KASB SECURITIES

Annual Report 2009

CONTENTS

COMPANY INFORMATION

Board of Directors:	Syed Asghar Ali Shah - Chairman Farid Arshad Masood - Chief Executive Officer Malik Munir Ahmed Saleem Saeed Yousuf Chinoy Sheikh Muhammad Moeen Syed Majeedullah Husaini Syed Tariq Hussain Gilani
Audit Committee:	Saeed Yousuf Chinoy - Chairman Sheikh Muhammad Moeen Syed Asghar Ali Shah Zia-ul-Haq - Secretary
CFO & Company Secretary:	Saeed Jamal Tariq
Auditors:	A.F. Ferguson & Co. (Chartered Accountants) State Life Building 1-C, I.I. Chundrigar 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 Office:	5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, Pakistan Ph : (92-21) 111-222-000 Fax: (92-21) 32630202 E-mail: kasbho@kasb.com

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Share Registrar:

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Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan
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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

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

Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of KASB Securities Limited (the Company) will be held at Beach Luxury Hotel, Karachi on Thursday, April 29, 2010 at 8:00 am to transact the following business:

Ordinary Business

1. To confirm the minutes of the Ninth Annual General Meeting held on April 27, 2009.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2009 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, 2010 and fix their remuneration. The tenor of Messrs. A.F.Ferguson & Co., Chartered Accountants as auditors' of KASB Bank Limited has expired. In terms of SECP notification dated February 25, 2004, KASB Securities Limited, which is a subsidiary of KASB Bank Limited and is in the business of providing financial services, is bound to appoint the same firm of auditors to conduct audit of their accounts. Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants are also being proposed for appointment by KASB Bank Limited.

4. To transact any other business with the permission of the Chair.

Special Business

1. **Approval for Investment in Rights Shares of New Horizon Exploration and Production Limited, an associated company**

   To consider and approve the acceptance and subscription in Right Shares upto a maximum of 10,000,000 Class 'B' Ordinary Shares of the face value of Rs. 10/- per share, at a discounted price of Rs. 5.00 per share, thereby making a total investment of Rs. 50,000,000/- (Rupees fifty million only), as may be offered by New Horizon Exploration and Production Limited, an associated company; and if thought fit to pass the following special resolutions, with or without modification, in compliance of the provisions of section 208 of the Companies Ordinance, 1984:

   RESOLVED AND APPROVED THAT the investment in upto a maximum of Rights Shares 10,000,000 Class 'B' Ordinary Shares of the value of Rs. 10/- per share at discounted price of Rs. 5.00 per share for the total amount of Rs. 50,000,000/- (Rupees fifty million) or thereabout, offered by New Horizon Exploration and Production Limited (NHEPL), an associated company of KASB Securities Limited (the Company), be and is hereby accepted and approved.

   RESOLVED FURTHER THAT the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized, severally or jointly, subject to compliance of all legal and regulatory requirements, to take any and all actions required for the purpose of giving effect to the purpose and intent of the above resolution, and for accepting any amendment that may be made by New Horizon Exploration and Production Limited duly approved by their shareholders, in the quantum of shares if reduced, and the terms and conditions thereto."

By order of the Board

S.J.Tariq

Saeed Jamal Tariq
Company Secretary

Karachi
April 8, 2010

Notes:

(i) Share transfer books of the Company will remain closed from April 23, 2010 to April 29, 2010 (both days inclusive). Transfers received in order at the office of our Registrar, THK Associates (Private) Limited; Ground Floor, State Life Building No.3, Ziauddin Ahmed Road, Karachi; by the close of business on April 22, 2010 will be treated in time.

(ii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy will have the same rights as are available to the member.

(iii) Proxy must be received at the office of our Registrar not later than 48 hours before the time of the meeting. The form of proxy submitted must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers must be mentioned on the form, along with the attested copies of CNIC or the passport of the beneficial owner and the proxy.

(iv) In case of proxy by a corporate entity, Board of Directors resolution/power of attorney shall also be submitted along with the form.

(v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan and/or their proxies are required to produce their original (CNICs) or Passport for identification 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.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

1. New Horizon Exploration and Production Limited

New Horizon Exploration and Production Limited (NHEPL), an associated company of KASB Securities Limited (the Company) has offered 43,500,000 Class 'B' Ordinary shares a discount to its shareholders. The funds are essentially required by NHEPL to meet the financial obligations of the Company pertaining to drilling of exploratory wells related to the Petroleum Concession Agreements signed between the Company and the President of Pakistan. For the purpose NHEPL has decided to go for Rights Issue at 50% discount i.e. shares of Rs. 10/- each at discounted rate of Rs. 5.00 on obtaining approval from their shareholders and the Securities and Exchange Commission of Pakistan. This will facilitate NHEPL to get fresh capital for carrying out the planned exploration of wells for drilling for oil and gas which, subject to discovery of oil and gas, will result in generation of enough profits to make the company profitable and enable the Company to amortize the discount over a period of five years.

This will be a long term strategic investment by the Company.

2. Nature and extent of Directors Interest

Directors of the above Company have no other interest whatsoever in the transaction except to the extent of their shareholding in this Company.

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 for the year ended December 31, 2009.

Economic Review

2009 was a year where Pakistan's macro landscape transitioned towards consolidation under the IMF program, post the bumpy ride of 2008. Pakistan's macro vulnerabilities were exposed during the commodity super-spike period in 2HFY08 (Jan 08-Jun 08) and 1HFY09 (Jul 08-Dec 08) coupled with expansionary fiscal policy and monetary overhang. To counter these challenges, Pakistan embarked on a stabilization program under the IMF stand-by -facility worth US$7.6bn in Nov-08 which was later augmented to US$11.3bn in Aug-09.

Economic performance in 2009 depicted a country that has had a break through from the shackles of 2008 and is on a path to gradual recovery. After entering the IMF program, foremost on the agenda of economic managers was to divert sovereign risk regarding Pakistan Euro bond payment (US$530mn) that was due in Feb-09. Since then, key fitness indicators have shown considerable sequential improvement in 2009. Headline inflation declined to +10.5% YoY in Dec-09 from its peak of 25% YoY in Oct-08 while Central Bank foreign exchange reserves increased to US$11.1bn by the end of 2009 (US$3.5bn Dec-08). Similarly, current account deficit on calendar year basis declined to US$3.5bn in 2009 as compared to US$15.6bn in 2008.

However, the flip-side of these consolidation and stability measures was slack economic activity with GDP growth touching merely 2% in FY09 - lowest in 10 years. Slowdown in aggregate demand was visible where Investment-to-GDP declined to 19.6% in FY09 (from 22% in FY08), also reflected in contraction of twin deficits to 10.5% of GDP in FY09, down from 16% in FY08. Manufacturing sector was hit the hardest, on a combination of energy deficit, low domestic and external demand and decline in gross value add, posting a decline of 3.3% in FY09. Moreover, while the worst of the growth slowdown was behind us, recovery in 1HFY10 remained muted. In short, 2009 witnessed stability at the expense of growth but the same was imperative to rein in macro imbalances.

Stock Market Review

Coming off the back of a horrendous 2008, year 2009 saw the KSE gradually regain what it had lost in monetary and credibility terms. 2008 was the worst in KSE's history (-58%) and scars were exaggerated due to imposition of the 'price floor' mechanism over Aug-Dec 08. However 2009 showed improvement by posting 60% YoY gains (albeit off a low base) and witnessing return of foreign investors to the KSE. 2009 rally was witnessed in spurts, driven by diverse variables throughout the year.

KSE had a weak opening in 2009, reeling under the pressure of post price floor domestic and foreign selling. However given the distress selling, the index overshot on the downside with P/E in Jan-09 crashing to ~4x forward earnings with 20%+ dividend yields in select stocks. While bargain hunting did begin at those levels, reinstatement of judiciary in mid-March and Pakistan's re-induction to MSCI Indices provided impetus to the rally at the beginning of the year.

In addition Pakistan's improving economic conditions combined with notable success on the war on terror front buoyed local sentiments and re-attracted foreign investors to the market who had left after the floor incident and ensured that the momentum generated at the beginning of the year lasted throughout 2009.

Operating Performance

Although the KSE recovered from the setback of 2008 and the KSE-100 index posted a 60% YoY gain to a 2009 year-end close of 9,387 points, as compared to 5,865 points at year end 2008. Monetary value traded however shrank almost 50% YoY due to both lower stock values compared to early 2008 and absence of a leverage product as CFS was discontinued post the 2008 crisis.

Shrinking trading volumes and values resulted in a significant decline in brokerage income to Rs. 347 million in 2009 as against Rs. 527 million in 2008 (34% YoY). The impact of this decline was, however, partially mitigated by prudent investment decisions which enabled the Company to improve returns on funds deployed, albeit under proper risk management guidelines, thus increasing capital gains (Rs. 83.87 million against Rs. 35.71 million in 2008) and dividends (Rs. 42.43 million against Rs. 5.09 million in 2008). The management continued its drive to control operating expenses without losing business focus which resulted in a limited increase in costs despite significant inflationary pressures.

The fall out of 2008 still persisted and resulted in impairment losses against certain available for sale equities (Rs. 230.08 million) and provisioning against trade receivables (Rs. 221.88 million). The Auditors' in their Report to the Members have, without qualifying their opinion, drawn attention to note 9.3.1 of the financial statements, which may be referred to for details. Accordingly, the pre-tax operating loss of Rs. 253.29 million (post tax loss Rs. 298.27 million) as against pre-tax operating profit of Rs. 45.2 million (post tax profit Rs. 4.69 million) were witnessed. Earning per share for 2009 was negative Rs. 2.98 against EPS of Rs. 0.05 in 2008. The losses suffered by the Company have adversely affected our plans for making any recommendations of a return to the shareholders. The Board is very concerned about its obligations towards the shareholders and is hopeful for a positive turn of events for the Company during 2010.

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 account of the Company have been maintained;
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies as more fully explained in notes 2.1 to 2.18 to the financial statements have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement;
- Approved Accounting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission as also stated in note 2.1.1 to the financial statements, have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- Key operating and financial data of the preceding years is appearing on page 16.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2009 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, 2009 amounts to approximately Rs. 23.99 million.
- 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.

The Board

The Board comprised of six non-executive directors and one executive director. The positions of the Chairman and the Chief Executive Officer are kept separate in line with 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 is stated in the Company information pages.

Four 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, Chairman	Four	Four
Saeed Yousuf Chinoy	Four	Three
Syed Wamiq Abrar Bokhari	Four	-
Farrukh Hamid Sabzwari, Chief Executive Officer	Four	Four
Tahir Iqbal	Four	Four
Sheikh Muhammad Moeen	Four	Four
Kamran Ansari	Four	Four

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

Syed Wamiq Abrar Bokhari, appointed on January 26, 2008 resigned from the position of Director on November 12, 2009 and in his place Syed Majeedullah Husaini was appointed as the new Director on the same date.

Mr. Kamran Ansari, appointed on March 25, 2008 resigned from the position of Director on February 11, 2010 and in his place Malik Munir Ahmed Saleem was appointed as the new Director on the same date.

Mr Tahir Iqbal, appointed on March 25, 2008 resigned from the position of Director on February 11, 2010 and in his place Syed Tariq Hussain Gilani was appointed as the new Director on the same date.

Mr. Farrukh Hamid Sabzwari, appointed on January 26, 2008 resigned from the position of Director on March 1, 2010 and in his place Mr. Farid Arshad Masood was appointed as the new Director on the same date.

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 comprises of three Non-Executive Directors and held four meetings during the year.

Appointment of External Auditors

The external auditors Messrs. A.F. Ferguson & Co. Chartered Accountants stand retired after expiry of their tenor as the external auditors' of KASB Bank Limited (the Holding Company). As per the recommendations of the Audit Committee, the Board endorses the appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the external auditors for the financial year ending 2010. 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, 2009 appears on page 57. During the period no trade in the shares of the Company have been reported by the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in respect of their own accounts and on account of their spouse and minor children .

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has adjusted the long term rating to "A" (Single A) against its previous rating of "A+" (Single A Plus), while maintaining the short term rating at “A1” (Single A One). The rating of the secured TFC issue of PKR 500 million has also been adjusted to "A+" (Single A plus) against its previous rating of "AA-" (Double A minus). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

Future Outlook

Tough macro economic steps taken over the last 12-18 months have helped rein in macro pressures and induce stability in the system to some extent, however, the key challenge from here remains implementation of policies that should put Pakistan back on the growth path. In addition to government policies, commodity prices and sovereign flows will also play an important part. We foresee a gradually recovering economic environment ahead and believe that our Company is well positioned to benefit from the economic upturn. From a stock market perspective however a key risk remains implementation of capital gains tax effective July 1, 2010 which could hurt sentiments and depress volumes over the period immediately following implementation of the tax. Having said that, the Company is taking new initiatives to diversify the revenue streams and to include value added services with a view to broaden its clientele base.

Acknowledgement

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

On behalf of the Board of Directors

Syed Asghar Ali Shah
Chairman

Karachi: April 5, 2010

PROFILE OF DIRECTORS

Syed Asghar Ali Shah - Chairman

Mr.Asghar Ali Shah is a seasoned and experienced technology expert having worked with a number of banks and institutions in Pakistan and abroad. He is a German national 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 C D I, 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 and University Info Systems in Frankfurt, Abbot Europe, H.Q. Germany, BCCI, Asia Pacific Hong Kong and Abu-Dhabi. He was the CEO of Mustehkam Cement Rawalpindi, Education Tech-knowledge, Lahore and Amtex Europe, HO, Germany.

Farid Arshad Masood - Chief Executive Officer

Mr. Masood specializes in investment banking and corporate strategy and has spent his career advising governments and corporations on diversification, market entry, financial restructuring, mergers and acquisitions and capital raising. He has been with the KASB Group since 2004 as Managing Director, Head of Investment Banking and has raised over USD 2.3 billion for his clients over the past few years. Prior to KASB, Mr. Masood spent several years as a principal consultant for PriceWaterhouseCoopers in the USA advising energy and telecom companies on new venture development. He also serves on the boards of Shakarganj Foods and New Horizon Exploration and Production.

He has a Bachelors and Masters degree in Systems Engineering from the University of Virginia and a Masters degree in Business from Cambridge University.

Malik Munir Ahmed Saleem - Director

Mr. 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 100 branches around Pakistan. His current assignment entails Middle market, SME 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 thirty years global experience in corporate consultancy and project development. He is appointed to the Board of Directors of KASB Securities Limited as an independent non-executive Director and is currently the Managing Director of Dubai Shows Limited; a Dubai based international property exhibition company. He has also served on the Boards of various other companies in Pakistan including Singer Pakistan Limited, Premier Sugar and Distillery Company Limited, Phipson & Co.Limited, Pakistan Agencies Limited and Continental Furnishing Co. Limited. He remains engaged in international financial and equities market and holds investments in Pakistan Real Estate and Capital Markets. He holds a Bachelors as well as a Masters from Cambridge University, United Kingdom.

Sheikh Muhammad Moeen - Director

Mr. Moeen has been associated with the KASB Group since 2004. He joined KASB Securities as its Risk Manager and Company Secretary. He managed the risk and compliance function of the brokerage house from 2004 to 2005 before taking up the position of the Chief Financial Officer in 2005. Besides the above core responsibilities of managing the finance functions, he was also responsible for managing corporate and legal affairs of the Company.

He joined KASB Capital in 2007 where he remained engaged in group corporate restructurings and played a key role in formation of various group entities within the Group. These included, KASB Securities, KASB Capital, KASB Funds, KASB Modaraba, KASB Finance and various other group ventures.

Presently he is serving as the Chief Financial Officer of KASB Bank Limited, where he is leading the finance function of the bank. One of his primary responsibility include monitoring group level business and financial performance of various group-corporations, where he is discharging his responsibilities as member of the board of directors and its committees.

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

Prior to joining KASB, Mr. Moeen was associated with a local credit rating company from 2002 to 2004 and was associated with the A.F.Ferguson & Co. Chartered Accountants, Karachi (member firm of PriceWaterhouseCoopers) from years 1997 to 2002.

Syed Majeedullah Husaini - Director

Mr. Husaini is a seasoned and experienced professional having a sound expertise in Banking and Finance industry. He is associated with KASB Group since 2005. Currently, he is leading the professional team of the KASB Modaraba as the Chief Executive Officer. He has vast Banking experience spanning over 29 years. He has served in a number of foreign and local financial institutions at senior positions where he developed and implemented Risk management and Compliance procedures and successfully managed diversified lines of banking business including foreign trade finance, commercial & corporate loans and liability management.

As President and Chief Executive of Rozgar Micro finance Bank Limited, Karachi, he had established the infrastructure of the Bank for implementing its objectives of helping the poor to support the poverty alleviation program. He has also served as Chief Operating Officer in KASB Bank Limited. He holds a Masters degree in Economics from University of Karachi.

Syed Tariq Hussain Gilani - Director

Mr. Gilani is a seasoned banker and has had a long illustrious career with Australia New Zealand Bank (ANZ). He was part of the senior management team based in Pakistan as well as overseas offices of ANZ. He has held positions of Managing Director of First Grindlays Modaraba, Head of Investment Banking and Director in the Financial Engineering division in London. His areas of speciality include, amongst others, Project Finance, Capital Markets & Syndication, Islamic Finance, Portfolio Management and Treasury, Derivative Products and Structured Finance. He has also held the position of CFO of Sithe Asia, the Asian subsidiary of an international IPP engaged in developing and operating power generation assets in Australia & Asia.

Mr. Gilani has been a regular invitee as speaker at major international seminars. Topics of presentations have included, amongst others, Project Finance, Pakistan Investment Climate and Forex Risk Management in restricted markets. He has also been Chairman of the Central Bank's Foreign Exchange Rates Committee of Pakistan and has from time to time been an advisor to the Central Bank, Ministry of Finance and IMF.

Mr. Gilani is a Chartered Accountant from England & Wales and also has a BSc in Computer Science and Mathematics from London University.

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 the delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

Community Responsibility

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

Environmental Responsibility

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

FINANCIAL HIGHLIGHTS

	Jan - Dec 2009	Jan - Dec 2008	July - Dec 2007**	July - June 2007	July - June 2006	July - June 2005
Operating Performance						
(Rupees in '000)						
Revenue *	258,929	476,890	454,495	692,315	568,836	342,139
Operating and administrative expenses	464,841	351,949	227,837	383,234	309,507	256,083
Finance cost	85,320	106,575	53,518	37,962	34,888	21,650
Other income	37,939	26,834	6,382	17,336	14,254	7,503
(Loss) / profit before taxation	(253,293)	45,200	179,522	288,455	238,695	71,909
(Loss) / profit after taxation	(298,270)	4,690	151,003	226,920	187,522	47,980
Per Ordinary Share						
(Rupees)						
(Loss) / earnings per share	(2.98)	0.05	2.38	4.71	6.25	2.74
Break-up value per share	10.18	11.98	13.71	18.74	16.56	11.02
Dividends (Percentage)						
Cash	-	-	-	83.4%(I)	33.5%(I)	5%(I)
Assets and Liabilities						
(Rupees in '000)						
Total assets	2,305,027	2,255,343	3,368,462	2,911,785	1,461,700	1,536,989
Current assets	2,219,946	2,143,693	3,122,576	2,673,746	1,261,344	1,490,219
Current liabilities	785,478	556,308	1,493,612	1,842,154	956,924	1,184,177
Financial Position						
(Rupees in '000)						
Shareholders equity	1,018,202	1,198,356	1,371,103	562,158	496,908	330,720
Share capital	1,000,000	1,000,000	1,000,000	300,000	300,000	300,000
Reserves	18,202	198,356	371,103	262,158	196,908	30,720
Share outstanding (Number in '000)	100,000	100,000	100,000	30,000	30,000	30,000
Return on capital employed - (%)	(24.88)	3.77	13.09	51.31	48.04	21.74
Return on total assets - (%)	(7.29)	6.73	6.92	11.21	18.72	6.09
Current ratio-times	2.83	3.85	2.09	1.45	1.32	1.26
Interest cover ratio-times	(1.97)	1.42	4.35	8.60	7.84	4.32

(I) Interim
(F) Final

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

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

A.F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **KASB Securities Limited** to comply with the Listing Regulation No. 35 (Chapter XI) of The Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide notice KSE/N-269 dated January 19, 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 the above requirements 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 procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2009.

A F Ferguson & Co

Chartered Accountants

Karachi

Dated: April 5, 2010

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 35 and Chapter XI of Listing Regulations of 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 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, 2009 comprised of four non-executive Directors including an independent non-executive Director and three executive Directors.
- The Directors have confirmed that none of them is serving as a Director in more then 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.
- 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 immediately 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 has submitted a paper to the Board of Directors to consider it as orientation course for its Directors and to apprise them of their duties and responsibilities.
- The appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO is approved by the Board of Directors.
- 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 the approval by the Board.
- The Directors, Chief Eecutive 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 atleast once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

- The Company had outsourced its internal audit function to Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants who remained on board till October 28, 2009. Other firms for the task are being looked at by the management. As an interim measure, the task has been assigned as an additional responsibility to a suitably qualified and experienced employee conversant with the relevant rules and regulations as well as policies and procedure 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: April 5, 2010

Financial Statements
KASB Securities Limited

A.F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 32426682-6 / 32426711-5
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KASB Securities Limited** as at December 31, 2009 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 2.1.3 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 December 31, 2009 and of the loss , its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 9.3.1 to the financial statements which states that the company has overdue trade receivables from a related party against which adequate provision has been made.

AFFerguson & Co

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: April 5, 2010

Karachi

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BALANCE SHEET

AS AT DECEMBER 31, 2009

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
ASSETS			
Non-current assets			
Fixed assets			
- Tangible fixed assets	3	**54,590**	78,106
- Intangible assets	4	**14,670**	16,674
Investment properties	5	**10,095**	11,170
Long-term loans and advances	6	**3,722**	3,834
Long-term deposits and prepayment	7	**2,004**	1,866
Total non-current assets		85,081	111,650
Current assets			
Investments	8	**649,543**	577,504
Trade debts	9	**1,054,180**	1,389,456
Advances, deposits, prepayments and other receivables	10	**227,934**	161,961
Cash and bank balances	11	**288,289**	14,772
Total current assets		2,219,946	2,143,693
TOTAL ASSETS		2,305,027	2,255,343
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	**747,327**	433,671
Running finances under mark-up arrangements	13	**-**	86,973
Accrued mark-up on borrowings	14	**982**	12,179
Taxation payable - net		**36,891**	20,143
Current maturity of liabilities against assets subject to finance lease	15	**78**	3,142
Current maturity of redeemable capital	17	**200**	200
Total current liabilities		785,478	556,308
Non-current liabilities			
Deferred tax liability	16	**2,047**	790
Liabilities against assets subject to finance lease	15	**-**	389
Redeemable capital	17	**499,300**	499,500
Total non-current liabilities		501,347	500,679
TOTAL LIABILITIES		1,286,825	1,056,987
EQUITY			
Share capital	18	**1,000,000**	1,000,000
General reserve		**18,752**	18,752
Unrealised gain / (loss) on remeasurement of available for sale investments to fair value - net	8.4	**38,813**	(79,303)
(Accumulated losses) / unappropriated profit		**(39,363)**	258,907
Shareholders' equity		1,018,202	1,198,356
TOTAL EQUITY AND LIABILITIES		2,305,027	2,255,343
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 36 form an integral part of these financial statements.

Syed Asghar Ali Shah
Chairman

Farid Arshad Masood
Chief Executive Officer

Saeed Jamal Tariq
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
Brokerage revenue		**346,999**	526,775
Gain on sale of investments - net		**83,872**	35,714
Income from Continuous Funding System (CFS) transactions		**2,525**	5,141
Other operating revenue	20	**48,019**	15,006
		481,415	582,636
Operating and administrative expenses	21	**(464,841)**	(351,949)
Operating profit		**16,574**	230,687
Finance cost	22	**(85,320)**	(106,575)
Other income	23	**37,939**	26,834
		(30,807)	150,946
Net unrealised gain/ (loss) on remeasurement of investments at fair value through profit or loss to fair value - held for trading	8.1	**7,595**	(105,746)
Impairment against investments:			
- equity securities sold during the year	8.4	**(1,100)**	-
- equity securities held as at year end	8.4	**(228,981)**	-
		(230,081)	-
(Loss) / profit before taxation		**(253,293)**	45,200
Taxation	24	**(44,977)**	(40,510)
(Loss) / profit after taxation		**(298,270)**	4,690
Other comprehensive income:			
Unrealised loss arising during the year on remeasurement of available for sale investments - net	8.4	**(112,885)**	(176,018)
Reclassification adjustment for net loss / (gain) realised on disposal of available for sale investments	8.4	**920**	(1,419)
Reclassification adjustment for impairment loss on available for sale investments included in profit and loss account		**230,081**	-
Other comprehensive income / (loss) for the year		**118,116**	(177,437)
Total comprehensive income / (loss) for the year		**(180,154)**	(172,747)
		(Rupees)	
(Loss) / earnings per share - basic	25	**(2.98)**	0.05

The annexed notes from 1 to 36 form an integral part of these financial statements.

Syed Asghar Ali Shah	Farid Arshad Masood	Saeed Jamal Tariq
Chairman	Chief Executive Officer	Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(253,293)**	45,200
Adjustments for non-cash and other items:			
Depreciation		**21,191**	22,964
Amortisation		**2,004**	1,350
Gain on sale of investments		**(83,872)**	(35,714)
Gain on disposal of fixed assets		**(608)**	(2,691)
Unrealised (gain) / loss on remeasurement of investments at fair value through profit or loss - net (held for trading)	8.1	**(7,595)**	105,746
Impairment loss on available for sale investments	8.3	**230,081**	-
Reversal of provision against doubtful debts		**(50,185)**	(102)
Provision against doubtful trade debts		**272,062**	154,063
Provision against doubtful receivables		**-**	3,000
Finance cost		**85,320**	106,575
Dividend income		**(42,425)**	(5,085)
		425,973	350,106
		172,680	395,306
Changes in working capital			
(Increase) / decrease in assets			
Long-term loans and advances		**112**	2,584
Long-term deposits and prepayments		**(138)**	(312)
Trade debts		**113,399**	62,508
Advances, deposits, prepayments and other receivables		**(32,549)**	(77,832)
		80,824	(13,052)
Increase / (decrease) in current liabilities			
Trade and other payables		**313,656**	(1,024,861)
		567,160	(642,607)
Finance cost paid		**(96,181)**	(105,140)
Income tax paid		**(26,972)**	(32,219)
Net cash flow generated from / (used in) operating activities		**444,007**	(779,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in available for sale financial assets - net		**(41,023)**	19,158
Investment in held for trading securities - net		**(51,514)**	328,379
Fixed capital expenditure incurred		**(2,421)**	(19,906)
Proceeds from disposal of operating fixed assets		**6,429**	129,509
Dividend received		**9,001**	5,372
Net cash flow (used in) / generated from investing activities		**(79,528)**	462,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(3,789)**	(11,272)
Redemption of redeemable capital		**(200)**	(200)
Net cash used in financing activities		**(3,989)**	(11,472)
Net increase / (decrease) in cash and cash equivalents		**360,490**	(328,926)
Cash and cash equivalents at the beginning of the year		**(72,201)**	256,725
Cash and cash equivalents at the end of the year	28	**288,289**	(72,201)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Syed Asghar Ali Shah Chairman	**Farid Arshad Masood** Chief Executive Officer	**Saeed Jamal Tariq** Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2009

	Share capital	General reserve	Unappropri- ated profit / (accumulated losses)	Unrealised gain / (loss) on remeasurement of available for sale investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 1, 2008	1,000,000	18,752	254,217	98,134	1,371,103
Total comprehensive income for the year	-	-	4,690	(177,437)	(172,747)
Balance as at December 31, 2008	1,000,000	18,752	258,907	(79,303)	1,198,356
Total comprehensive income for the year	-	-	(298,270)	118,116	(180,154)
Balance as at December 31, 2009	1,000,000	18,752	(39,363)	38,813	1,018,202

The annexed notes from 1 to 36 form an integral part of these financial statements.

Syed Asghar Ali Shah
Chairman

Farid Arshad Masood
Chief Executive Officer

Saeed Jamal Tariq
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

1 STATUS AND NATURE OF BUSINESS

KASB Securities Limited (hereinafter referred to as the "Company ") was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of then Khadim Ali Shah Bukhari and Co. 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 holding 77.12 percent of the shares of the Company.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as explained in note 2.1.3 to these financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Accounting convention

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

2.1.3 Changes in accounting policies and disclosures arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

a) International Accounting Standard 1 (IAS 1) Revised, ‘Presentation of Financial Statements’ (effective from January 1, 2009). The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

   The Company has applied IAS 1 (Revised) with effect from January 1, 2009 and has chosen to present all non -owner changes in equity in one performance statement - Statement of comprehensive income (profit and loss account). Accordingly, items of income and expenses representing other comprehensive income have been presented in the 'Profit and Loss Account' and total comprehensive income has been presented separately from owner related changes in the Statement of changes in equity. Comparative information has been re -presented to reflect these changes. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

b) IFRS 8, 'Operating Segments'. IFRS 8 replaces IAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Under IFRS 8, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker. The management has determined that the Company has a single reportable segment as the Chief Executive Officer views the Company’s operations as one reportable segment. The adoption of this standard has therefore only resulted in some additional entity wide disclosures as given in note 31 to these financial statements. There is no impact on earnings per share.

c) IFRS 7, 'Financial Instruments: Disclosures'. The SECP vide S.R.O 411 (I) / 2008 dated April 28, 2008 notified the adoption of IFRS 7 'Financial Instruments: Disclosures'. IFRS 7 was mandatory for the Company's accounting period beginning on or after the date of notification i.e. April 28, 2008. IFRS 7 has superseded IAS 30 'Disclosure for Banks and Similar Financial Institutions' and the disclosure requirements of IAS 32, 'Financial Instruments: Presentation'. IFRS 7 requires disclosures of the significance of financial instruments for an entity's financial position and performance and has also introduced qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the company's key management personnel. As the change in accounting policy has only resulted in additional disclosures which have been set out in notes 29 and 30 to these financial statements, there is no impact on earnings per share.

2.1.4 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

a) IAS 19 (Amendment), ‘Employee benefits’ (effective from January 1, 2009).

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

- IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

Adoption of this amendment does not have any impact on the Company's financial statements.

b) IAS 23 (Amendment), 'Borrowing Costs' (effective from January 1, 2009). This standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39, 'Financial Instruments: Recognition and Measurement'. Adoption of this amendment does not have any effect on the Company's financial statements.

c) IAS 36 (Amendment), ‘Impairment of Assets’ (effective from January 1, 2009). As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Adoption of this amendment does not have any effect on the Company's financial statements.

d) IAS 38 (Amendment), ‘Intangible Assets’ (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of this amendment does not have any effect on the Company's financial statements.

e) IFRS 2 (Amendment), ‘Share-based payment’ (effective from January 1, 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Adoption of this amendment does not have any effect on the Company's financial statements.

There are other interpretations that were mandatory for accounting periods beginning on or after January 1, 2009 but were considered not to be relevant or did not have any significant effect on the Company's operations and are therefore not disclosed in these financial statements.

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2010:

a) IFRS 2 (Amendments), ‘Group Cash-settled and Share-based Payment Transactions'. In addition to incorporating IFRIC 8, ‘Scope of IFRS 2’, and IFRIC 11, ‘IFRS 2 – Group and Treasury Share Transactions’, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Company's financial statements.

b) IFRS 8 (Amendment), 'Operating segments' (effective from January 1, 2010). There is a minor amendment to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The amendment is not expected to have any impact on the Company's financial statements.

c) IAS 17 (Amendment), 'Leases' (effective from January 1, 2010). The amendment has deleted the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. The amendment is not expected to have a significant effect on the Company's financial statements.

d) IAS 36 (Amendment), 'Impairment of Assets' (effective from January 1, 2010). The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment. The amendment is not expected to have a significant effect on the Company's financial statements.

e) IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2010). The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active market. The amendment is not expected to have any impact on the Company's financial statements.

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.1.6 Critical accounting estimates and judgments

This preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

(i) Classification and valuation of investments (notes 2.9 and 8)
(ii) Provision for taxation and deferred tax (notes 2.4 and 24)
(iii) Recognition and measurement of deferred tax liabilities (notes 2.4 and 16)
(iv) Provision for doubtful debts (notes 2.14 and 9)
(v) Determination and measurement of useful life and residual value of fixed assets (notes 2.7 and 3)
(vi) Amortization of intangible assets (notes 2.7.2 and 4)

2.2 Staff retirement benefits

The Company operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Company and employees, to the Fund at the rate of 8.33 percent of the basic salary. The contributions are recognised as an employee benefit expense when they are due.

2.3 Employees' compensated absences

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

2.4 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 the 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 major temporary differences arising between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences and the tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the tax losses can be utilized. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the balance sheet date.

2.5 Provisions

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

2.6 Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and subsequently carried at amortised cost.

2.7 Fixed assets

2.7.1 Tangible fixed assets

Owned assets

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

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

Depreciation on all fixed assets is charged to income using the straight-line method in accordance with the rates specified in note 3.1 to these financial statements and after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on additions is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal.

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

Leased assets

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

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

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

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

2.7.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of item can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 4 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal.

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

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

2.7.3 Investment property

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

2.8 Borrowing cost

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

2.9 Financial assets

The management of the Company determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and measurement', at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company have been classified in the following categories:

2.9.1 Classification

a) Financial assets at fair value through profit or loss - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to maturity.

d) Available for sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

2.9.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

2.9.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss - held for trading. Financial assets carried at fair value through profit or loss - held for trading are initially recognised at fair value and transaction cost are expensed in the profit and loss account.

2.9.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' - held for trading and available for sale

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognised in other comprehensive income, until the available for sale financial assets are derecognised. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortized cost.

2.9.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exist, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below it's cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in comprehensive income, is reclassified from other comprehensive income and recognised in the profit and loss account. Impairment losses on equity financial assets recognised in the profit and loss account are not reversed through the profit and loss account.

2.9.6 Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired, have been realised or transferred, and the Company has transferred substantially all risks and rewards of ownership.

2.9.7 Reclassification

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

2.9.8 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.10 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

2.11 Securities under repurchase / resale arrangements

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

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the financial statements as investments, as the company does not obtain control over the assets. Amounts paid under these arrangements are included in the financial statements as lendings against securities purchased under resale arrangements. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse-repo agreement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash and balances with banks in current and deposit accounts, cash in hand, stamps in hand and short term running finances.

2.13 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.
- Dividend income is recognised when the right to receive dividend is established.
- Gains and losses on sale of shares are recognised at the time of sale of shares.
- Income on fixed term investments is recognised using the effective interest method.

2.14 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

2.15 Foreign currency transactions

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

2.16 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.17 Functional and presentation currency

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

2.18 Segment reporting

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Company's entire portfolio and considers the business as a single operating segment. The Company's asset allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
3 TANGIBLE FIXED ASSETS			
Operating fixed assets	3.1	**54,590**	70,920
Capital work in progress	3.4	**-**	7,186
		54,590	78,106

3.1 Operating fixed assets

	Year ended December 31, 2009						
	Office premises-lease hold	Furniture and fixtures	Computers and office equipments		Motor vehicles		Total
			Owned	Held under finance lease	Owned	Held under finance lease	
	Rupees in '000						
As at January 1, 2009							
Cost	21,704	22,109	111,309	-	5,556	16,960	177,638
Accumulated depreciation	(3,559)	(6,284)	(88,518)	-	(2,638)	(5,719)	(106,718)
Net book value	18,145	15,825	22,791	-	2,918	11,241	70,920
Year ended December 31, 2009							
Opening net book value	18,145	15,825	22,791	-	2,918	11,241	70,920
Additions (at cost)	2,149	2,274	5,184	-	-	-	9,607
Disposals							
Cost	-	34	1,791	-	11,037	-	12,862
Depreciation	-	(19)	(1,705)	-	(5,317)	-	(7,041)
	-	15	86	-	5,720	-	5,821
Depreciation charge for the year	(1,092)	(1,986)	(14,302)	-	(1,388)	(1,348)	(20,116)
Transfers							
Cost	-	-	-	-	15,145	(15,145)	-
Depreciation	-	-	-	-	(6,322)	6,322	-
	-	-	-	-	8,823	(8,823)	-
Closing net book value	19,202	16,098	13,587	-	4,633	1,070	54,590
As at December 31, 2009							
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	19,202	16,098	13,587	-	4,633	1,070	54,590
Depreciation rate (% per annum)	5	10	33.33		20	20	

	Year ended December 31, 2008						
	Office premises-lease hold	Furniture and fixtures	Computers and office equipments		Motor vehicles		Total
			Owned	Held under finance lease	Owned	Held under finance lease	
	Rupees in '000						
As at January 1, 2008							
Cost	21,704	21,214	100,711	5,100	8,859	28,851	186,439
Accumulated depreciation	(2,471)	(4,427)	(71,916)	(4,806)	(3,911)	(6,359)	(93,890)
Net book value	19,233	16,787	28,795	294	4,948	22,492	92,549
Year ended December 31, 2008							
Opening net book value	19,233	16,787	28,795	294	4,948	22,492	92,549
Additions (at cost)	-	1,127	7,619	-	1,328	915	10,989
Disposals							
Cost	-	232	2,121	-	17,437	-	19,790
Depreciation	-	(63)	(2,108)	-	(6,892)	-	(9,063)
	-	169	13	-	10,545	-	10,727
Depreciation charge for the year	(1,088)	(1,920)	(13,661)	(243)	(1,225)	(3,754)	(21,891)
Transfers							
Cost	-	-	5,100	(5,100)	12,806	(12,806)	-
Depreciation	-	-	(5,049)	5,049	(4,394)	4,394	-
	-	-	51	(51)	8,412	(8,412)	-
Closing net book value	18,145	15,825	22,791	-	2,918	11,241	70,920
As at December 31, 2008							
Cost	21,704	22,109	111,309	-	5,556	16,960	177,638
Accumulated depreciation	(3,559)	(6,284)	(88,518)	-	(2,638)	(5,719)	(106,718)
Net book value	18,145	15,825	22,791	-	2,918	11,241	70,920
Depreciation rate (% per annum)	5	10	33.33	33.33	20	20	

3.2 Particulars of disposal of operating fixed assets

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

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
	Rupees in '000					
Vehicles						
Suzuki Cultus	**560**	**(233)**	**327**	**515**	Negotiation	Mr. Ahmed Ali
Toyota Corolla XLI	**915**	**(117)**	**798**	**990**	Negotiation	Mr. Salman Ahmed
Toyota Corolla XLI	**969**	**(425)**	**544**	**544**	As per company policy	Mr. Muzammil Aslam (Ex-employee)
Honda Civic EXI	**1,003**	**(492)**	**511**	**511**	As per company policy	Mr. Tahir Iqbal (Executive)*
Honda City	**886**	**(462)**	**424**	**424**	As per company policy	Mr. Najmus Saqib (Ex-employee)
Honda City	**886**	**(438)**	**448**	**454**	As per company policy	Mr. Aiyaz Mehmood (Executive)*
Honda City	**936**	**(546)**	**390**	**402**	As per company policy	Mr. Jawad Asif (Executive)*
Honda City	**936**	**(501)**	**435**	**448**	As per company policy	Mr. Asif Riaz (Executive)
Honda City	**886**	**(445)**	**441**	**454**	As per company policy	Mr. Imran Ali (Executive)*
Toyota Corolla XLI	**969**	**(549)**	**420**	**434**	As per company policy	Mr. M. Mustafa (Executive)
Suzuki Cultus	**600**	**(302)**	**298**	**307**	As per company policy	Mr. Fawad Khan (Executive)*
Honda City	**936**	**(553)**	**383**	**403**	As per company policy	Mr. Nadeem Ahmed (Executive)
Suzuki Cultus	**555**	**(254)**	**301**	**301**	As per company policy	Ms. Shagufta Irshad (Ex-employee)
	11,037	**(5,317)**	**5,720**	**6,187**		
Equipments						
UPS	**1,791**	**(1,705)**	**86**	**240**	Negotiation	Computer Power System
	1,791	**(1,705)**	**86**	**240**		
December 31, 2009	**12,828**	**(7,022)**	**5,806**	**6,427**		
December 31, 2008	17,669	(6,955)	10,714	12,961		

* Represents related parties

	December 31, 2009	December 31, 2008
	(Rupees in '000)	
3.3 The cost of fully depreciated operating fixed assets that are still in use is:		
Furniture and fixtures	**2,540**	2,540
Computer and office equipment	**71,564**	65,868
Vehicles	**524**	524
3.4 Capital work in progress - at cost		
Advances to suppliers against civil works	**-**	7,186
	-	7,186

4 INTANGIBLE ASSETS

	Year ended December 31, 2009				
	Cost / Net Book Value				
	Software	Membership card of KSE and NCEL	Rooms at KSE	Booths at KSE	Total
	(Rupees in '000)				
As at January 1, 2009					
Cost	6,014	5,445	5,804	950	18,213
Accumulated amortisation	(1,539)	-	-	-	(1,539)
Net book value	4,475	5,445	5,804	950	16,674
Year ended December 31, 2009					
Opening net book value	4,475	5,445	5,804	950	16,674
Additions (at cost)	-	-	-	-	-
Amortisation for the year	(2,004)	-	-	-	(2,004)
Closing net book value	2,471	5,445	5,804	950	14,670
As at December 31, 2009					
Cost	6,014	5,445	5,804	950	18,213
Accumulated amortisation	(3,543)	-	-	-	(3,543)
Net book value	2,471	5,445	5,804	950	14,670
Amortisation rate (% per annum)	33.33	-	-	-	

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

5	INVESTMENT PROPERTIES	December 31, 2009	December 31, 2008
		(Rupees in '000)	
	Opening balances		
	Cost	**20,732**	20,592
	Accumulated depreciation	**(9,562)**	(8,489)
	Net book value	**11,170**	12,103
	Year ended December 31		
	Opening net book value	**11,170**	12,103
	Additions (at cost)	**-**	140
	Depreciation charge for the year	**(1,075)**	(1,073)
	Closing net book value	**10,095**	11,170
	As at December 31		
	Cost	**20,732**	20,732
	Accumulated depreciation	**(10,637)**	(9,562)
	Net book value	**10,095**	11,170
	Depreciation rate (% per annum)	**5**	5

5.1 Investment properties comprises 10th floor, Trade Centre, I.I. Chundrigar Road, Karachi given to KASB Bank Limited and 6th Floor, Trade Centre, I.I. Chundrigar Road, Karachi given to KASB Funds Limited and KASB Bank Limited on rental basis. The fair value of these floors amount, in aggregate, to Rs. 70.317 million (2008: Rs. 70.317 million) on the basis of valuation carried out by M/s. Akbani & Javed Associates on January 7, 2010. The rent income for the year ended December 31, 2009, from the aforementioned investment properties amounted to Rs. 9.780 million (2008: Rs. 9.778 million).

6	LONG-TERM LOANS AND ADVANCES - considered good	Note	December 31, 2009	December 31, 2008
			(Rupees in '000)	
	Loans and advances due from:			
	Executives	6.2 & 6.3	**343**	322
	Other employees	6.3	**2,018**	1,902
			2,361	2,224
	Less: Receivable within one year	10	**1,139**	890
			1,222	1,334
	Advance to National Commodity Exchange Limited	6.4	**2,500**	2,500
			3,722	3,834

6.1 Details of loans and advances to executives

Executive	Designation	Purpose	Security	Number of monthly installments remaining	Expiry	Maximum amount outstanding at the end of any month during the year
Mr. Ahmed Junaid Nasir	Manager II	General purpose cash advance	Provident fund balance	7	July 2010	105,925
Mr. Nadeem Ahmad Chawla	Senior Manager	General purpose cash advance	Provident fund balance	5	May 2010	400,000
Mr. Noman Siddiqui	Manager II	General purpose cash advance	Provident fund balance	11	November 2010	221,866

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

	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Opening balance	**322**	-
Disbursements during the year	**2,310**	634
Repayments during the year	**(2,289)**	(312)
Closing balance	**343**	322

6.3 This represents loans given to executives and employees for purchase of motor vehicles and general purpose cash advance. These loans except for loan given for purchase of motorcycle carry mark-up at rates ranging from 6% to 10% (2008: 6% to 10%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 120 months. These loans are granted to the employees in accordance with their terms of employment. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the company, whereas the general purpose cash advance are secured against the staff provident fund. The effect of discounting these advances to their present value is not considered material.

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

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
7 LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposit with:			
Karachi Stock Exchange (Guarantee) Limited		**862**	962
National Clearing Company of Pakistan Limited		**400**	100
National Commodity Exchange Limited		**500**	500
KASB Technology Services Limited - related party		**142**	142
Others		**100**	100
		2,004	1,804
Prepayments		**-**	62
		2,004	1,866
8 INVESTMENTS			
At fair value through profit or loss - held for trading	8.1	**173,857**	32,130
Available for sale	8.2	**475,686**	545,374
		649,543	577,504

8.1 Investment in equity securities - held for trading

Number of shares December 31, 2009	Number of shares December 31, 2008	Name of investee	December 31, 2009 Cost	December 31, 2009 Fair value	December 31, 2008 Cost	December 31, 2008 Fair value
			(Rupees in '000)			
		Investment banks/ companies / securities				
-	9,413	Arif Habib Securities Limited	**-**	**-**	425	396
		Commercial banks				
200,000	200,000	Bankislami Pakistan Limited	**1,450**	**1,174**	3,541	1,450
450	-	MCB Bank Limited	**82**	**99**	-	-
-	165,000	National Bank of Pakistan	**-**	**-**	35,163	8,303
203,125	167,250	United Bank Limited	**10,040**	**11,873**	15,909	6,173
		Insurance				
100,000	-	Adamjee Insurance Company Limited	**12,944**	**12,330**	-	-
		Textile composite				
150,000	175,000	Azgard Nine Limited	**2,033**	**3,119**	13,243	2,849
-	100,000	Nishat Mills Limited	**-**	**-**	12,324	2,260
		Cement				
-	20,750	Fauji Cement Company Limited	**-**	**-**	73	98
		Power generation and distribution				
150,000	-	Kot Addu Power Company Limited	**7,606**	**6,880**	-	-
1,500,000	-	Nishat Chunian Power Limited	**15,000**	**15,450**	-	-
750,000	9,000	The Hub Power Company Limited	**22,268**	**23,310**	105	127
		Oil and gas marketing companies				
-	5,500	Sui Northern Gas Pipelines Limited	**-**	**-**	89	118
		Oil and gas exploration companies				
-	12,100	Oil and Gas Development Company Limited	**-**	**-**	649	605
120,032	38,230	Pakistan Petroleum Limited	**21,379**	**22,757**	6,713	3,847
157,000	-	Pakistan Oil Fields Limited	**35,201**	**36,231**	-	-
		Technology and communication				
-	200	Pakistan Telecommunication Company Limited	**-**	**-**	4	3
		Fertilizer				
105,000	51,750	Engro Chemical Pakistan Limited	**18,359**	**19,243**	10,212	4,992
205,000	-	Fauji Fertilizer Company Limited	**19,580**	**21,100**	-	-
-	70,500	Fauji Fertilizer Bin Qasim Limited	**-**	**-**	898	909
		Chemicals				
40,000	-	Descon Oxychem Limited	**320**	**291**	-	-
			166,262	**173,857**	99,348	32,130
		Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss to fair value	**7,595**	**-**	(67,218)	-
			173,857	**173,857**	32,130	32,130

8.2 Available for sale

Number of shares / units December 31, 2009	Number of shares / units December 31, 2008	Name of investee	December 31, 2009 Cost	December 31, 2009 Fair value	December 31, 2008 Cost	December 31, 2008 Fair value
			(Rupees in '000)			
		Open end mutual funds				
1,822,389	1,805,889	KASB Stock Market Fund	**66,951**	**71,766**	66,951	40,560
		Commercial banks				
19,858,649	13,292,500	KASB Bank Limited - note 8.3.1	**301,048**	**146,755**	260,001	246,709
		Cement				
85,937	85,937	Maple Leaf Cement Factory Limited	**1,828**	**323**	1,828	352
		Automobile assembler				
389,000	389,000	Pak Suzuki Motor Company Limited	**40,119**	**34,606**	40,119	30,968
		Transport				
4,960,500	4,960,500	Pakistan International Airlines Corporation	**42,172**	**12,947**	42,172	17,412
		Chemicals				
1,800,403	2,300,403	Descon Oxychem Limited	**17,536**	**13,089**	22,406	18,173
		Others - stated at cost				
3,000	3,000	Al Jomaih Power Limited	**151,200**	**151,200**	151,200	151,200
2,000,000	1,500,000	KASB Funds Limited - note 8.3.2	**20,000**	**20,000**	15,000	15,000
25,000,000	25,000,000	New Horizon Exploration and Production Limited	**25,000**	**25,000**	25,000	25,000
			665,854	**475,686**	624,677	545,374
		Impairment loss on investments classified as available for sale	**(228,981)**	**-**	-	-
		Unrealised gain / (loss) on remeasurement of available for sale investments to fair value - net (note 8.4)	**38,813**	**-**	(79,303)	-
			475,686	**475,686**	545,374	545,374

8.3 International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' (IAS 39) requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognised directly in equity through other comprehensive income and there is objective evidence that the investment is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit and loss account even though the investment has not been derecognized. Impairment losses recognised in the profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognised in the available for sale reserve in equity. The Securities and Exchange Commission of Pakistan (SECP), vide its SRO 150(I)/2009 dated February 13, 2009 had given an option to companies to either follow the requirements of IAS 39 and charge the impairment loss to the profit and loss account or to show this impairment loss under equity as per the following allowed alternative:

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

- The amount taken to equity as specified above shall be treated as a charge to the profit and loss account for the purposes of distribution as dividend.

As at December 31, 2008, the management had opted not to charge the impairment loss amounting to Rs 61.778 million in the profit and loss account but to show it under equity and to charge it to the profit and loss account during 2009 on a quarterly basis. During the year, the management has carried out a scrip wise analysis of further impairment on the above scrips and determined that an aggregate amount of Rs. 230.081 million (including impairment loss amounting to Rs. 61.778 million which was not charged to the profit and loss account in the year ended December 31, 2008) should be charged to the profit and loss account during the year ended December 31, 2009. The following is the quarter wise break-up of impairment loss charged to the profit and loss account:

	(Rupees in '000)
Impairment loss charged during the 1st quarter	**52,690**
Impairment loss charged during the 2nd quarter	**111,203**
Impairment loss charged during the 3rd quarter	**5,899**
Impairment loss charged during the 4th quarter	**60,289**
	230,081

8.3.1 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 would be allowed without prior written permission of the State Bank of Pakistan.

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

	December 31, 2009	December 31, 2008
8.4 Unrealised gain / (loss) on remeasurement of available for sale investment to fair value - net	(Rupees in '000)	
Opening balance	**(79,303)**	98,134
Deficit arising on revaluation of investments during the year	**(112,885)**	(176,018)
	(192,188)	(77,884)
Impairment on equity securities held as at the year end	**228,981**	-
Impairment on equity securities sold during the year	**1,100**	-
Transferred to profit and loss account on disposal of investments	**920**	(1,419)
Closing balance	**38,813**	(79,303)

8.5 Investments include shares having average cost of Rs. 149.027 million (2008: Rs. 114.896 million) and fair value of Rs. 156.462 million (2008: Rs. 43.994 million) which have been placed with the Karachi Stock Exchange (Guarantee) Limited against exposure arising out of trading in securities.

	Note	December 31, 2009	December 31, 2008
9 TRADE DEBTS		(Rupees in '000)	
Receivable against purchase of marketable securities	9.1	**1,050,586**	1,388,018
Inter-bank brokerage		**3,322**	1,203
Fees		**272**	235
		1,054,180	1,389,456

	Note	2009	2008
9.1 Considered good			
Secured		**813,684**	772,458
Unsecured		**224**	147
		813,908	772,605
Considered doubtful	9.2	**653,095**	809,953
		1,467,003	1,582,558
Less: Provision for doubtful trade debts	9.2 & 9.4	**416,417**	194,540
		1,050,586	1,388,018

9.2 The value of collaterals held against doubtful trade debts amounted to Rs. 533.06 million (2008: Rs. 744.649 million). Provision against doubtful debts has been made after considering expected timing of cash receipts from customers and on disposal of collaterals.

	Note	December 31, 2009	December 31, 2008
9.3 Amounts due from related parties at the year end are as under:		(Rupees in '000)	
KASB Liquid Fund		**13**	39
KASB Stock Market Fund		**9**	-
KASB Balance Fund		**11**	7
KASB Cash Fund		**18**	-
KASB Modaraba		**1**	2
KASB Bank Limited		**-**	29
KASB Modaraba Management Company (Private) Limited		**-**	1
Arif Ali Shah Bukhari	9.3.1	**384,701**	489,252
Directors		**8**	68
Others		**396**	7

9.3.1 This represents trade receivable from Mr. Arif Ali Shah Bukhari, a related party, which is overdue by more than 360 days. The Company has made a provision of Rs. 289.726 million against this outstanding balance. The remaining balance of Rs. 94.975 million will be recovered through sale of shares held in the customer's account as collateral. The Company is also taking necessary steps to recover the amount of Rs. 289.726 million from the customer.

	December 31, 2009	December 31, 2008
9.4 Movement in provision against trade debts	**(Rupees in '000)**	
Opening balance	**194,540**	40,631
Charge for the year	**272,062**	154,063
Reversals during the year	**(50,185)**	(102)
Written off during the year	**-**	(52)
Closing Balance	**416,417**	194,540

9.4.1 Movement in and provision against trade debts in respect of Arif Ali Shah Bukhari - a related party is as follows:

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
Opening balance		**41,342**	-
Charge for the year		**248,384**	41,342
Reversals during the year		**-**	-
Written off during the year		**-**	-
Closing Balance		**289,726**	41,342

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2009	2008
Advances to:			
Executives	10.1	**1**	1,784
Suppliers		**1,370**	2,523
		1,371	4,307
Current portion of long term loans to employees	6	**1,139**	890
Deposits			
Exposure deposit with Karachi Stock Exchange (Guarantee) Limited	10.2	**181,700**	100
Exposure deposit with National Clearing Company of Pakistan Limited	10.3	**-**	130,740
Other deposits		**2,146**	2,144
		183,846	132,984
Prepayments		**1,794**	7,517
Other receivables:			
Dividend receivable		**33,613**	189
Profit on bank deposits		**264**	512
Profit on exposure deposit with Karachi Stock Exchange (Guarantee) Limited		**301**	2
Income accrued on Continuous Funding System (CFS) transactions		**-**	832
Receivable against Continuous Funding System (CFS)		**-**	11,673
Receivable from KASB Funds Limited		**2**	1,858
Others	10.4	**10,751**	6,344
		44,931	21,410
Less: Provision for doubtful receivables		**(5,147)**	(5,147)
		227,934	161,961

10.1 These advances are provided to directors, executives and other employees to meet business expenses and are settled as and when the expenses are incurred.

10.2 This represents amount of deposit held at year end against exposure arising out of trading in securities in accordance with the regulations of the Karachi Stock Exchange (Guarantee) Limited. In addition, shares amounting to Rs. 156.462 million (at the rates quoted on the KSE as at December 31, 2009) (2008: Rs. 238.505 million) have been placed with KSE against exposure margin.

10.3 This represents the amount of deposit held at year end against exposure arising out of trading in securities in accordance with the regulations of the National Clearing Company of Pakistan Limited.

10.4 This includes other receivables amounting to Rs. 5.147 million (2008: Rs. 5.147 million) which have been fully provided.

	Note	December 31, 2009	December 31, 2008
11 CASH AND BANK BALANCES		(Rupees in '000)	
Cash at bank in:			
- Saving accounts	11.1	**280,384**	7,212
- Current accounts	11.2	**7,836**	7,496
		288,220	14,708
Cash in hand		**56**	49
Stamps in hand		**13**	15
		288,289	14,772

11.1 The savings accounts carry interest rates ranging from 1% to 12% (2008: 1.25% to 11.00%) per annum.

11.2 These include balances amounting to Rs. 0.593 million (2008: Rs. 0.734 million) representing a book overdraft netted off against the balances in current accounts.

	Note	December 31, 2009	December 31, 2008
12 TRADE AND OTHER PAYABLES		(Rupees in '000)	
Trade creditors	12.1	**733,641**	425,194
Accrued expenses		**9,923**	6,765
Withholding tax		**2,665**	122
Unclaimed dividends		**609**	609
Others		**489**	981
		747,327	433,671

12.1 This includes payable to National Clearing Company of Pakistan Limited amounting to Rs. 296.782 million (2008: Rs. 90.162 million) in respect of trading in securities settled subsequent to year end.

	December 31, 2009	December 31, 2008
12.2 Amounts due to related parties at the year end are as under:	(Rupees in '000)	
KASB Stock Market Fund	**-**	719
KASB Technology Services Limited	**-**	68
KASB Bank Limited	**-**	113
Chief Executive Officer (now former employee)	**998**	875
Directors	**11**	4
Executive	**292**	642
KASB Institute of Technology	**42**	-
Trustee KASB Securities Employees Provident Fund	**2,232**	-

13 RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - secured

Short-term running finances from:		
KASB Bank Limited - related party	**-**	37,003
Other bank	**-**	49,970
	-	86,973

13.1 The facilities for short-term running finances available from various banks amounted to Rs. 2,025 million (2008: Rs. 1,925 million). These facilities carry mark-up at rates ranging from 11.50% to 18.67% (2008: 10.92% to 17.77%) per annum and are repayable on various dates by December 31, 2010. The arrangements are secured by way of pledge of shares of listed companies and charge over all the Company's present and future current assets.

	Note	December 31, 2009	December 31, 2008
14 ACCRUED MARK-UP ON BORROWINGS		(Rupees in '000)	
Mark-up accrued on:			
- Short-term running finances	14.1	**-**	10,976
- Redeemable capital	14.2	**982**	1,203
		982	12,179

14.1 This includes Rs. nil (2008: Rs. 4.414 million) due to KASB Bank Limited, a related party.

14.2 This includes Rs. 0.049 million (2008: Rs. 0.120 million) due to KASB Liquid Fund, a related party.

15 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	December 31, 2009			December 31, 2008		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees in '000)					
Not later than one year	**81**	**3**	**78**	3,510	368	3,142
Later than one year and not later than five years	**-**	**-**	**-**	431	42	389
	81	**3**	**78**	3,941	410	3,531

The Company has entered into agreements with leasing companies for lease of vehicles and equipments on commercial terms and conditions. Lease rentals are payable quarterly and include finance charges ranging between 15.25% to 18.91% (2008: 12.89% to 17.63%) which have been used as discounting factors.

	December 31, 2009	December 31, 2008
16 DEFERRED TAX LIABILITY	(Rupees in '000)	
Deferred tax liabilities arising on taxable temporary differences:		
Accelerated tax depreciation	**1,779**	437
Liabilities against assets subject to finance lease	**268**	353
	2,047	790

16.1 The Company has not recognised a deferred tax asset on provisions made for doubtful trade debts amounting to Rs. 221.877 million in view of the uncertainty involved regarding the allowability of these provisions.

17 REDEEMABLE CAPITAL - secured

17.1 This represents term finance certificates issued 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

17.2 As at December 31, 2009, KASB Liquid Fund, a related party, held 5,000 term finance certificates (2008: 10,000 term finance certificates) valuing to Rs. 24.975 million (2008: Rs. 49.970 million).

18 SHARE CAPITAL

18.1 Authorised Capital

December 31, 2009	December 31, 2008		December 31, 2009	December 31, 2008
Number of shares			(Rupees in '000)	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	**2,000,000**	2,000,000

18.2 Issued, subscribed and paid-up share capital

December 31, 2009	December 31, 2008		December 31, 2009	December 31, 2008
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

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

	Note	December 31, 2009		December 31, 2008	
		Shares held	Percentage	Shares held	Percentage
KASB Capital Limited	18.3.1	**75,996,000**	**75.996%**	75,996,000	75.996%
KASB Bank Limited	18.3.1	**1,121,500**	**1.122%**	1,121,500	1.122%
Key Management Personnel		**4,400**	**0.004%**	4,400	0.004%
Others		**55,000**	**0.055%**	55,000	0.055%

18.3.1 Subsequent to the merger of KASB Capital Limited into KASB Bank Limited effective December 31, 2008, KASB Bank Limited is now holding 77.12 percent of the shareholding of the Company. However, out of these shares, shares constituting 76 percent holding of KASB Securities Limited have not been transferred in the name of KASB Bank Limited to date.

	Note	December 31, 2009	December 31, 2008
19 CONTINGENCIES AND COMMITMENTS		(Rupees in '000)	
19.1 Capital expenditure contracted for but not incurred		**-**	862

19.2 There were no contingencies as at December 31, 2009 and December 31, 2008.

20 OTHER OPERATING REVENUE

	Note	2009	2008
Dividend income		**42,425**	5,085
Custody services	20.1	**3,997**	8,029
Subscription research income		**1,597**	1,892
		48,019	15,006

20.1 This includes custody service charges received from KASB Bank Limited, a related party, amounting to Rs. 0.149 million (2008: Rs. 0.351 million).

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
21 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	21.1	**125,201**	60,658
Staff training and development		**120**	240
Rent, rates and taxes		**6,580**	5,574
Insurance charges		**798**	1,429
Depreciation	3.1 & 5	**21,191**	22,964
Amortisation	4	**2,004**	1,350
Repairs and maintenance		**12,444**	8,127
Power and utilities		**3,811**	3,787
Communication		**12,524**	17,768
Fees and subscription		**27,664**	36,149
Printing and stationery		**3,304**	3,904
Papers and periodicals		**231**	192
Advertisement and business promotion		**7,691**	6,203
Travelling and conveyance		**3,957**	6,869
Entertainment		**922**	624
Consultancy charges		**-**	4,584
Legal and professional charges		**5,139**	5,565
Auditors' remuneration	21.2	**540**	672
Stamp charges		**22**	1,885
Donations	21.3	**1,400**	4,392
Reversal of provision for doubtful debts	9.4	**(50,185)**	(102)
Provision for doubtful trade debts	9.4	**272,062**	154,063
Provision for doubtful receivables		**-**	3,000
Financial advisory fee expense		**-**	4
Workers welfare fund	21.4	**2,382**	922
Service level agreement charges		**4,353**	-
Others		**686**	1,126
		464,841	351,949

21.1 Salaries, allowances and benefits include Company's contribution to provident fund amounting to Rs. 3.751 million (2008: Rs. 3.497 million).

21.2 Auditors' remuneration	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Statutory audit fee	**320**	300
Half yearly review fee	**115**	100
Special reports and certifications	**50**	225
Out of pocket expenses	**55**	47
	540	672

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

21.4 This represents provision for Workers Welfare Fund (WWF) at the rate of 2 percent of accounting profit before tax or taxable income whichever is higher.

22 FINANCE COST	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Mark-up on:		
- Short term running finances	**4,045**	32,947
- Redeemable capital	**80,303**	70,134
Bank charges	**636**	2,141
Finance leases charges	**336**	1,353
	85,320	106,575
22.1 The related party transactions during the year end are as under:		
Mark-up on short term running finance - KASB Bank Limited	**2,564**	8,786
Mark-up on redeemable capital - KASB Liquid Fund	**6,145**	7,013
Bank charges - KASB Bank Limited	**418**	240
Finance leases charges - KASB Modaraba	**49**	93
23 OTHER INCOME		
Profit on bank deposits	**23,806**	10,705
Profit on Term Finance Certificates	**-**	1,003
Profit on pre-IPO investment in units of mutual funds	**16**	81
Gain on disposal of fixed assets	**608**	2,691
Rental income	**12,910**	12,118
Others	**599**	236
	37,939	26,834
24 TAXATION		
Current		
- for the year	**48,952**	36,718
- for prior year	**(5,232)**	1,349
Deferred	**1,257**	2,443
	44,977	40,510
24.1 Relationship between tax expense and accounting profit		
Accounting (loss) / profit before taxation	**(253,293)**	45,200
Tax rate	**35%**	35%
Tax on accounting (loss) / profit	**(88,653)**	15,820
Tax effect of prior years	**(5,232)**	1,349
Tax effect of income taxed under lower tax rates / exempt income	**(14,786)**	(30,545)
Tax effect of expenses that are not deductible in determining taxable profit - permanent differences	**157,716**	53,886
Others	**(4,068)**	-
	44,977	40,510

25 (LOSS) / EARNINGS PER SHARE	December 31, 2009	December 31, 2008
	(Rupees in '000)	
(Loss) / profit after taxation attributable to ordinary shareholders	**(298,270)**	4,690

	December 31, 2009	December 31, 2008
	(Number of shares)	
Weighted average number of ordinary shares	**100,000,000**	100,000,000
	(Rupees)	
(Loss) / earnings per share - basic	**(2.98)**	0.05

25.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2009 and 2008 which would have any effect on the loss / earnings per share.

26 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Year ended December 31, 2009			Year ended December 31, 2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**8,143**	**6,722**	**55,308**	8,071	4,814	34,762
Fee (note 26.2)	**-**	**840**	**-**	-	180	-
Consultancy charges	**-**	**-**	**-**	-	4,500	-
Reimbursable expenses	**174**	**166**	**1,043**	140	109	1,111
Contribution to provident fund	**333**	**259**	**1,746**	308	228	1,483
	8,650	**7,987**	**58,097**	8,519	9,831	37,356
Number of persons	**1**	**4**	**27**	1	4	27

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

26.2 The fee was paid to the Directors for attending the Board meetings of the Company.

27 RELATED PARTY TRANSACTIONS

27.1 The related parties of the Company comprise of its parent company, associated undertakings, employee contributory plans and its key management personnel. The balances with related parties as at December 31, 2009 and transactions with related parties during the year ended December 31, 2009 are as follows:-

	As at December 31, 2009					As at December 31, 2008
	Parent company KASB Bank Limited	Associated undertakings	Key management personnel	Others	Total	Total
	(Rupees in '000)					
BALANCES						
Trade receivables	**-**	**1**	**404**	**384,752**	**385,157**	489,405
Advances	**-**	**-**	**-**	**-**	**-**	106
Long-term deposits	**-**	**142**	**-**	**-**	**142**	142
Receivable against expenses	**-**	**-**	**-**	**-**	**-**	443
Prepaid communication charges	**-**	**170**	**-**	**-**	**170**	1,697
Advance against purchase of license	**-**	**-**	**-**	**-**	**-**	5
Bank balances	**279,461**	**-**	**-**	**-**	**279,461**	6,640
Trade payables	**-**	**-**	**1,301**	**2,274**	**3,575**	2,240
Payable against expenses	**-**	**-**	**-**	**-**	**-**	181
Accrued mark-up on borrowings	**-**	**-**	**-**	**49**	**49**	4,534
Running finance under mark-up arrangements	**-**	**-**	**-**	**-**	**-**	37,003
Liability against assets subject to finance lease	**-**	**-**	**-**	**-**	**-**	570
Redeemable capital	**-**	**-**	**-**	**24,975**	**24,975**	49,970
Rent receivable	**-**	**-**	**-**	**-**	**-**	1,415
Investments	**146,755**	**45,000**	**-**	**71,766**	**263,521**	327,269
Provision for doubtful trade debts	**-**	**-**	**-**	**289,726**	**289,726**	41,342
Other receivables	**-**	**2**	**-**	**-**	**2**	1,858

	Year ended December 31, 2009					Year ended December 31, 2008
	Parent company KASB Bank Limited	Associated undertakings	Key management personnel	Others	Total	Total
	(Rupees in '000)					
TRANSACTIONS						
Brokerage income earned	**1,577**	**38**	**231**	**1,575**	**3,421**	8,109
Custody services	**148**	**7**	**175**	**-**	**330**	351
Profit on bank deposits	**8,467**	**-**	**-**	**-**	**8,467**	2,219
Rent income	**10,155**	**2,755**	**-**	**-**	**12,910**	12,118
Communication expense	**-**	**5,831**	**-**	**-**	**5,831**	5,612
Repair & maintenance	**-**	**-**	**-**	**-**	**-**	68
Software maintenance expenses	**-**	**718**	**-**	**-**	**718**	1,258
Salary expenses	**-**	**234**	**-**	**-**	**234**	45
Charge in respect of contributory plan	**-**	**-**	**-**	**3,751**	**3,751**	3,497
Finance lease charges	**-**	**-**	**-**	**49**	**49**	93
Financial advisory fee expense	**-**	**-**	**-**	**-**	**-**	4
Investment made in shares of KASB Bank Limited	**41,047**	**-**	**-**	**-**	**41,047**	32,927
Disposal of shares of KASB Bank Limited	**-**	**-**	**-**	**-**	**-**	17
Investments purchased	**-**	**-**	**-**	**-**	**-**	272,118
Investments sold	**-**	**-**	**-**	**-**	**-**	655,427
Redemption of redeemable capital	**-**	**-**	**-**	**15**	**15**	20
Bonus units issued	**-**	**-**	**-**	**561**	**561**	824
Redemption of units	**-**	**-**	**-**	**-**	**-**	950
Mark-up expense	**2,564**	**-**	**-**	**6,145**	**8,709**	15,799
Rent expense	**53**	**269**	**-**	**-**	**322**	567
Bank charges	**418**	**-**	**-**	**-**	**418**	240
Purchase of fixed assets	**-**	**94**	**-**	**-**	**94**	1,187
Loan disbursed to key management personnel	**-**	**-**	**818**	**-**	**818**	134
Loan repayment by key management personnel	**-**	**-**	**818**	**-**	**818**	28
Donation	**-**	**-**	**-**	**1,100**	**1,100**	1,300
Advance made against acquisition of office premises	**-**	**-**	**-**	**-**	**-**	21,767
Withdrawal of advance made against office premises	**-**	**-**	**-**	**-**	**-**	137,858
Prepayments made	**-**	**-**	**-**	**-**	**-**	3,134
Fixed assets disposed off	**-**	**-**	**2,128**	**-**	**2,128**	6,879
Consultancy expense	**-**	**-**	**-**	**-**	**-**	4,500
Acquisition of software	**-**	**-**	**-**	**-**	**-**	3,802
Payment received against reimbursable expenses	**-**	**273**	**-**	**-**	**273**	-
Service level agreement	**-**	**4,353**	**-**	**-**	**4,353**	-
Provision for doubtful trade debts	**-**	**-**	**-**	**248,384**	**248,384**	41,342
Remuneration to key management personnel	**-**	**-**	**52,305**	**-**	**52,305**	29,896

There are no transactions with key management personnel other than under their terms of employment / entitlements. Balances outstanding from / to related parties as at the year end have been disclosed in the relevant balance sheet notes. Transactions with related parties are carried out on agreed terms.

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 26.

28 CASH AND CASH EQUIVALENTS

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

	Note	December 31, 2009	December 31, 2008
		(Rupees in '000)	
Cash and bank balances	11	**288,289**	14,772
Running finances under mark-up arrangements	13	**-**	(86,973)
		288,289	(72,201)

29 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2009				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	(Rupees in '000)				
Assets					
Non-current assets					
Long-term loans and advances	3,722	-	-	-	3,722
Long-term deposits	2,004	-	-	-	2,004
Current assets					
Investments	-	475,686	173,857	-	649,543
Trade debts	1,054,180	-	-	-	1,054,180
Advances, deposits and other receivables	226,140	-	-	-	226,140
Cash and bank balances	288,289	-	-	-	288,289
Liabilities					
Current liabilities					
Trade and other payables	-	-	-	744,053	744,053
Accrued mark-up on borrowings	-	-	-	982	982
Current maturity of liabilities against assets subject to finance lease	-	-	-	78	78
Current maturity of redeemable capital	-	-	-	200	200
Non-current liabilities					
Liabilities against assets subject to finance lease	-	-	-	-	-
Redeemable capital	-	-	-	499,300	499,300

	As at December 31, 2008				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	(Rupees in '000)				
Assets					
Non-current assets					
Long-term loans and advances	3,834	-	-	-	3,834
Long-term deposits	1,804	-	-	-	1,804
Current assets					
Investments	-	545,374	32,130	-	577,504
Trade debts	1,389,456	-	-	-	1,389,456
Advances, deposits and other receivables	154,444	-	-	-	154,444
Cash and bank balances	14,772	-	-	-	14,772
Liabilities					
Current liabilities					
Trade and other payables	-	-	-	432,940	432,940
Running finance under mark-up arrangements	-	-	-	86,973	86,973
Accrued mark-up on borrowings	-	-	-	12,179	12,179
Current maturity of liabilities against assets subject to finance lease	-	-	-	3,142	3,142
Current maturity of redeemable capital	-	-	-	200	200
Non-current liabilities					
Liabilities against assets subject to finance lease	-	-	-	389	389
Redeemable capital	-	-	-	499,500	499,500

	Year ended December 31, 2009				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	(Rupees in '000)				
Income / other items					
Operating revenue	**91,299**	**-**	**-**	**-**	**91,299**
Gain on sale of investments - net	**-**	**1,254**	**82,618**	**-**	**83,872**
Dividend income	**-**	**33,386**	**9,039**	**-**	**42,425**
Other income	**24,001**	**-**	**-**	**-**	**24,001**
Net unrealized gain on re-measurement of investment	**-**	**-**	**7,595**	**-**	**7,595**
Expenses / other items					
Finance cost	**-**	**-**	**-**	**(85,320)**	**(85,320)**
Impairment loss on available for sale securities	**-**	**(230,081)**	**-**	**-**	**(230,081)**

	Year ended December 31, 2008				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	(Rupees in '000)				
Income / other items					
Operating revenue	-	-	-	-	-
Gain on sale of investments - net	-	49,156	-	-	49,156
Dividend income	-	2,418	2,667	-	5,085
Other income	11,022	-	1,003	-	12,025
Expenses / other items					
Finance cost	-	-	-	(106,575)	(106,575)
Loss on sale of investments	-	-	(13,442)	-	(13,442)
Net unrealized loss on re-measurement of investments	-	-	(105,746)	-	(105,746)

As at December 31, 2009 financial assets which had been pledged as collateral for liabilities or contingent liabilities of the Company have been disclosed in the relevant balance sheet notes.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

30.2 Market risk

Market risk is the risk that the value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

30.2.1 Currency risk

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

30.2.2 Yield / Interest rate risk

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

	As at December 31, 2009			
	Exposed to Yield / Interest rate risk		Not exposed to Yield / Interest rate risk	Total
	Upto one year	More than one year		
	(Rupees in '000)			
Financial assets				
Non-current assets				
Long-term loans and advances	-	1,050	2,672	3,722
Long-term deposits	-	-	2,004	2,004
	-	1,050	4,676	5,726
Current assets				
Investments	-	-	649,543	649,543
Trade debts	-	-	1,054,180	1,054,180
Advances, deposits and other receivables	182,785	-	43,355	226,140
Cash and bank balances	280,384	-	7,905	288,289
	463,169	-	1,754,983	2,218,152
Sub Total	463,169	1,050	1,759,659	2,223,878
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	744,053	744,053
Accrued mark-up on borrowings	-	-	982	982
Current maturity of liabilities against assets subject to finance lease	78	-	-	78
Current maturity of redeemable capital	200	-	-	200
	278	-	745,035	745,313
Non-current liabilities				
Redeemable capital	-	499,300	-	499,300
Sub Total	278	499,300	745,035	1,244,613
On-balance sheet gap	462,891	(498,250)	1,014,624	979,265
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	462,891	(498,250)	1,014,624	979,265

	As at December 31, 2008			
	Exposed to Yield / Interest rate risk		Not exposed to Yield / Interest rate risk	Total
	Upto one year	More than one year		
	(Rupees in '000)			
Financial assets				
Non-current assets				
Long-term loans and advances	-	1,105	2,729	3,834
Long-term deposits	-	-	1,804	1,804
	-	1,105	4,533	5,638
Current assets				
Investments	-	-	577,504	577,504
Trade debts	-	-	1,389,456	1,389,456
Advances, deposits and other receivables	131,565	-	22,879	154,444
Cash and bank balances	7,212	-	7,560	14,772
	138,777	-	1,997,399	2,136,176
Sub Total	138,777	1,105	2,001,932	2,141,814
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	432,940	432,940
Running finance under mark-up arrangements	86,973	-	-	86,973
Accrued mark-up on borrowings	-	-	12,179	12,179
Current maturity of liabilities against assets subject to finance lease	3,142	-	-	3,142
Current maturity of redeemable capital	200	-	-	200
	90,315	-	445,119	535,434
Non-current liabilities				
Liabilities against assets subject to finance lease	-	389	-	389
Redeemable capital	-	499,500	-	499,500
Sub Total	90,315	499,889	445,119	1,035,323
On-balance sheet gap	48,462	(498,784)	1,556,813	1,106,491
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	48,462	(498,784)	1,556,813	1,106,491

30.2.3 The mark-up rates per annum on financial assets and liabilities are as follows:

	December 31, 2009	December 31, 2008
	Percentage	
Running finances under mark-up arrangements	**11.50% to 18.67%**	10.92% to 17.77%
Bank balances	**1% to 12%**	1.25% to 11.00%
Exposure deposits with KSE	**8.50% to 10.33%**	5.13% to 10.33%

As the Company has no significant variable interest rate-bearing assets and liabilities as at December 31, 2009, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

30.2.4 Price Risk

The Company is exposed to equity price risk in respect of investments classified as available for sale and at fair value through profit or loss. To manage price risk arising from these equity investments the Company applies appropriate internal polices.

30.2.5 The investment of the company classified as available for sale and at fair value through profit or loss would normally be affected due to fluctuation of equity prices in the stock exchange. In case of 5% increase / decrease in the KSE 100 index on December 31, 2009, the net loss for the year relating to securities classified as fair value through profit and loss would decrease / increase by Rs. 0.719 million (2008: Rs. 0.437 million) and net assets of the Company would increase / decrease by the same amount. In case of 5% increase / decrease in KSE 100 index on December 31, 2009, the unrealised gain for the year relating to securities classified as available for sale and other components of equity and net assets of the Company would increase / decrease by Rs. 0.138 million (2008: Rs. 0.062 million).

The above analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as at December 31, 2009 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

30.3 Credit risk

30.3.1 Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company except Rs. 0.069 million (2008: Rs. 0.064 million) are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limits to its customers and in certain cases obtains margins and deposits in the form of cash and marketable securities. The Company has established internal policies for extending credit which captures essential details regarding customers. Based on the review of borrower's credentials as available internally and value of collaterals held as security , the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

30.3.2 A portion of the outstanding amounts of trade debts are secured against pledge of customers' securities. The Company is entitled to sell these securities, at its own discretion, in case of default by the customers. During the year the Company has disposed off certain securities of its clients due to non-payment to the Company. The outstanding receivables settled on this account and the amount of securities realised through disposal / transfer to the Company's own account have not been disclosed as it was not practicable to determine the amount of these collaterals / outstanding receivable due to the quantum of transactions that had taken place on these arrangements. The management intends to take appropriate measures for determining these amounts in future periods.

30.3.3 The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralised arrangement and may result in credit exposure in the events as mentioned above or if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can also be directly impacted by volatile securities markets which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

30.3.4 A reconciliation of provision made during the year in respect of outstanding trade debts is given in note 9.4 to these financial statements.

The Company holds certain collaterals which are permitted by the customer for repledge. The fair value of such collateral held as at December 31, 2009 and those which have been repledged along with the details of the Company's obligation as to their return and the significant terms and condition associated with their use are given in note 33 to these financial statements.

30.3.5 The maximum exposure to credit risk, by class of financial instrument , at the end of the reporting period without taking into account any collateral held or other credit enhancement is given in note 29 to these financial statements. The Company does not hold any collateral in respect of these assets except for certain trade debts which have been collateralised against certain equity securities as disclosed in note 9.2 to these financial statements.

30.3.6 The analysis below summarises the credit quality of the Company's financial assets.

	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Cash and bank balances		
A1	**279,666**	6,809
A1+	**8,554**	7,899
	288,220	14,708

30.3.7 An analysis of the age of significant financial assets that are past due but not impaired are as under.

	As at December 31, 2009			As at December 31, 2008		
	Total outstanding amount	Payment over due (in days) (1-360)	Payment over due (in days) Above 360	Total outstanding amount	Payment over due (in days) (1-360)	Payment over due (in days) Above 360
	(Rupees in '000)					
Financial instruments carried at amortised cost						
Trade debts - net	**1,054,180**	**354,364**	**699,816**	1,389,456	1,373,829	15,627

30.3.8 An analysis of the significant financial assets that are individually impaired are as under. The factors in determining the impairment loss mainly comprises management's assessment of potential loss which is expected to arise on these financial assets. Such assessment is mainly based on the potential recoveries / cash flows from the customers.

	As at December 31, 2009		
	Total outstanding amount	Upto one year	More than one year
	(Rupees in '000)		
Financial instruments carried at amortised cost			
Trade debts - net	**416,417**	**221,877**	**194,540**

	As at December 31, 2008		
	Total outstanding amount	Upto one year	More than one year
	(Rupees in '000)		
Financial instruments carried at amortised cost			
Trade debts - net	194,540	153,909	40,631

30.4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company currently is not exposed to significant level of liquidity risk keeping in view the current market situation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at December 31, 2009			
	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)			
Current liabilities				
Trade and other payables	**744,053**	**-**	**-**	**744,053**
Accrued mark-up on borrowings	**-**	**982**	**-**	**982**
Running finance under mark-up arrangements	**-**	**-**	**-**	**-**
Current maturity of liabilities against assets subject to finance lease	**78**	**-**	**-**	**78**
Current maturity of redeemable capital	**-**	**200**	**-**	**200**
Non-current liabilities				
Redeemable capital	**-**	**-**	**499,300**	**499,300**

	As at December 31, 2008			
	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)			
Current liabilities				
Trade and other payables	433,549	-	-	433,549
Running finance under mark-up arrangements	86,973	-	-	86,973
Accrued mark-up on borrowings	10,976	1,203	-	12,179
Current maturity of liabilities against assets subject to finance lease	3,142	-	-	3,142
Current maturity of redeemable capital	-	200	-	200
Non-current liabilities				
Liabilities against assets subject to finance lease	-	-	389	389
Redeemable capital	-	-	499,500	499,500

30.5 Fair value of financial assets and liabilities

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

30.6 Effective January 1, 2009, the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	As at December 31, 2009			
	Level 1	Level 2	Level 3	Level 4
	(Rupees in '000)			
ASSETS				
Investment in equity securities - held for trading	**173,857**	**-**	**-**	**173,857**
Investments classified as available for sale	**279,486**	**-**	**-**	**279,486**

31 SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision -maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The Company's asset allocation decisions are based on a single integrated corporate strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company is domiciled in Pakistan. All of the Company's income is derived from activities in Pakistan.

The Company has a diversified shareholder population. As at December 31, 2009, there is only one (2008: one) shareholder who holds more than 10% of the Company's share capital. As at December 31, 2009, the holding was 77.12% (December 31, 2008: 76%).

28% and 12% (collectively 40%) of the Company's revenue for the year ended December 31, 2009 was derived from two customers.

32 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 the Company's business operations.

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

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

The gearing ratios at December 31, 2009 and December 31, 2008 were as follows:

	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Long term borrowings	**499,300**	499,500
Paid-up capital	**1,000,000**	1,000,000
General reserve	**18,752**	18,752
Unappropriated (loss) / profit	**(39,363)**	258,907
	979,389	1,277,659
Gearing ratio	**33.77%**	28.11%

The increase in the gearing ratio compared to last year resulted mainly from the loss for the year ended December 31, 2009.

33 USE OF COLLATERAL AND TRADING SECURITIES

The Company utilises certain selected customers' marginable securities to meet the exposure deposit requirements of the Karachi Stock Exchange (Guarantee) Limited, for meeting securities shortfall at the time of settlements on behalf of the customers and on availing running finance facilities. These securities are utilised by the Company with the consent of these customers. As at December 31, 2009, the details of securities pledged / utilised by the Company are as under:

	December 31, 2009	December 31, 2008
	(Rupees in '000)	
Exposure deposit with the Karachi Stock Exchange (Guarantee) Limited	**-**	194,511
Short-term funding needs	**-**	128,816

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. The following has been reclassified and disclosed in the notes to the financial statements:

Previously all debts against which the Company holds collaterals were shown as 'secured - considered good'. Now all doubtful debts, including those against which Company holds collateral are shown under 'considered doubtful' although provision against these doubtful debts has been made after considering expected timing of cash receipts on disposal of collaterals held. Impact of reclassifications are as follows:

Note	Presentation before reclassification	(Rupees in '000)	Note	Presentation after reclassification	(Rupees in '000)
9.1	Trade debts		9.1	Trade debts	
	Secured - considered good	1,388,018		Considered good	
	Unsecured - considered doubtful	194,540		- secured	772,458
				- unsecured	147
				Considered doubtful	809,953

Certain additional prior year disclosures have been included as required due to the change in accounting policies as explained in note 2.1.3 to these financial statements.

35 DATE OF AUTHORISATION

These financial statements were authorised for issue on April 5, 2010 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Syed Asghar Ali Shah	Farid Arshad Masood	Saeed Jamal Tariq
Chairman	Chief Executive Officer	Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2009

Number of Shareholders	Shareholding From	Shareholding To	Total number of Shares held
198	1	100	6,739
4,924	101	500	1,109,743
488	501	1,000	387,311
406	1,001	5,000	1,061,929
85	5,001	10,000	654,822
28	10,001	15,000	351,257
23	15,001	20,000	430,473
11	20,001	25,000	263,800
8	25,001	30,000	229,621
3	30,001	35,000	99,300
5	35,001	40,000	184,178
1	40,001	45,000	42,800
5	45,001	50,000	248,010
1	50,001	55,000	55,000
3	55,001	60,000	175,872
5	60,001	65,000	310,178
2	65,001	70,000	140,000
3	70,001	75,000	216,114
1	75,001	80,000	75,300
2	90,001	95,000	182,274
6	95,001	100,000	599,998
1	165,001	170,000	166,100
1	195,001	200,000	199,600
1	235,001	240,000	237,690
2	395,001	400,000	800,000
1	1,120,001	1,125,000	1,121,500
1	2,590,001	2,595,000	2,591,176
1	2,665,001	2,670,000	2,667,640
1	2,920,001	2,925,000	2,921,617
1	3,215,001	3,220,000	3,215,771
1	3,255,001	3,260,000	3,258,187
1	75,995,001	76,000,000	75,996,000
6,220			100,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage %
Directors, CEO & Children	7	4,000	0.0040%
Associated Companies	5	77,552,500	77.5525%
Banks, DFIs & NBFCs	4	11,396,204	11.3962%
Individual	6,165	6,708,454	6.7084%
Others	38	1,080,655	1.0807%
Foreign Companies	1	3,258,187	3.2582%
	6,220*	100,000,000	100%

* Includes 2,856 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 Capital Limited*	1	75,996,000
	KASB Bank Limited	1	1,121,500
	Trustee - KASB Bank Ltd. Employees Provident Fund	1	400,000
	Trustee - KASB Securities Ltd. Employees Provident Fund	1	32,000
	KASB Funds - Employees Provident Fund	1	3,000
		5	77,552,500
2	Directors:		
	Saeed Yousuf Chinoy	1	625
	Farrukh H. Sabzwari	1	625
	Syed Asghar Ali Shah	1	625
	Syed Majeedullah Husaini	1	625
	Tahir Iqbal	1	500
	Kamran Ansari	1	500
	Sheikh Muhammad Moeen	1	500
		7	4,000
3	Banks, DFIs & NBFCs	4	11,396,204
4	Individuals	6,165	6,708,454
5	Foreign Companies	1	3,258,187
6	Others	38	1,080,655

* Amalgamated into KASB Bank Limited

FORM OF PROXY
TENTH 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 Tenth Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Thursday, April 29, 2010 at 8:00 am and / or any adjournment thereof.

As witness my/our hand/seal this ______________________ day of ______________ 2010.

Witnesses

1. ______________________

2. ______________________

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

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

NOTES:

1. The Member is requested:
   (a) to affix Revenue Stamp of Rs. 5 at the place indicated above;
   (b) to sign 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

KASB SECURITIES
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi, Pakistan
Ph: (92-21) 111-222-000 & 32635501-10
Fax: (92-21) 32630202
E-mail: kasbho@kasb.com