319	301,574

28.1 Salaries, allowances and benefits include Company's contribution to provident fund amounting to Rs. 6.162 million (2010: Rs. 4.759 million).

		Note	2011	2010
28.2	**Depreciation**		(Rupees in '000)	
	Property and equipment	7	**9,060**	14,200
	Investment properties	9	**891**	1,075
			9,951	15,275
28.3	**Auditors' remuneration**			
	Ernst & Young Ford Rhodes Sidat Hyder			
	Statutory audit fee		**510**	360
	Half-yearly review fee and other certifications		**260**	340
	Out of pocket expenses		**91**	26
			861	726
	A.F. Fergusons & Co.			
	Half-yearly review fee and other certifications		**-**	75
	Out of pocket expenses		**-**	44
			-	119
			861	845

28.4 Donation were not made to any donee fund in which any director of the Company or his spouse had any interest.

28.5 This represents costs related to 'Group Executive Services' such as financial control, financial reporting, corporate affairs, legal and corporate communication functions provided by a related party in accordance with the terms and conditions of the agreement entered into between the Company and the related party.

		Note	2011	2010
			(Rupees in '000)	
29.	**(PROVISION) / REVERSAL FOR DOUBTFUL DEBTS AND OTHER RECEIVABLES**			
	(Provision) / reversal of provision against trade debts	16.4	**(19,532)**	176,580
	Provision against long-term receivable	13	**(13,988)**	-
	Reversal of provision against trade receivables		**-**	675
			(33,520)	177,255
30.	**IMPAIRMENT LOSS**			
	Long-term investments - 'available-for-sale'			
	- KASB Bank Limited (related Party)		**28,001**	66,627
	- KASB Funds Limited (related Party)		**-**	8,304
			28,001	74,931
31.	**FINANCE COST**			
	Mark-up on:			
	- Short-term running finances facilities		**3,669**	289
	- Redeemable capital		**64,058**	71,550
	Bank charges		**2,047**	758
	Finance lease charges		**-**	3
			69,774	72,600
32.	**OTHER INCOME**			
	Gain on disposal of property and equipment	7.1	**3,150**	634
	Rental income		**7,252**	10,462
	Others		**411**	614
			10,813	11,710
33.	**TAXATION**			
	Current			
	- for the year		**8,328**	8,140
	- for prior year		**4,568**	-
	Deferred		**(534)**	(1,981)
			12,362	6,159

33.1 The numerical reconciliation between tax expense and accounting profit has not been presented as provision for current year income tax has been made on the basis of minimum taxation under section 113 of the Income Tax Ordinance, 2001.

33.2 The aggregate deferred tax asset on temporary differences between tax and accounting base of assets and liabilities and carry forward tax losses amounts to Rs. 77.223 million. However, in view of the uncertainty about the timing of realisation of such differences, the Company has recognised deferred tax asset to the extent of Rs. 0.468 million only.

	2011	2010
34. (LOSS) / EARNINGS PER SHARE	(Rupees in '000)	
(Loss) / profit after taxation attributable to ordinary shareholders	**(146,226)**	68,872
	(Number of shares)	
Weighted average number of ordinary shares	**100,000,000**	100,000,000
	(Rupees)	
(Loss) / earnings per share - basic	**(1.46)**	0.69

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2011 and December 31, 2010 which could have any effect on the (loss) / earnings per share.

35. 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:

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**15,563**	**9,918**	**78,764**	19,966	-	101,500
Fee (note 35.2)	**-**	**1,380**	**-**	-	1,620	-
Reimbursable expenses	**-**	**123**	**-**	39	94	1,162
Contribution to provident fund	**645**	**446**	**3,262**	469	-	2,823
	16,208	**11,867**	**82,026**	20,474	1,714	105,485
Number of persons	**1**	**7**	**43**	2	5	39

35.1 The Chief Executive and certain executives of the Company are provided with free use of Company owned and maintained cellular phones.

35.2 The fee was paid to the Directors for attending the Board and Audit Committee meetings of the Company.

36. RELATED PARTY TRANSACTIONS

36.1 The related parties of the Company comprise of KASB Bank Limited (the Parent company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2011 and transactions with related parties during the year ended December 31, 2011 are as follows:-

	2011					2010
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total	Total
	(Rupees in '000)					
BALANCES						
Long-term investments	**21,844**	**531,906**	**-**	**-**	**553,750**	624,706
Long-term deposits	**-**	**142**	**-**	**-**	**142**	142
Short-term investments	**-**	**-**	**-**	**78,779**	**78,779**	185,374
Trade receivables	**15**	**13**	**1,415**	**21**	**1,464**	370
Advances	**-**	**-**	**2,644**	**-**	**2,644**	1,600
Prepaid service level agreement charges	**-**	**-**	**-**	**-**	**-**	2,327
Prepaid rent	**315**	**-**	**-**	**-**	**315**	258
Profit receivable on bank deposit	**389**	**-**	**-**	**-**	**389**	161
Receivable against expenses	**4,613**	**159**	**-**	**-**	**4,772**	6,912
Rent receivable	**-**	**-**	**-**	**-**	**-**	413
Bank balances	**56,149**	**-**	**-**	**-**	**56,149**	34,443
Trade payables	**-**	**109,899**	**2,213**	**-**	**112,112**	2,986
Payable against expenses	**4,050**	**1,995**	**180**	**-**	**6,225**	414
Accrued mark-up	**1,265**	**-**	**-**	**-**	**1,265**	153
Rent payable	**850**	**-**	**-**	**-**	**850**	773
OFF BALANCE SHEET ITEM						
Bank guarantee	**51,000**	**-**	**-**	**-**	**51,000**	-

	2011					2010
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total	Total
	(Rupees in '000)					
TRANSACTIONS						
Income						
Brokerage income earned	519	1,721	491	970	3,701	2,289
Profit on bank deposits	8,632	-	-	-	8,632	17,833
Rent income	5,078	1,974	-	-	7,052	10,461
Expenses						
Bank charges	1,050	-	-	-	1,050	406
Charge in respect of contributory plan	-	-	-	6,162	6,162	4,759
Communication expenses	-	7,178	-	-	7,178	7,945
Custody services	9	9	2	45	65	126
Donation	-	-	-	1,410	1,410	1,200
Locker rent	4	-	-	-	4	-
Mark-up expense	3,653	-	-	-	3,653	269
Reimbursement of expenses	8,228	98	-	-	8,326	2,163
Remuneration to management personnel	-	-	71,027	-	71,027	74,836
Rent expense	554	46	-	-	600	626
Salary expense reimbursed	-	48	-	-	48	10
Service level agreement	-	3,928	-	-	3,928	5,517
Software maintanence expense	-	-	-	-	-	170
Other transactions						
Loans disbursed	-	-	3,548	-	3,548	5,270
Loans repayment	-	-	3,572	-	3,572	3,670
Mutual fund's bonus units issued	-	-	-	8,888	8,888	960
Mutual fund units purchased	-	-	-	84,793	84,793	-
Mutual fund units redeemed	-	-	-	214,793	214,793	-
Purchase of property and equipment	-	1,390	-	-	1,390	458
Purchase of 'assets held for sale'	-	85,200	-	-	85,200	-
Property and equipment disposed off	-	43	1,025	-	1,068	2,216
Sale of 'available-for-sale' investments	-	101,200	-	-	101,200	-

37. FINANCIAL INSTRUMENTS

37.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances and investment in income based mutual fund units. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's total comprehensive income by Rs. 1.610 million (2010: Rs. 3.961 million) and a 1% decrease would result in decrease in the Company's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified on the balance sheet as investments 'at fair value through profit or loss' and 'available-for-sale' investments. The management believes that 10% increase or decrease in the value of investments 'at fair value through profit and loss', with all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 11.799 million and 10% of such increase or decrease would result in increase or decrease of unrealized gain on revaluation of 'available-for-sale' investments by Rs. 2.184 million.

37.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the Company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summarises the maturity profile of the Company's financial liabilities:

	2011				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
			(Rupees in '000)		
Trade and other payables	**506,686**	**-**	**-**	**-**	**506,686**
Accrued mark-up	**1,582**	**-**	**-**	**-**	**1,582**
Redeemable capital	**-**	**-**	**166,500**	**-**	**166,500**
	508,268	**-**	**166,500**	**-**	**674,768**

	2010				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
			(Rupees in '000)		
Trade and other payables	462,643	-	-	-	462,643
Accrued mark-up	1,214	-	-	-	1,214
Redeemable capital	-	-	332,800	166,500	499,300
	463,857	-	332,800	166,500	963,157

37.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.The table below analyses the Company's maximum exposure to credit risk:

	2011	2010
	(Rupees in '000)	
Trade debts	**373,985**	502,291
Bank balances (see note 37.3.2)	**142,240**	96,904
Long-term receivable	**81,638**	-
Long-term loans and advances	**4,523**	3,999
Long-term deposits and prepayments	**3,604**	5,638
Advances, deposits, prepayments and other receivables	**23,848**	58,772
	629,838	667,604

37.3.1 The table below shows analysis of the financial assets that are past due or impaired:

	2011	2010
	(Rupees in '000)	
Debts neither impaired not past due	**6,091**	38,289
Debts past due but not impaired	**183,652**	306,540
Debts impaired - net of provisions	**37,874**	36,513
	227,617	381,342

37.3.2 The analysis below summarises the credit quality of the Company's balances with banks / financial institutions:

Rating of Banks and Financial Institutions*		
A1	**15,070**	58,400
A1+	**71,022**	4,060
A2	**-**	34,444
A3	**56,148**	-
	142,240	96,904

*Rating performed by PACRA, JCR-VIS & Standard & Poor's.

38. 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 and loss.

Net capital requirements of the Company are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

39.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.
Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2011 the Company held the following financial instruments measured at fair value:

	2011			
	Total	Level 1	Level 2	Level 3 (note 39.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	305,966	21,844	-	284,122
Investment 'at fair value through profit and loss' - held for trading	221,864	196,765	-	25,099
	527,830	218,609	-	309,221

	2010			
	Total	Level 1	Level 2	Level 3 (note 39.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	141,241	129,545	-	11,696
Investment 'at fair value through profit and loss' - held for trading	532,220	532,220	-	-
	673,461	661,765	-	11,696

39.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2011	**2010**
	(Rupees in '000)	
Opening balance	**11,696**	20,000
Additions during the year	**297,525**	-
Provision for impairment	**-**	(8,304)
Closing balance	**309,221**	11,696

40. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on March 20, 2012.

41. GENERAL

41.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassifications to report.

41.2 Figures have been rounded off to the nearest thousands.

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

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors present the report on consolidated financial statements of KASB Securities Limited and its wholly owned subsidiary namely Structured Venture (Private) Limited, for the year ended December 31, 2011.

The consolidated financial results of the group for the year ended December 31, 2011 under review are summarized as follows:

	2011	2010
	(Rupees in '000)	
(Loss) / profit before taxation	(194,208)	67,609
Taxation	(12,372)	(6,163)
(Loss) / profit after taxation	(206,580)	61,446
Un-appropriated loss brought forward	(22,083)	(39,363)
(Loss) / profit available for appropriation	(184,497)	22,083
(Loss) / earning per share – basic and diluted	(2.07)	0.61

Pattern of Shareholding

The pattern of shareholding as at December 31, 2011 along with disclosure required under the Code of Corporate Governance is annexed to the Report.

On behalf of the Board of Directors

Syed Asghar Ali Shah
Chairman

Karachi: March 20, 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of KASB Securities Limited (the Holding company) and Structured Venture (Private) Limited, its Subsidiary company, (together referred to as Group) as at 31 December 2011, and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof for the year then ended. We have also expressed separate opinions on the financial statements of the Holding company and its Subsidiary company.

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 20 March 2012

Karachi

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2011

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	36,588	42,689
Intangible assets	8	13,590	15,099
Investment properties	9	383,129	475,380
Long-term Investments	10	380,966	320,738
Long-term loans and advances	11	2,017	1,021
Long-term deposits and prepayments	12	3,604	5,638
Long-term receivable	13	27,920	-
Deferred tax asset - net		468	-
		848,282	860,565
Current assets			
Assets held for sale	14	86,490	-
Short-term investments	15	221,864	611,920
Trade debts	16	227,617	381,342
Advances, deposits, prepayments and other receivables	17	66,084	67,752
Taxation -net		2,981	-
Cash and bank balances	18	145,835	105,829
		750,871	1,166,843
TOTAL ASSETS		1,599,153	2,027,408
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	19	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		88,229	15,125
(Accumulated loss) / unappropriated profit		(184,497)	22,083
		922,484	1,055,960
Current liabilities			
Trade and other payables	20	508,587	465,405
Accrued mark-up	22	1,582	1,214
Taxation payable - net		-	5,463
Current maturity of redeemable capital	23	166,500	332,800
		676,669	804,882
Non-current liabilities			
Redeemable capital		-	166,500
Deferred tax liability - net		-	66
		-	166,566
TOTAL EQUITY AND LIABILITIES		1,599,153	2,027,408
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011	2010
		(Rupees in '000)	
Operating revenue	25	**184,981**	221,513
Net (loss) / gain on investments 'at fair value through profit and loss '			
Net (loss) / gain on sale of investments		**(36,175)**	29,381
Net unrealized (loss) / gain on re-measurement of investments		**(16,350)**	10,803
		(52,525)	40,184
Net gain / (loss) on available-for-sale investments			
Net gain on sale of investments	26	**20,218**	8,296
Impairment loss	30	**(28,001)**	(74,931)
		(7,783	(66,635)
Dividend income		**7,791**	8,496
Other operating revenue	27	**50,113**	57,063
		182,577	260,621
Operating and administrative expenses	28	**(284,304)**	(309,375)
(Provision) / reversal of provision against doubtful debts	29	**(33,520)**	177,255
		(317,824)	(132,120)
Operating (loss) / profit		**(135,247)**	128,501
Finance cost	31	**(69,774)**	(72,602)
		(205,021)	55,899
Other income	32	**10,813**	11,710
(Loss) / profit before taxation		**(194,208)**	67,609
Taxation	33	**(12,372)**	(6,163)
(Loss) / profit after taxation		**(206,580)**	61,446
Other comprehensive income:			
Net unrealized gain / (loss) arising during the year on re-measurement of 'available-for-sale' investments - net		**65,321**	(97,279)
Reclassification adjustment for net gain realized on disposal of 'available-for-sale' investments		**(20,218)**	(1,340)
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit and loss		**28,001**	74,931
Other comprehensive income / (loss) for the year		**73,104**	(23,688)
Total comprehensive (loss) / income for the year		**(133,476)**	37,758
		(Rupees)	
(Loss) / earnings per share - basic and diluted	34	**(2.07)**	0.61

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(194,208)**	67,609
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	**9,951**	15,275
Amortisation	**1,509**	2,132
Gain on sale of investments-net	**(41,872)**	(37,677)
Gain on sale of property and equipment	**(3,150)**	(634)
Unrealised loss / (gain) on re-measurement of investments 'at fair value through profit or loss' - net	**16,350**	(10,803)
Impairment loss on 'available-for-sale' investments	**28,001**	74,931
Reversal of provision against doubtful debts	**(987)**	(209,432)
Provision against long-term receivable	**13,988**	-
Reversal of provision against other receivables	**-**	(5,147)
Provision against doubtful debts	**20,519**	32,852
Finance cost	**69,774**	72,602
Dividend income	**(7,791)**	(8,496)
	106,292	(74,397)
	(87,916)	(6,788)
Working capital adjustments:		
(Increase) / decrease in assets		
Assets held for sale	**(86,490)**	-
Trade debts	**134,193**	849,418
Advances, deposits, prepayments and other receivables	**1,705**	131,754
	49,408	981,172
Increase / (decrease) in current liabilities		
Trade and other payables	**43,182**	(281,922)
	4,674	692,462
Finance cost paid	**(69,406)**	(72,367)
Income tax paid	**(21,350)**	(39,572)
Net cash flows (used in) / generated from operating activities	**(86,082)**	580,523
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	**142,622**	(15,075)
Investments 'at fair value through profit or loss' - net	**257,831**	(318,179)
Investment properties	**91,360**	(466,360)
Purchase of property and equipment	**(4,850)**	(7,980)
Proceeds from disposal of property and equipment	**5,041**	3,754
Dividend received	**7,754**	42,071
Net cash flows generated from / (used in) investing activities	**499,758**	(761,769)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	**(996)**	201
Long-term deposits and prepayments	**2,034**	(1,134)
Long-term receivable	**(41,908)**	-
Lease rentals paid	**-**	(81)
Redemption of redeemable capital	**(332,800)**	(200)
Net cash flows (used in) financing activities	**(373,670)**	(1,214)
Net increase / (decrease) in cash and cash equivalents	**40,006**	(182,460)
Cash and cash equivalents at the beginning of the year	**105,829**	288,289
Cash and cash equivalents at the end of the year	**145,835**	105,829

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Share capital	General reserve	Unappropri-ated profit / (accumulated loss)	Unrealised gain / (loss) on re-measurement of 'available for sale' investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,831	1,018,202
Total comprehensive income for the year	-	-	61,446	(23,688)	37,758
Balance as at December 31, 2010	**1,000,000**	**18,752**	**22,083**	**15,125**	**1,055,960**
Total comprehensive loss for the year	-	-	(206,580)	73,104	(133,476)
Balance as at December 31, 2011	**1,000,000**	**18,752**	**(184,497)**	**88,229**	**922,484**

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company
- KASB Securities Limited

Subsidiary company
- Structured Venture (Private) Limited

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

The Company is a subsidiary of KASB Bank Limited (the Parent company) which holds 77.12% of the shares of the Group.

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

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.8 below.

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as describe below:

New and amended standards and interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IAS 24 - Related Party Disclosures (Revised)
IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 3 - Business Combinations
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests
- Un-replaced and voluntarily replaced share-based payment awards

IFRS 7 - Financial Instruments: Disclosures
- Clarification of disclosures

IAS 1 - Presentation of Financial Statements
- Clarification of statement of changes in equity

IAS 27 - Consolidated and Separate Financial Statements
- Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements

IAS 34 - Interim Financial Reporting
- Significant events and transactions

IFRIC 13 - Customer Loyalty Programmes
- Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on these consolidated financial statements.

4.2 Basis of consolidation

The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date control ceases. In preparing consolidated financial statements, the financial statements of the Holding Company and subsidiary are consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

4.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.4 Assets subject to finance lease

Assets subject to finance lease are stated at fair value of the leased assets at inception of the lease or, if lower at the present value of minimum lease payments. Depreciation is charged at the rates specified in note 7.

The outstanding obligations under finance lease less finance charges allocated to future periods are shown as liability. The finance charges are calculated at the rate implicit in the leases and are charged to profit and loss account.

4.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. Instead these are systematically tested for impairment at each balance sheet date. Intangible assets include KSE and PMEL membership cards, rooms and booths at KSE, the carrying amounts of which are reviewed at each balance sheet date to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceed the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred.

Gains and losses on disposals, if any, of assets are included in income currently.

4.6 Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

4.7 Investment properties

Investment properties are carried at cost less accumulated depreciation (excluding land which is not depreciated) and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.8 Investments

Investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sell is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments at fair value through profit or loss

Investments classified as 'investments at fair value through profit or loss' are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss including that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available for sale. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.10 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.11 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Capital gains and losses on sale of securities is recognised as and when realised.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / deficit arising on revaluation.

4.13 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.14 Staff retirement benefits

Defined contribution plan

The Group operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Group allows it’s management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.15 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purpose of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Group's cash management.

4.16 Foreign currency transactions

Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group’s functional and presentation currency.

Foreign currency translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.17 Provisions

Provisions are recognized when the Group has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.18 Trade and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade and other receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables whereas debts deemed uncollectible are written off.

4.19 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the consolidated financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation	4.3 to 4.6,7, 8 & 9
Classification of investments	4.8, 10 & 15
Provision for doubtful debts	4.17 & 16
Deferred taxation and taxation	4.12 & 33

6. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures - (Amendments)	
- Amendments enhancing disclosures about transfers of financial assets	01 July 2011
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1 - Presentation of Financial Statements - Presentation of items of comprehensive income	01 July 2012
IAS 12 - Income Taxes (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 19 - Employee Benefits - (Amendment)	01 January 2013

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Group's consolidated financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purposes of applicability in Pakistan.

Standard, Interpretation or amendment	IASB Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

7. PROPERTY AND EQUIPMENT

	2011					
				Motor vehicles		
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Owned	Held under finance lease	Total
	Rupees in '000					
Cost	23,853	24,882	118,864	5,484	-	173,083
Accumulated depreciation	(5,844)	(10,367)	(110,700)	(3,483)	-	(130,394)
Net book value at the begining of the year	18,009	14,515	8,164	2,001	-	42,689
Changes during the year						
Additions during the year	-	361	3,099	1,390	-	4,850
Disposals during the year						
- Cost	(2,656)	(51)	(625)	(2,984)	-	(6,316)
- Depreciation	1,832	40	522	2,031	-	4,425
	(824)	(11)	(103)	(953)	-	(1,891)
Depreciation charge for the year	(1,100)	(2,128)	(5,346)	(486)	-	(9,060)
	(1,924)	(1,778)	(2,350)	(49)	-	(6,101)
Net book value at the end of the year	16,085	12,737	5,814	1,952	-	36,588
Analysis of Net Book Value						
Cost	21,197	25,192	121,338	3,890	-	171,617
Accumulated depreciation	(5,112)	(12,455)	(115,524)	(1,938)	-	(135,029)
Net book value as at December 31, 2011	16,085	12,737	5,814	1,952	-	36,588
Depreciation rate (% per annum)	5	10	33.33	20	20	

	2010					
				Motor vehicles		
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Owned	Held under finance lease	Total
	Rupees in '000					
Cost	23,853	24,349	114,702	9,664	1,815	174,383
Accumulated depreciation	(4,651)	(8,251)	(101,115)	(5,031)	(745)	(119,793)
Net book value at the begining of the year	19,202	16,098	13,587	4,633	1,070	54,590
Changes during the year						
Additions during the year	-	581	4,838	-	-	5,419
Disposals during the year						
- Cost	-	(48)	(676)	(5,995)	-	(6,719)
- Depreciation	-	28	515	3,056	-	3,599
	-	(20)	(161)	(2,939)	-	(3,120)
Depreciation charge for the year	(1,193)	(2,144)	(10,100)	(726)	(37)	(14,200)
Transfers during the year						
- Cost	-	-	-	1,815	(1,815)	-
- Depreciation	-	-	-	(782)	782	-
	-	-	-	1,033	(1,033)	-
	(1,193)	(1,583)	(5,423)	(2,632)	(1,070)	(11,901)
Net book value at the end of the year	18,009	14,515	8,164	2,001	-	42,689
Analysis of Net Book Value						
Cost	23,853	24,882	118,864	5,484	-	173,083
Accumulated depreciation	(5,844)	(10,367)	(110,700)	(3,483)	-	(130,394)
Net book value as at December 31, 2010	18,009	14,515	8,164	2,001	-	42,689
Depreciation rate (% per annum)	5	10	33.33	20	20	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year are as follows:

	Cost	Accumu-lated depre-ciation	Written down value	Sale proceeds	Gain/ (loss)	Particulars of Buyer	Mode of disposal
	Rupees in '000						
Office Premises							
FF-01, First Floor, Business Centre, Lahore	2,656	1,832	824	3,878	3,054	Faiza Kamran-Karachi	Negotiation
Furniture and Fixtures							
Sofa set	51	40	11	7	(4)	Muhammad Asif Butt-Karachi	Negotiation
Vehicles							
Toyota Corolla XLI	879	670	209	209	-	Ghazanfar Ali (employee)-Lahore	Company policy
Suzuki Cultus	560	355	205	205	-	Farah Marwat (ex-employee)-Karachi	Company policy
Suzuki Cultus	555	353	202	202	-	Ahmed Junaid Nasir (employee)-Karachi	Company policy
Honda City	936	599	337	337	-	Atif Aziz Ahmed (employee)-Karachi	Company policy
Honda CD-70	54	54	-	17	17	Muhammad Amir-Karachi	Negotiation
	2,984	2,031	953	970	17		
Equipment							
Blackberry	22	19	3	8	5	EFU General Insurance Ltd.-Karachi	Insurance claim
Blackberry	23	10	13	16	3	EFU General Insurance Ltd.-Karachi	Insurance claim
Blackberry	19	4	15	15	-	Imran Qureshi (ex-employee)-Karachi	Company policy
Blackberry	19	7	12	12	-	Jawad Khokhar (ex-employee)-Karachi	Company policy
Blackberry	19	8	11	11	-	Farah Marwat (ex-employee)-Karachi	Company policy
Laptop	52	20	32	32	-	Jawad Khokhar (ex-employee)-Karachi	Company policy
Air-conditioners	90	90	-	20	20	Ali Asif-Karachi	Negotiation
Air-conditioners	27	13	14	6	(8)	Tahir Mehmood-Karachi	Negotiation
Air-conditioners	45	45	-	6	6	Tahir Mehmood-Karachi	Negotiation
Air-conditioners	92	92	-	43	43	KASB Funds Ltd. (related Party)-Karachi	Negotiation
Generator	212	212	-	15	15	Tahir Mehmood-Karachi	Negotiation
LCD Monitor	5	2	3	2	(1)	Kodvavi Computers-Karachi	Negotiation
	625	522	103	186	83		
December 31, 2011	**6,316**	**4,425**	**1,891**	**5,041**	**3,150**		
December 31, 2010	6,719	3,599	3,120	3,754	634		

8. INTANGIBLE ASSETS

2011

	Computer software	Membership cards of KSE and PMEL	Rooms at KSE	Booths at KSE	Total
	(Rupees in '000)				
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(5,675)	-	-	-	(5,675)
Net book value at the beginning of the year	2,900	5,445	5,804	950	15,099
Amortisation for the year	(1,509)	-	-	-	(1,509)
Net book value at the end of the year	1,391	5,445	5,804	950	13,590
Analysis of Net Book Value					
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(7,184)	-	-	-	(7,184)
Net book value as at December 31, 2011	1,391	5,445	5,804	950	13,590
Amortisation rate (% per annum)	33.33	-	-	-	

2010

	Computer software	Membership cards of KSE and PMEL	Rooms at KSE	Booths at KSE	Total
	(Rupees in '000)				
Cost	6,014	5,445	5,804	950	18,213
Accumulated amortisation	(3,543)	-	-	-	(3,543)
Net book value at the beginning of the year	2,471	5,445	5,804	950	14,670
Changes during the year					
Additions (at cost)	2,561	-	-	-	2,561
Amortisation for the year	(2,132)	-	-	-	(2,132)
	429	-	-	-	429
Net book value at the end of the year	2,900	5,445	5,804	950	15,099
Analysis of Net Book Value					
Cost	8,575	5,445	5,804	950	20,774
Accumulated amortisation	(5,675)	-	-	-	(5,675)
Net book value as at December 31, 2010	2,900	5,445	5,804	950	15,099
Amortisation rate (% per annum)	33.33	-	-	-	

		Note	2011	2010
9.	**INVESTMENT PROPERTIES**		**(Rupees in '000)**	
	Investment properties	9.1	**8,129**	9,020
	Advance paid for purchase of land			
	- in Defence Housing Authority, Lahore	9.2	**-**	91,360
	- in Korangi Housing Scheme, Karachi	9.3	**375,000**	375,000
			375,000	466,360
			383,129	475,380
9.1	Cost		**20,732**	20,732
	Accumulated depreciation		**(11,712)**	(10,637)
	Net book value at the beginning of the year		**9,020**	10,095
	Depreciation charge for the year		**(891)**	(1,075)
	Net book value at the end of the year		**8,129**	9,020
	Analysis of net book value			
	Cost		**20,732**	20,732
	Accumulated depreciation		**(12,603)**	(11,712)
	Net book value at the end of the year	9.1.1	**8,129**	9,020
	Depreciation rate (% per annum)		**5**	5

9.1.1 Investment properties comprise of office spaces at 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 Bank Limited on rental basis. The fair value of these properties amount in aggregate to Rs. 70.317 million (2010: Rs. 70.317 million) as at the year end on the basis of valuation carried out by M/s. Akbani & Javed Associates on February 08, 2011. The rent income for the year amounted to Rs. 3.797 million (2010: Rs. 7.321 million) from the aforementioned investment properties.

		2011	2010
		(Rupees in '000)	
9.2	Opening balance at the beinning of the year	**91,360**	-
	Additions during the year	**769**	91,360
	Sold during the year	**(4,133)**	-
	Reclassified to 'assets held for sale' during the year	**(87,996)**	-
	Closing balance at the end of the year	**-**	91,360

9.3 During the previous year, the Group acquired housing scheme land of 375 residental plots for an aggregate purchase consideration of Rs.300 million. Under the aggreement, the Group also paid a sum of Rs. 75 million as development charges to the developers for completion of all development work on the aformentioned land. The Group is in the process of completing the legal formalities for the transfer of ownership title of these properties in the name of the Group. These residential plots are held mainly for capital appreciation and sale in due course of business and accordingly have been classified as investment properties. The fair market value of these residential plots as determined by M/s. Sadruddin Associates (Private) Limited amounted to Rs. 442.50 million as on March 12, 2012.

		Note	2011	2010
			(Rupees in '000)	
10.	**LONG-TERM INVESTMENTS**			
	'Available-for-sale' investments	**10.1**	**380,966**	320,738

10.1 Description of 'available-for-sale' investments

2011	2010		Note	2011		2010	
Number of shares		Name of the entity		Cost*	Carrying value	Cost*	Carrying value
				(Rupees in '000)			
		Quoted shares					
19,858,649	19,858,649	KASB Bank Limited (Parent company)	10.1.1	**49,845**	**21,844**	116,472	49,845
		Unquoted shares					
3,370	3,370	Al Jomaih Power Limited	10.1.2	**184,197**	**272,426**	184,197	184,197
2,000,000	2,000,000	KASB Funds Limited (related Party)	10.1.3	**11,696**	**11,696**	20,000	11,696
		New Horizon Exploration and Production Limited (related Party)					
25,000,000	25,000,000	- Class 'A' ordinary shares		**25,000**	**25,000**	25,000	25,000
10,000,000	10,000,000	- Class 'B' ordinary shares		**50,000**	**50,000**	50,000	50,000
				75,000	**75,000**	75,000	75,000
				320,738	**380,966**	395,669	320,738

(*) adjusted for impairment charge

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

10.1.2 Up until the previous year, the Group's investment in unquoted shares of Al Jomaih Power Limited was carried at cost as the management considered that fair value was not reliably measured due to non-availability of active market of such investment. However, during the year, the management has re-assessed the situation and considers that a reliable measure is available to arrive at the fair value of this investment. Accordingly, unquoted shares of Al Jomaih Power Limited are now valued at its fair value as at the year end based on the net assets value of the investee company as at September 30, 2011. The above mentioned change in the re-measurement basis of 'available for-sale' investments has resulted in a gain on re-measurement of investments amounting to Rs. 88.229 million which has been recognised as 'other comprehensive income' during the year.

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

11. LONG - TERM LOANS AND ADVANCES - Considered good

	Note	2011	2010
		(Rupees in '000)	
Loans and advances to:			
- Employees		**2,644**	2,269
- Executives		**1,879**	1,730
	11.1	**4,523**	3,999
Current maturity shown in current assets	17	**(2,506)**	(2,978)
		2,017	1,021

11.1 This represents loans and advances given to executives and employees for purchase of motor vehicles and as general purpose cash advances in accordance with their terms of employment. These loans and advances (except for loan given for purchase of motorcycle) carry mark-up rates ranging from 6% to 10% (2010: 6% to 10%) per annum and are recovered through deduction from salaries over varying periods up to a maximum period of 120 months. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the Group, whereas general purpose cash advances are secured against staff provident fund balances.

12. LONG-TERM DEPOSITS AND PREPAYMENTS

	Note	2011	2010
		(Rupees in '000)	
Deposits with:			
- Karachi Stock Exchange (Guarantee) Limited (KSE)		**362**	**862**
- National Clearing Company of Pakistan Limited (NCCPL)		**400**	**400**
- Pakistan Mercantile Exchange Limited (PMEL)		**2,500**	**4,000**
- Others		**342**	**362**
		3,604	**5,624**
Prepayments		**-**	**14**
		3,604	**5,638**

	Note	2011	2010
		(Rupees in '000)	
13. LONG-TERM RECEIVABLE			
Receivable from client	13.1	**81,638**	-
Less: current maturity shown in current assets	17	**(39,730)**	-
		41,908	-
Less: provision against long-term receivable	29	**(13,988)**	-
		27,920	-

13.1 On February 01, 2011, the Group entered into a settlement agreement with three customers in respect of their liabilities owed to the Group, amounting to Rs. 99.638 million (as of the date of the agreement) in respect of the securities transactions undertaken by them through the Group.

Under the agreement, the obligations of these three customers have been taken over by another customer, who has agreed to pay an aggregate sum of Rs. 99.638 million to the Group along with the mark-up based on (three months) KIBOR ask rate plus 3.28% per annum, in monthly installments over a period up to January 2014. In accordance with the terms of the agreement, the customer was required to pay principal of Rs. 25.29 million and mark-up of Rs. 13.78 million aggregating to Rs. 39.07 million during the year. Against the said amount, the Group has received an aggregate amount of Rs. 28.60 million during the year. The management expects that the overdue amount will be received from the customer in due course. However, as a matter of prudence, the Group has made a provision to the extent of Rs. 13.988 million against the above receivable after taking into account the market value of securities held by the Group in respect of the said account.

14. ASSETS HELD FOR SALE

This represents ownership interest in 25 residential plots in Defence Housing Authority, Lahore inclusive of the registration fee of Rs. 1.2 million. Currently, these plots are registered in the name of a related party and the Group is in the process of completing the legal formalities for the transfer of legal ownership of these plots in its name. The Group intends to sell these plots in the near future and accordingly the same has been classified as assets held for sale. The fair value of these plots has been determined by M/s. Akbani & Javed Associates on November 23, 2011.

	Note	2011	2010
		(Rupees in '000)	
15. SHORT - TERM INVESTMENTS			
'At fair value through profit or loss' - held for trading	15.1		
- Open end mutual funds units	15.1.1	**78,779**	199,177
- Listed shares	15.1.2	**117,986**	152,813
- Term finance certificates	15.1.3	**25,099**	180,230
		221,864	532,220
'Available-for-sale' investments	15.2		
- Open end mutual fund units		**-**	79,700
		221,864	611,920

15.1 'At fair value through profit or loss' - held for trading

Number of shares / units 2011	Number of shares / units 2010	Name of investee	Note	2011 Cost	2011 Carrying value	2010 Cost	2010 Carrying value
				(Rupees in '000)			
15.1.1		**OPEN END MUTUAL FUNDS**					
-	554,735	MCB Cash Managment Optimizer		-	-	51,128	56,698
-	1,031,821	BMA Empress Cash Fund		-	-	10,000	10,914
705,948	1,046,203	KASB Cash Fund		**66,878**	**74,922**	98,486	105,674
-	2,584,338	ABL Cash Fund		-	-	25,000	25,866
36,669	-	AMZ Plus Income Fund		**2,299**	**3,857**	-	-
-	246	UBL Saving Income Fund		-	-	-	25
				69,177	**78,779**	184,614	199,177
15.1.2		**LISTED SHARES**					
		Banks					
-	103,313	Allied Bank Limited		-	-	7,283	7,247
25,000	-	MCB Bank Limited		**3,593**	**3,365**	-	-
30,000	-	National Bank of Pakistan Limited		**1,253**	**1,232**	-	-
5,000	50,000	United Bank Limited		**274**	**262**	3,515	3,412
		Financial services					
3,000,000	-	First Capital Securities Limited		**6,840**	**5,580**	-	-
90,000	-	Jahangir Siddiqui & Company Limited		**429**	**363**	-	-
		Personal goods					
55,000	-	Ibrahim Fibres Limited		**1,982**	**1,487**	-	-
10,000	-	Nishat Mills Limited		**422**	**405**	-	-
		Construction and materials					
3,140,000	189,000	D. G. Khan Cement Company Limited		**59,075**	**59,754**	5,942	5,702
-	75,000	Lucky Cement Limited		-	-	5,836	5,684
		Industrial engineering					
-	10,000	Millat Tractors Limited		-	-	5,001	4,998
		General industrials					
-	20,000	Tri Pack Films Limited		-	-	2,527	2,443
		Electricity					
-	1,445,690	Kot Addu Power Company Limited		-	-	58,037	58,811
635,500	-	Pakgen Power Limited		**10,147**	**7,156**	-	-
85,000	-	Nishat Power Limited		**1,117**	**1,101**	-	-
16,000	-	Hub Power Limited		**577**	**547**	-	-
		Oil and Gas					
2,500	17,000	Pakistan Oil Fields Limited		**872**	**866**	5,083	5,031
25,000	-	Pakistan Petroleum Limited		**4,278**	**4,208**	-	-
-	5,744	Oil and Gas Development Company Limited		-	-	984	981
		Chemicals					
686,000	654,000	Agritech Limited		**11,220**	**10,537**	19,553	15,631
110,000	-	Agritech Limited - Rights		**1**	**1**	-	-
-	200,000	Engro Corporation Limited		-	-	38,726	38,762
222,500	-	Fatima Fertilizer Company Limited		**5,164**	**5,100**	-	-
10,000	-	Fauji Fertilizer Company Limited		**1,537**	**1,495**	-	-
-	28,500	ICI Pakistan Limited		-	-	4,147	4,111
		Beverages					
20,000	-	Muree Brewery Company		**1,608**	**1,270**	-	-
		Fixed line telecommunication					
1,190,000	-	Pakistan Telecommunication Company		**12,148**	**12,364**	-	-
		Equity Investment Instruments					
190,000	-	JS Growth Funds		**1,131**	**893**	-	-
				123,668	**117,986**	156,634	152,813
15.1.3		**TERM FINANCE CERTIFICATES**					
10,000	10,000	Pace Pakistan Limited	15.1.3.1	**45,369**	**25,099**	45,339	45,389
-	22,030	NIB Bank Limited		-	-	107,949	107,960
-	2,000	Soneri Bank Limited		-	-	9,952	9,952
-	3,400	United Bank Limited		-	-	16,929	16,929
				45,369	**25,099**	180,169	180,230
				238,214	**221,864**	521,417	532,220

15.1.1 This includes investment in mutual fund units of a related party amounting to Rs. 74.922 million (2010: Nil) pledged with KSE against exposure margin.

15.1.2 This includes shares amounting to Rs. 157.965 million (at the rates quoted on KSE) (2010: Rs. 108.176 million) pledged with KSE against exposure margin.

15.1.3.1 Significant terms and conditions of Term Finance Certificate are as follows:

Name of security	Number of certificates	Face value per certificate (Amount in Rupees)	Profit rate (per annum)	Maturity	Secured / unsecured	Rating
Pace Pakistan Limited	10,000	5,000	6 Month KIBOR + 2%	Feb 15 2017	Secured	Non Performing

15.2 'Available-for-sale' investments

2011	2010		2011		2010	
Number of units		Name of investee	Cost	Carrying value	Cost	Carrying value
			(Rupees in '000)			
		OPEN END MUTUAL FUNDS				
-	2,680,789	KASB Stock Market Fund (related Party)	-	-	64,575	79,700

	Note	2011	2010
		(Rupees in '000)	
16. TRADE DEBTS			
Receivable against purchase of marketable securities -net of provisions	16.1 & 16.2	**224,636**	372,474
Inter-bank brokerage		**1,803**	6,227
Fees		**1,178**	2,641
		227,617	381,342
16.1 Considered good			
Secured		**186,212**	334,831
Unsecured		**550**	1,130
		186,762	335,961
Considered doubtful		**187,223**	166,330
		373,985	502,291
Provision for doubtful debts	16.4	**(149,349)**	(129,817)
		224,636	372,474

16.2 This includes receivables from KSE and NCCPL amounting to Rs. 6.091 million (2010: Rs. 17.444 million) and Rs. Nil (2010: Rs.20.845 million) respectively in respect of trading in securities settled subsequent to the year end.

	2011	2010
	(Rupees in '000)	
16.3 Amount due from related parties as at the year end are as under:		
KASB Funds Limited	**7**	2
KASB Stock Market Fund	**9**	86
KASB Balanced Fund	**7**	154
KASB Cash Fund	**4**	14
KASB Modaraba	**2**	2
KASB Bank Limited	**15**	32
KASB Finance (Private) Limited	**4**	-
Directors	**1,415**	18
Others	**1**	62
	1,464	370

	Note	2011	2010
		(Rupees in '000)	
16.4 Reconciliation of provisions against trade debts			
Opening balance		**129,817**	416,417
Provision written off during the year		**-**	(110,020)
Provision for the year		**20,519**	32,852
Reversal of provision during the year		**(987)**	(209,432)
	29	**19,532**	(176,580)
		149,349	129,817

16.4.1 Provisions against doubtful debts have been made after considering the market value of listed shares amounting to Rs. 37.874 million (2010: Rs. 36.513 million) held in custody by the Group against respective customers accounts.

	Note	2011	2010
		(Rupees in '000)	
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
- Employees and executives		**-**	344
- Suppliers		**861**	300
		861	644
Current portion of long-term loans and advances to employees and executives	11	**2,506**	2,978
Deposits:			
- Exposure deposit with KSE		**-**	24,500
- Exposure deposit with PMEL		**2,283**	-
- Others		**2,354**	2,128
		4,637	26,628
Prepayments:			
- Rent		**1,247**	1,146
- Insurance		**188**	349
- Software development and maintenance		**4,235**	3,666
- Consultancy charges		**-**	6,002
- Others		**1,902**	3,660
		7,572	14,823
Other receivables:			
- Dividends receivable		**75**	38
- Profit on bank deposits		**555**	340
- Profit on exposure deposit with KSE		**-**	350
- Profit on long-term receivables		**3,153**	-
- Profit receivable on term finance certificates		**-**	8,807
- Current portion of long-term receivable	13	**39,730**	-
- Receivable against margin trading system		**990**	-
- Receivable from related parties	17.1	**4,772**	7,325
- Receivable from PMEL		**1,058**	5,376
- Others		**175**	443
		50,508	22,679
		66,084	67,752

	Note	2011	2010
17.1 Receivable from related parties comprises of:		**(Rupees in '000)**	
KASB Funds Limited		**127**	7,143
KASB Bank Limited (the Parent company)		**4,613**	47
KASB Finance (Private) Limited		**-**	135
KASB Technology Services Limited		**32**	-
		4,772	7,325

18. CASH AND BANK BALANCES

	Note	2011	2010
Cash at bank in:			
- Current accounts		**4,250**	3,820
- Saving accounts	18.1	**59,502**	43,689
- Certificate of deposit	18.2	**15,015**	58,279
- Term deposit	18.3	**67,000**	-
		145,767	105,788
Cash in hand		**64**	33
Stamps in hand		**4**	8
		145,835	105,829

18.1 These carry profit at rates ranging from 1% to 11.25% (2010: 1% to 11.25%).

18.2 This carries profit at the rate of 14.48% (2010: 16.28%) and is due to mature in June 2012.

18.3 This carries profit at the rate of 11.20% (2010: Nil) and is due to mature in March 29, 2012. This term deposit is under lien with a commercial bank against letter of guarantee issued by the bank in favour of KSE which the Group has arranged in llieu of exposure margin with KSE.

19. SHARE CAPITAL

19.1 Authorised Capital

2011	2010		2011	2010
Number of shares			(Rupees in '000)	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	**2,000,000**	2,000,000

19.2 Issued, subscribed and paid-up share capital

2011	2010		2011	2010
89,867,900	89,867,900	Ordinary shares of Rs 10 each fully paid-up in cash	**898,679**	898,679
10,132,100	10,132,100	Ordinary shares of Rs 10 each fully paid-up as part of the scheme of arrangement	**101,321**	101,321
100,000,000	100,000,000		**1,000,000**	1,000,000

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

	2011		2010	
	Shares held	Percentage	Shares held	Percentage
KASB Bank Limited	**77,117,500**	**77.118%**	77,117,500	77.118%
KASB Bank Limited -Employees Provident Fund Trust	**400,000**	**0.400%**	400,000	0.400%
KASB Securities Limited -Employees Provident Fund Trust	**32,000**	**0.032%**	32,000	0.032%
KASB Funds Limited -Employees Provident Fund Trust	**13,000**	**0.013%**	13,000	0.013%
KASB Finance (Private) Limited	**700,000**	**0.700%**	-	0.000%
Key Management Personnel	**99,700**	**0.100%**	204,400	0.204%
	78,362,200	**78.363%**	77,766,900	77.767%

		Note	2011	2010
20.	**TRADE AND OTHER PAYABLES**		(Rupees in '000)	
	Trade creditors	20.1 & 20.2	**477,197**	451,936
	Accrued expenses		**30,210**	8,838
	Withholding tax		**67**	2,028
	Unclaimed dividends		**609**	609
	Others		**504**	1,994
			508,587	465,405

20.1 This includes payables to KSE and NCCPL amounting to Rs. 18.181 million (2010: Nil) and Rs. 11.631 million (2010: Nil) respectively in respect of trading in securities settled subsequent to the year end.

20.2 This includes payable to related parties amounting to Rs. 112.12 million (2010: Rs. 4.173 million).

21. SHORT-TERM RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - Secured

21.1 Running finance facility of Rs. 299 million (2010: Rs. 425 million) is available to the Company from the Parent Company, which remained unutilised as at the year end. The facility is subject to mark-up at rates ranging from 15.17% to 15.52% (2010: 14.21% to 15.07%) per annum and requires to be secured by second ranking charge over all present and future current assets of the Company.

21.2 Further, the facilities for short-term running finances available from various banks amounted to Rs. 850 million (2010: Rs. 1,350 million) which remained unutilised as at the year end. These facilities are subject to mark-up at rates ranging from 15.03% to 17.04% (2010: 15.38% to 17.39%) per annum and requires to be secured by pledge of securities for the purposes of utilisation of finance.

		Note	2011	2010
22.	**ACCRUED MARK-UP**		(Rupees in '000)	
	Mark-up accrued on:			
	- Short-term running finances facilities	22.1	**1,265**	153
	- Redeemable capital		**317**	1,061
			1,582	1,214

22.1 This represents mark-up payable to the Parent company.

23. REDEEMABLE CAPITAL - secured

This represents term finance certificates issued by the Group by way of private placement to various institutional and other 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 redemption
5,000	June 2007	June 2012	Average Ask side Six month KIBOR+1.90%	Semi annual

		2011	2010
		(Rupees in '000)	
24.	**CONTINGENCIES AND COMMITMENTS**		

Contingencies
There were no contingencies as at the year end.

Commitments
Following commitments are outstanding as at the year end:

	2011	2010
- Outstanding purchases against commodities future	**-**	3,084
- Outstanding sales against commodities future	**1,782**	25,077

	Note	2011	2010
25. OPERATING REVENUE		(Rupees in '000)	
Brokerage		**182,817**	218,445
Financial advisory fee		**1,239**	2,404
Underwriting commission		**925**	664
		184,981	221,513
26. NET GAIN ON SALE OF AVAILABLE-FOR-SALE INVESTMENTS			
Sale of open ended mutual fund units		**20,218**	8,296
27. OTHER OPERATING REVENUE			
Custody services		**3,858**	4,691
Subscription research income		**2,448**	2,406
Profit on bank deposits		**17,223**	29,534
Profit on term finance certificates		**9,363**	20,432
Profit on long-term receivable	27.1	**13,786**	-
Loss on sale of properties		**470**	-
Profit on margin trading system		**2,965**	-
		50,113	57,063

27.1 This represents mark-up on long-term receivable as fully explained in note 13.1.

28. OPERATING AND ADMINISTRATIVE EXPENSES	Note	2011	2010
Salaries, allowances and other benefits	28.1	**176,563**	183,673
Staff training and development		**795**	447
Rent, rates and taxes		**7,725**	6,829
Insurance charges		**307**	353
Depreciation	28.2	**9,951**	15,275
Amortisation	8	**1,509**	2,132
Repairs and maintenance		**5,341**	8,383
Power and utilities		**6,766**	4,880
Registration fee		**25**	3,279
Advisory fee		**-**	276
Consultancy charges		**1,721**	4,086
Communication		**13,034**	14,060
Trading costs		**7,997**	8,723
Information technology related costs		**13,796**	14,648
Fees and subscription		**15,304**	12,321
Printing and stationery		**4,407**	4,288
Papers and periodicals		**161**	390
Advertisement and business promotion		**5,473**	5,611
Travelling and conveyance		**3,427**	8,988
Entertainment		**458**	1,172
Brokerage expense		**1,204**	-
Legal and professional charges		**1,766**	212
Auditor's remuneration	28.3	**1,000**	970
Stamp charges		**25**	16
Donations	28.4	**1,460**	1,261
Workers' Welfare Fund		**(52)**	1,361
Financial Advisory fee		**36**	-
Service Level Agreement	28.5	**3,928**	5,517
Others		**177**	224
		284,304	309,375

28.1 Salaries, allowances and benefits include Group's contribution to provident fund amounting to Rs. 6.162 million (2010: Rs. 4.759 million).

	Note	2011	2010
28.2 Depreciation		(Rupees in '000)	
Property and equipment	7	**9,060**	14,200
Investment properties	9	**891**	1,075
		9,951	15,275

	Note	2011	2010
		(Rupees in '000)	
28.3 Auditors' remuneration			
Ernst & Young Ford Rhodes Sidat Hyder			
Statutory audit fee		**635**	485
Half-yearly review fee and other certifications		**260**	340
Out of pocket expenses		**105**	26
		1,000	851
A.F. Fergusons & Co.			
Half yearly review fee and other certifications		**-**	75
Out of pocket expenses		**-**	44
		-	119
		1,000	970

28.4 Donation were not made to any donee fund in which any director of the Company or his spouse had any interest.

28.5 This represents costs related to 'Group Executive Services' such as financial control, financial reporting, corporate affairs, legal and corporate communication functions provided by a related party in accordance with the terms and conditions of the agreement entered into between the Group and the related party.

	Note	2011	2010
		(Rupees in '000)	
29. (PROVISION) / REVERSAL FOR DOUBTFUL DEBTS AND OTHER RECEIVABLES			
(Provision) / reversal of provision against trade debts	16.4	**(19,532)**	176,580
Provision against long-term receivable	13	**(13,988)**	-
Reversal of provision against trade receivables		**-**	675
		(33,520)	177,255
30. IMPAIRMENT LOSS			
Long-term investments - 'available-for-sale'			
- KASB Bank Limited (related Party)		**28,001**	66,627
- KASB Funds Limited (related Party)		**-**	8,304
		28,001	74,931
31. FINANCE COST			
Mark-up on:			
- Short-term running finances facilities		**3,669**	289
- Redeemable capital		**64,058**	71,550
Bank charges		**2,047**	760
Finance lease charges		**-**	3
		69,774	72,602
32. OTHER INCOME			
Gain on disposal of property and equipment	7.1	**3,150**	634
Rental income		**7,252**	10,462
Others		**411**	614
		10,813	11,710
33. TAXATION			
Current			
- for the year		**8,338**	8,144
- for prior year		**4,568**	-
Deferred		**(534)**	(1,981)
		12,372	6,163

33.1 The numerical reconciliation between tax expense and accounting profit has not been presented as provision for current year income tax has been made on the basis of minimum taxation under section 113 of the Income Tax Ordinance, 2001.

33.2 The aggregate deferred tax asset on temporary differences between tax and accounting base of assets and liabilities and carry forward tax losses amounts to Rs. 77.223 million. However, in view of the uncertainty about the timing of realisation of such differences, the Group has recognised deferred tax asset to the extent of Rs. 0.468 million only.

	2011	2010
34. (LOSS) / EARNINGS PER SHARE	**(Rupees in '000)**	
(Loss) / profit after taxation attributable to ordinary shareholders	**(206,580)**	61,446
	(Number of shares)	
Weighted average number of ordinary shares	**100,000,000**	100,000,000
	(Rupees)	
(Loss) / earnings per share - basic	**(2.07)**	0.61

Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at December 31, 2011 and December 31, 2010 which could have any effect on the (loss) / earnings per share.

35. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**15,563**	**9,918**	**78,764**	19,966	-	101,500
Fee (note 35.2)	**-**	**1,380**	**-**	-	1,620	-
Reimbursable expenses	**-**	**123**	**-**	39	94	1,162
Contribution to provident fund	**645**	**446**	**3,262**	469	-	2,823
	16,208	**11,867**	**82,026**	20,474	1,714	105,485
Number of persons	**1**	**7**	**43**	2	5	39

35.1 The Chief Executive and certain executives of the Group are provided with free use of Group owned and maintained cellular phones.

35.2 The fee was paid to the Directors for attending the Board and Audit Committee meetings of the Group.

36. RELATED PARTY TRANSACTIONS

36.1 The related parties of the Group comprise of KASB Bank Limited (the Parent Company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2011 and transactions with related parties during the year ended December 31, 2011 are as follows:-

	2011					2010
	Parent Company	Associates	Key management personnel	Others	Total	Total
	(Rupees in '000)					
BALANCES						
Long-term investments	**21,844**	**43,325**	**-**	**-**	**65,169**	136,541
Long-term deposits	**-**	**142**	**-**	**-**	**142**	142
Short-term investments	**-**	**-**	**-**	**78,779**	**78,779**	185,374
Trade receivables	**15**	**13**	**1,415**	**21**	**1,464**	370
Advances	**-**	**-**	**2,644**	**-**	**2,644**	1,600
Prepaid service level agreement charges	**-**	**-**	**-**	**-**	**-**	2,327
Prepaid rent	**315**	**-**	**-**	**-**	**315**	258
Profit receivable on bank deposit	**389**	**-**	**-**	**-**	**389**	161
Receivable against expenses	**4,613**	**159**	**-**	**-**	**4,772**	6,912
Rent receivable	**-**	**-**	**-**	**-**	**-**	413
Bank balances	**56,149**	**-**	**-**	**-**	**56,149**	34,443
Trade payables	**-**	**109,899**	**2,213**	**-**	**112,112**	2,986
Payable against expenses	**4,050**	**1,995**	**180**	**-**	**6,225**	414
Accrued mark-up	**1,265**	**-**	**-**	**-**	**1,265**	153
Rent payable	**850**	**-**	**-**	**-**	**850**	773
OFF BALANCE SHEET ITEM						
Bank guarantee	**51,000**	**-**	**-**	**-**	**51,000**	-

	2011					2010
	Parent Company	Associates	Key management personnel	Others	Total	Total
	(Rupees in '000)					
TRANSACTIONS						
Income						
Brokerage income earned	**519**	**1,721**	**491**	**970**	**3,701**	2,289
Profit on bank deposits	**8,632**	**-**	**-**	**-**	**8,632**	17,833
Rent income	**5,078**	**1,974**	**-**	**-**	**7,052**	10,461
Expenses						
Bank charges	**1,050**	**-**	**-**	**-**	**1,050**	406
Charge in respect of contributory plan	**-**	**-**	**-**	**6,162**	**6,162**	4,759
Communication expenses	**-**	**7,178**	**-**	**-**	**7,178**	7,945
Custody services	**9**	**9**	**2**	**45**	**65**	126
Donation	**-**	**-**	**-**	**1,410**	**1,410**	1,200
Locker rent	**4**	**-**	**-**	**-**	**4**	-
Mark-up expense	**3,653**	**-**	**-**	**-**	**3,653**	269
Reimbursement of expenses	**8,228**	**98**	**-**	**-**	**8,326**	2,163
Remuneration to management personnel	**-**	**-**	**71,027**	**-**	**71,027**	74,836
Rent expense	**554**	**46**	**-**	**-**	**600**	626
Salary expense reimbursed	**-**	**48**	**-**	**-**	**48**	10
Service level agreement	**-**	**3,928**	**-**	**-**	**3,928**	5,517
Software maintanence expense	**-**	**-**	**-**	**-**	**-**	170
Other transactions						
Loans disbursed	**-**	**-**	**3,548**	**-**	**3,548**	5,270
Loans repayment	**-**	**-**	**3,572**	**-**	**3,572**	3,670
Mutual fund's bonus units issued	**-**	**-**	**-**	**8,888**	**8,888**	960
Mutual fund units purchased	**-**	**-**	**-**	**84,793**	**84,793**	-
Mutual fund units redeemed	**-**	**-**	**-**	**214,793**	**214,793**	-
Purchase of property and equipment	**-**	**1,390**	**-**	**-**	**1,390**	458
Property and equipment disposed off	**-**	**43**	**1,025**	**-**	**1,068**	2,216

37. FINANCIAL INSTRUMENTS

37.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Group is exposed to such risk mainly in respect of bank balances and investment in income based mutual fund units. Effective interest rates on such instruments are disclosed in respective notes to the consolidated financial statements.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Group's total comprehensive income by Rs. 1.610 million (2010: Rs. 3.961 million) and a 1% decrease would result in decrease in the Group's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group is exposed to price risk because of investments held by the Group and classified on the balance sheet as investments 'at fair value through profit or loss' and 'available-for-sale' investments. The management believes that 10% increase or decrease in the value of investments 'at fair value through profit and loss', with all other factors remaining constant would result in increase or decrease of the Group's profit by Rs. 11.799 million and 10% of such increase or decrease would result in increase or decrease of unrealized gain on re-measurement of 'available-for sale' investments by Rs. 2.184 million.

37.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by following internal guidelines of the group executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summarises the maturity profile of the Group's financial liabilities:

	2011				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Trade and other payables	**506,686**	**-**	**-**	**-**	**506,686**
Accrued mark-up	**1,582**	**-**	**-**	**-**	**1,582**
Redeemable capital	**-**	**-**	**166,500**	**-**	**166,500**
	508,268	**-**	**166,500**	**-**	**674,768**

	2010				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Trade and other payables	**462,643**	**-**	**-**	**-**	**462,643**
Accrued mark-up	**1,214**	**-**	**-**	**-**	**1,214**
Redeemable capital	**-**	**-**	**332,800**	**166,500**	**499,300**
	463,857	**-**	**332,800**	**166,500**	**963,157**

37.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Group seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.The table below analyses the Group's maximum exposure to credit risk:

	2011	2010
	(Rupees in '000)	
Trade debts	**373,985**	502,291
Bank balances (see note 37.3.2)	**145,767**	105,788
Long-term receivable	**81,638**	-
Long-term loans and advances	**4,523**	3,999
Long-term deposits and prepayments	**3,604**	5,638
Advances, deposits, prepayments and other receivables	**23,848**	64,774
	633,365	682,490

37.3.1 The table below shows analysis of the financial assets that are past due or impaired:

	2011	2010
	(Rupees in '000)	
Debts neither impaired nor past due	**6,091**	38,289
Debts past due but not impaired	**183,652**	306,540
Debts impaired - net of provisions	**37,874**	36,513
	227,617	381,342

37.3.2 The analysis below summarises the credit quality of the Group's balances with banks / financial institutions:

Rating of Banks and Financial Institutions*	2011	2010
A1	**15,070**	58,400
A1+	**71,022**	4,060
A2	**-**	43,328
A3	**59,675**	-
	145,767	105,788

*Rating performed by PACRA, JCR-VIS & Standard & Poor's.

38. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital include :

- Reinforcing Group'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 Group's business operations.

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

The Group 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 Group, general reserve and unappropriated profit and loss.

Net capital requirements of the Group are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Group manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

39.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.
Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2011 the Group held the following financial instruments measured at fair value:

	2011			
	Total	Level 1	Level 2	Level 3 (note 39.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	**305,966**	**21,844**	**-**	**284,122**
Investment 'at fair value through profit and loss' - held for trading	**221,864**	**196,765**	**-**	**25,099**
	527,830	**218,609**	**-**	**309,221**

	2010			
	Total	Level 1	Level 2	Level 3 (note 39.1.1)
	(Rupees in '000)			
'Available-for-sale' investments	141,241	129,545	-	11,696
Investment 'at fair value through profit and loss' - held for trading	532,220	532,220	-	-
	673,461	661,765	-	11,696

39.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2011	2010
	(Rupees in '000)	
Opening balance	**11,696**	20,000
Additions during the year	**297,525**	-
Provision for impairment	**-**	(8,304)
Closing balance	**309,221**	11,696

40. DATE OF AUTHORISATION

These consolidated financial statements have been authorised for issue by the Board of Directors of the Group on March 20, 2012.

41. GENERAL

41.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison. However, there are no material reclassifications to report.

41.2 Figures have been rounded off to the nearest thousands.

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

PATTERN OF SHAREHOLDINGS

Number of Shareholders	Shareholding From	Shareholding To	Total number of Shares held	Percentage
462	1	100	9,340	0.0093
4,370	101	500	977,669	0.9777
434	501	1,000	342,986	0.3430
390	1,001	5,000	1,029,601	1.0296
109	5,001	10,000	846,173	0.8462
40	10,001	15,000	523,863	0.5239
27	15,001	20,000	497,731	0.4977
17	20,001	25,000	386,111	0.3861
8	25,001	30,000	226,042	0.2260
4	30,001	35,000	130,200	0.1302
3	35,001	40,000	112,148	0.1121
5	40,001	45,000	215,407	0.2154
8	45,001	50,000	394,487	0.3945
3	50,001	55,000	150,647	0.1506
4	55,001	60,000	234,337	0.2343
4	60,001	65,000	252,225	0.2522
4	65,001	70,000	269,133	0.2691
3	70,001	75,000	214,883	0.2149
3	75,001	80,000	231,218	0.2312
1	85,001	90,000	90,000	0.0900
2	90,001	95,000	182,000	0.1820
5	95,001	100,000	499,133	0.4991
1	105,001	110,000	110,000	0.1100
1	115,001	120,000	117,500	0.1175
1	125,001	130,000	130,000	0.1300
1	130,001	135,000	135,000	0.1350
3	145,001	150,000	446,001	0.4460
1	150,001	155,000	151,500	0.1515
1	165,001	170,000	166,100	0.1661
1	170,001	175,000	170,099	0.1701
1	210,001	215,000	211,000	0.2110
1	395,001	400,000	400,000	0.4000
1	495,001	500,000	499,501	0.4995
1	610,001	615,000	612,425	0.6124
1	695,001	700,000	700,000	0.7000
1	1,030,001	1,035,000	1,030,385	1.0304
1	1,120,001	1,125,000	1,121,500	1.1215
1	1,380,001	1,385,000	1,382,627	1.3826
1	2,665,001	2,670,000	2,667,640	2.6676
1	2,920,001	2,925,000	2,921,617	2.9216
1	3,215,001	3,220,000	3,215,771	3.2158
1	75,995,001	76,000,000	75,996,000	75.9960
5,928			100,000,000	100.0000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage %
Directors, CEO & Children	7	153,375	0.1534%
Associated Companies	7	78,262,500	78.2625%
Banks, DFIs & NBFCs	5	10,357,754	10.3578%
Individuals	5,875	9,626,534	9.6265%
Others	34	1,599,837	1.5998%
	5,928	100,000,000	100%

* Includes 2,886 CDC Beneficial owners as per list appearing on CDS.

Pattern of Shareholding Additional Information

Serial No	Description	No of Shareholders	No of Shares held
1	Associated Companies and Related Parties		
	KASB Bank Limited	2	77,117,500
	Trustee - KASB Bank Limited - Employees Provident Fund	1	400,000
	Trustee - KASB Securities Limited - Employees Provident Fund	1	32,000
	KASB Funds PS Limited - Employees Provident Fund	1	3,000
	Trustee - KASB Funds Limited - Employees Provident Fund	1	10,000
	KASB Finance (Private) Limited	1	700,000
		7	78,262,500
2	Directors:		
	Syed Asghar Ali Shah	1	625
	Malik Munir Ahmed Saleem	1	500
	Saeed Yousuf Chinoy	1	625
	Irfan Nadeem	1	500
	Mahmood Ali Shah Bukhari	1	625
	Syed Asad Mustafa Shafqat	1	500
	Nadir Rahman	1	150,000
		7	153,375
3	Banks, DFIs & NBFCs	5	10,357,754
	Individuals	5,875	9,626,534
	Others	34	1,599,837

FORM OF PROXY
TWELFTH 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 Twelfth Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Friday, April 27, 2012 at 11:00 am and / or any adjournment thereof.

As witness my / our hand / seal this ______________________ day of ______________ 2012.

Witnesses

1. ______________________

2. ______________________

Signature on
Five Rupees
Revenue Stamp

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

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 accross 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 & 32635501-10
Fax: (92-21) 32630202

BOOK POST

if undelivered, please return to the address mentioned below

KASB SECURITIES

5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi.
UAN: +92 21 111 222 000 Fax: +92 21 3263 0202
E-mail: kasbho@kasb.com URL: www.kasb.com