



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

For the Nine Months Ended September 30, 2011





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COMPANY INFORMATION

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

Branches:

Gulshan-e-Iqbal - Karachi

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KDA Scheme - 24, Main University Road
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Fax: (92-21) 34980761
Email: kasbdirect@kasb.com

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Email: kasbdirect@kasb.com

Website:

www.kasb.com

Share Registrar:

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

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors are pleased to present the unaudited financial statements of KASB Securities Limited (the "Company") for the nine months ended September 30, 2011.

ECONOMIC REVIEW

Pakistan's economy has seen a consolidation phase of sorts in 2011 following the setback from the floods in latter half of 2010. To the government's credit, it has been able to reign in borrowing from the State Bank to allowable limits, despite fiscal pressures from subsidies and relief activities for the recent Sindh centric floods and Punjab centric dengue fever. In addition, inflation has receded off a high base to clock in at 11.5% in Jul-Sept 2011. The combination of the two factors allowed the State Bank to lower discount rate by 50bp to 13.5% during 3Q which was followed by another 150bp cut in October 2011 to 12%.

Challenges remain, where pace of revenue reforms and de-subsidization is slower than required and points to a threat of fiscal pressures. This has also resulted in continued suspension of the IMF program where the future is likely to become clearer in the remaining part of the year. Moreover, the global economic slowdown and its impact on exports and remittances remain a concern on the external front.

STOCK MARKET REVIEW

After a reasonable start to the year, KSE's performance dwindled and posted 2% negative return in the nine months of 2011. The July-September quarter alone saw KSE-100 index post negative returns of 5.9% QoQ, which is the worst quarterly reading since 4Q08. Two key factors leading to the market's weak performance were 1) the unrest in Middle East and 2) the economic concerns that started emerging in the United States and Eurozone countries. These crises kept the market jittery over the threat of foreign outflows, although the actual outflows were a nominal USD 16 mn.

Uncertainty on capital gains tax rules and lukewarm response to MTS (leverage product) continued to keep investors on the sidelines. This resulted in average daily volumes receding by 30% to 85 mn shares (PKR 3.7 bn in value terms) during Jan-Sept 2011 and 59mn shares/day during Q3 2011 (PKR 2.8 bn in value terms).

MONEY AND CURRENCY MARKET ROUNDUP

Money market remained stable during the first half of the year 2011 with State Bank of Pakistan (SBP) keeping its policy rate sticky at 14%. However following the 50bps cut in discount rate in Jul-11, cut-off yields for T-bills declined by 46-60bps and for PIBs were down by 78-83bps during the quarter. Additionally, SBP propped up its open market operations in order to manage liquidity which remained under pressure during the third quarter. Apart from fortnightly T-bill auctions, seven PIB auctions along with two Ijarah Sukuk auctions were conducted by SBP during the year in line with government's growing reliance on banks for financing its deficit.

The inter-bank currency market saw relative stability for most part of the year but grew volatile during 3Q 2011 with PKR losing 1.7% of its value against the USD to close the quarter at PKR 87.48/USD. The growing dollar demand during the quarter was an outcome of factors such as (1) higher QoQ current account deficit and backlog of oil import payments (2) higher markup payments and (3) withdrawals during the pre-Haj season.

OPERATING PERFORMANCE

During the period to September 30, 2011, the Company reported Net Loss (after tax) of PKR 122.55 mn (PKR 44.71 mn in Jul-Sep quarter) as compared to Net Loss (after tax) of PKR 23.59 mn during the same period in 2010. Summary breakdown is as follows:

	AMOUNTS IN PKR MILLIONS			
	Nine months ended September 30,		3rd Qtr ended September 30,	
	2011	2010	2011	2010
Operating revenue	180.47	257.94	22.76	51.99
Net unrealized (loss) on investments 'at fair value through profit and loss'	(7.20)	1.85	10.43	2.82
Other income	19.23	9.27	5.68	2.35
Total revenue	192.50	269.06	38.87	57.16
Operating and admin expenses	(217.12)	(208.78)	(64.94)	(63.33)
Operating (loss) / profit	(24.62)	60.28	(26.07)	(6.17)
Financial cost	(55.64)	(54.01)	(15.14)	(18.04)
Provisions / impairment	(36.66)	(25.37)	(1.47)	7.43
Net loss (before taxation)	(116.92)	(19.10)	(42.68)	(16.78)
Taxation	(5.63)	(4.49)	(2.03)	4.67
Net loss (after taxation)	(122.55)	(23.59)	(44.71)	(12.11)

Factors highlighted in the Stock Market Review, including the fact that the quarter saw KSE-100 post negative returns of 5.9% QoQ, plagued brokerage volumes and resulted in losses on trading in equities which was reflected in lower Operating revenues as compared to last year. Operating revenue for the July-Sep quarter was likewise lower than the revenue for same quarter last year.

Despite challenging circumstances, the management kept a strong focus on increasing market share and client acquisition. This included holding seminars/presentations, opening new branches and launching an aggressive promotion campaign for

KASB Direct-our state of the art, online trading platform. The results have been quite encouraging with our market share in Equities increasing by over 2% over the same period last year.

The management continues to look for cost optimization measures, without hindering operations.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has assigned the Company a long term rating of "A" (Single A) and short term rating of "A1" (A One). The rating of the secured TFC issue of PKR 500 million is "A+" (Single A plus). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

FUTURE OUTLOOK

Looking ahead, any favorable changes in the regulatory regime of either leverage product or capital gains tax should provide the market with the required impetus in terms of volumes. In addition, improvements in the economy which allow for continuation of the current monetary easing cycle should also bode well for all asset prices, including equities. The 4th Quarter outlook remains mediocre, for now.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors



Syed Asghar Ali Shah
Chairman

Karachi: October 27, 2011



**INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2011**

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
ASSETS			
----- (Rupees in '000) -----			
Non-current assets			
Property and equipment	4	37,888	42,689
Intangible assets		13,805	15,099
Investment properties		8,308	9,020
Long-term investments	5	818,715	809,319
Long-term loans and advances		4,023	1,021
Long-term deposits and prepayments		3,604	5,638
Long-term receivable	6	50,515	-
Deferred tax asset - net		589	-
Total non-current assets		937,447	882,786
Current assets			
Short-term investments	7	368,622	611,920
Trade debts	8	273,534	381,342
Advances, deposits, prepayments and other receivables	9	117,959	61,750
Taxation - net		4,308	-
Cash and bank balances	10	171,275	96,945
Total current assets		935,698	1,151,957
TOTAL ASSETS		1,873,145	2,034,743
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on remeasurement of 'available- -for-sale' investments to fair value - net		31,637	15,125
(Accumulated loss) / unappropriated profit		(93,042)	29,509
Shareholders' equity		957,347	1,063,386
Current liabilities			
Trade and other payables	11	564,902	465,280
Short-term running finance		2,404	-
Accrued mark-up		15,592	1,214
Taxation payable - net		-	5,497
Current maturity of redeemable capital		332,900	332,800
Total current liabilities		915,798	804,791
Non-current liabilities			
Redeemable capital		-	166,500
Deferred tax liability - net		-	66
Total non-current liabilities		-	166,566
TOTAL LIABILITIES		915,798	971,357
TOTAL EQUITY AND LIABILITIES		1,873,145	2,034,743
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The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.

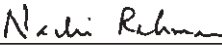
 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Saeed Jamal Tariq Chief Financial Officer
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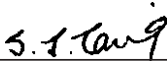
**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Note	Nine months ended		Quarter ended	
		September 30,		September 30,	
		2011	2010	2011	2010
----- (Rupees in '000) -----					
Operating revenue	13	144,429	181,792	44,764	27,185
Gain / (loss) on sale of investments - net	14	687	26,301	(26,222)	5,462
Dividend income		6,576	10,145	2,143	3,867
Net unrealised loss / (gain) on remeasurement of investments 'at fair value through profit or loss'		(7,204)	1,853	10,428	2,815
Other operating revenue		28,786	39,703	2,078	15,476
		<u>173,274</u>	<u>259,794</u>	<u>33,191</u>	<u>54,805</u>
Operating and administrative expenses		(217,122)	(208,786)	(64,937)	(63,332)
(Provision) / reversal thereof against doubtful debts	8.2	(14,417)	10,277	(1,468)	7,432
Impairment loss on 'available-for-sale' investments	5.1.2	(22,241)	(35,648)	-	-
Operating (loss) / profit		(80,506)	25,637	(33,214)	(1,095)
Finance cost		(55,648)	(54,010)	(15,144)	(18,042)
		<u>(136,154)</u>	<u>(28,373)</u>	<u>(48,358)</u>	<u>(19,137)</u>
Other income		19,228	9,270	5,678	2,351
Loss before taxation		(116,926)	(19,103)	(42,680)	(16,786)
Taxation					
Current		(6,279)	(6,445)	(2,106)	4,375
Deferred		654	1,954	73	300
		<u>(5,625)</u>	<u>(4,491)</u>	<u>(2,033)</u>	<u>4,675</u>
Loss after taxation		(122,551)	(23,594)	(44,713)	(12,111)
Other comprehensive income:					
Unrealised gain / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net		9,396	(99,877)	(3,376)	(27,172)
Reclassification adjustment for net gain realised on disposal of 'available-for-sale' investments		(15,125)	-	-	-
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss	5.1.2	22,241	35,648	-	-
Other comprehensive income / (loss) for the period		16,512	(64,229)	(3,376)	(27,172)
Total comprehensive loss for the period		(106,039)	(87,823)	(48,089)	(39,283)
----- (Rupees) -----					
Loss per share - basic and diluted		(1.23)	(0.24)	(0.45)	(0.12)

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer

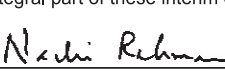

Saeed Jamal Tariq
Chief Financial Officer

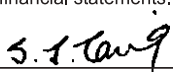
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Note	
	September 30,	
	2011	2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(116,926)	(19,103)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation	7,692	12,364
Amortization	1,294	1,633
Gain on sale of investments - net	(687)	(26,301)
Gain on sale of property and equipment	(3,151)	(315)
Unrealised loss / (gain) on remeasurement of investments 'at fair value through profit or loss' - net	7,204	(1,853)
Impairment loss on 'available-for-sale' investments	22,241	35,648
Reversal of provision for doubtful debts	(3,897)	(27,938)
Reversal of provision against doubtful receivables	-	(675)
Provision against doubtful debts	18,314	18,336
Finance cost	55,648	54,010
Dividend income	(6,576)	(10,145)
	<u>98,082</u>	<u>54,764</u>
	(18,844)	35,661
Working capital adjustments:		
(Increase) / decrease in assets		
Long-term loans and advances	(3,002)	(1,463)
Long-term deposits and prepayments	2,034	(202)
Long-term investments	-	(133,297)
Long-term receivable	(50,515)	-
Trade debts	93,391	623,455
Advances, deposits, prepayments and other receivables	(55,894)	142,958
	(13,986)	631,451
Increase / (decrease) in current liabilities		
Trade and other payables	99,622	(398,055)
	<u>66,792</u>	<u>269,057</u>
Finance cost paid	(41,270)	(36,228)
Income tax paid	(16,085)	(34,495)
Net cash flows generated from operating activities	<u>9,437</u>	<u>198,334</u>
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	84,793	37,639
Investments 'at fair value through profit or loss' - net	136,863	(306,490)
Purchase of property and equipment	(4,067)	(5,638)
Proceeds from disposal of property and equipment	5,039	3,290
Dividend received	6,261	7,618
Net cash flows generated from / (used in) investing activities	<u>228,889</u>	<u>(263,581)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(81)
Repayment of redeemable capital	(166,400)	(100)
Net cash flows used in financing activities	<u>(166,400)</u>	<u>(181)</u>
Net increase / (decrease) in cash and cash equivalents	<u>71,926</u>	<u>(65,428)</u>
Cash and cash equivalents at the beginning of the period	96,945	288,289
Cash and cash equivalents at the end of the period	168,871	222,861

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain / (loss) on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive loss for the period	-	-	(23,594)	(64,229)	(87,823)
Balance as at September 30, 2010	1,000,000	18,752	(62,957)	(25,416)	930,379
Total comprehensive income for the period	-	-	92,466	40,541	133,007
Balance as at December 31, 2010	1,000,000	18,752	29,509	15,125	1,063,386
Total comprehensive loss for the period	-	-	(122,551)	16,512	(106,039)
Balance as at September 30, 2011	<u>1,000,000</u>	<u>18,752</u>	<u>(93,042)</u>	<u>31,637</u>	<u>957,347</u>

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011****1. STATUS AND NATURE OF BUSINESS**

KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited [KSE]. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

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

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

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

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the nine months period ended September 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

The disclosures made in these financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2010.

These interim condensed financial statements are un-audited.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

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

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

Improvements to various standards issued by IASB in May 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements
IFRS 7 – Financial Instruments: Disclosures
IAS 1 – Presentation of Financial Statements
IFRIC 13 – Customer Loyalty Programmes
IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments and interpretations did not have any effect on the interim condensed financial statements of the Company.

4. PROPERTY AND EQUIPMENT

The details of additions and disposals during the period are as follows:

	(Un-audited) Nine months ended September 30, 2011		(Un-audited) Nine months ended September 30, 2010	
	Additions	Disposals	Additions	Disposals
 (Rupees in '000)			
Office premises - lease hold	-	2,656	-	-
Computers and office equipment	2,517	620	3,815	423
Furniture and fixtures	160	51	292	48
Motor vehicles- owned	1,390	2,984	-	5,525
	<u>4,067</u>	<u>6,311</u>	<u>4,107</u>	<u>5,996</u>

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	 (Rupees in '000)	

5. LONG-TERM INVESTMENTS

Subsidiary company		488,581	488,581
'Available-for-sale' investments	5.1	330,134	320,738
		<u>818,715</u>	<u>809,319</u>

5.1. Description of 'available-for-sale' investments

Name of the entity			
Quoted shares			
KASB Bank Limited (Parent company)	5.1.1 & 5.1.2	24,228	49,845
Unquoted shares			
Al Jomaih Power Limited	5.1.3	219,210	184,197
KASB Funds Limited (related party)	5.1.4	11,696	11,696
New Horizon Exploration and Production Limited (related party)			
-Class 'A' ordinary shares		25,000	25,000
-Class 'B' ordinary shares		50,000	50,000
		<u>75,000</u>	<u>75,000</u>
		<u>330,134</u>	<u>320,738</u>

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

5.1.2. Impairment loss charged to the profit & loss account during the period on the investment in KASB Bank Limited (Parent company) is Rs. 22,241 million.

5.1.3. Up until March 31, 2011 the Company's investment in unquoted shares of Al Jomaih Power Limited was carried at cost due to non-availability of active market value for such investment. However, the management now considers that the fair value of this investment can be determined reliably by reference to the net asset value of such investee company. Accordingly, unquoted shares of Al Jomaih Power Limited are now valued at its fair value as at June 30, 2011.

5.1.4. 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 is allowed without prior written permission of the Commission.

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
6. LONG-TERM RECEIVABLE			
Long-term receivable	6.1	88,655	-
Less: current maturity shown under current assets	9	(38,140)	-
		<u>50,515</u>	<u>-</u>

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

Under the agreement, the obligations of these three customers have been taken over by another customer, who has agreed to pay an aggregate sum of Rs. 99.638 million to the Company along with mark-up at the rate of three months KIBOR ask rate plus 3.28%, in monthly installments over a period upto January 2014. Accordingly under the agreement, an amount of Rs. 10.983 million has been paid to the Company during the period.

The above receivable is secured against marketable securities, held by the Company. The market value of such securities as at the period end is Rs. 63.678 million.

7. SHORT-TERM INVESTMENTS

At fair value through profit or loss

Open end mutual funds units	7.1	147,569	199,177
Listed shares	7.2	187,454	152,813
Term finance certificates		33,599	180,230
		<u>368,622</u>	<u>532,220</u>

Available-for-sale investments

Open end mutual funds units		-	79,700
		<u>368,622</u>	<u>611,920</u>

7.1. This includes investment in mutual fund units of a related party amounting to Rs. 74.340 million (December 31, 2010: Rs. 185.374 million). Further 6,990,294 Units of ABL Cash Fund amounting to Rs. 69.993 million have been pledged with Allied Bank Limited for issuance of a guarantee of Rs. 60 million issued in lieu of exposure with the KSE.

7.2. This includes shares amounting to Rs. 92.178 million (at the rates quoted on KSE) (December 31, 2010: Rs. 108.176 million) pledged with KSE against exposure margin.

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
8. TRADE DEBTS			
Receivable against purchase of marketable securities	8.1	269,777	372,474
Inter-bank brokerage		1,806	6,227
Fees		1,951	2,641
		<u>273,534</u>	<u>381,342</u>
8.1. Considered good			
Secured		268,251	371,344
Unsecured		1,526	1,130
		<u>269,777</u>	<u>372,474</u>
Considered doubtful		<u>144,234</u>	<u>129,817</u>
		414,011	502,291
Less: provision for doubtful debts	8.2	(144,234)	(129,817)
		<u>269,777</u>	<u>372,474</u>

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
8.2. Reconciliation of provision against trade debts			
Opening balance		129,817	416,417
Written off during the period / year		-	(110,020)
Provision for the period / year		18,314	32,852
Reversal of provision during the period / year		(3,897)	(209,432)
		14,417	(176,580)
		144,234	129,817
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
-Employees and executives		1,599	344
-Suppliers		803	300
		2,420	644
Long-term loans and advances to employees and executives (current portion)		-	2,978
Deposits:			
-Exposure deposit with KSE	7.1 & 9.1	-	24,500
-Exposure deposit with National Clearing Company of Pakistan Ltd.		2,385	-
-Exposure deposit with PMEL		2,845	-
-Others		2,139	2,128
		7,369	26,628
Prepayments:			
-Rent		1,505	1,146
-Insurance		916	349
-Software development and maintenance		1,375	3,666
-Others		1,742	3,660
		5,538	8,821
Other receivables:			
-Dividends receivable		353	38
-Profit on bank deposits		1,970	340
-Profit on long-term receivable		3,668	-
-Profit on exposure deposit with - KSE		-	350
-Profit receivable on term finance certificates		-	8,807
-Current portion of long-term receivable	6	38,140	-
-Receivable against margin trading system transactions		46,262	-
-Receivable from related parties		6,884	7,325
-Receivable from - PMEL		5,244	5,376
-Others		129	443
		102,650	22,679
		117,959	61,750
9.1	In addition to Mutual Fund Units pledged against issuance of guarantee amounting to Rs. 60 million (Refer Note 7.1), the Company also arranged for the issuance of another guarantee amounting to Rs. 51 million from the Parent Company to be issued in favour of KSE in lieu of exposure margin. The guarantee is secured by a second ranking charge over all present and future current assets (Refer Note 11.1).		
10. CASH AND BANK BALANCES			
Cash at bank in:			
-Current accounts		7,640	3,820
-Savings accounts	10.1	126,850	34,805
-Certificate of deposit	10.2	36,647	58,279
		171,137	96,904
Cash in hand		136	33
Stamps in hand		2	8
		171,275	96,945

10.1 These carry profit at rates ranging from 1% to 11.25% (December 31, 2010: 1% to 11.25%).

10.2 This carries profit at the rate of 16.48% (December 31, 2010: 16.28%) and is due to mature in December 2011.

	Note	(Un-audited) September 30, 2011	(Audited) December 31, 2010
..... (Rupees in '000)			
11. SHORT TERM RUNNING FINANCE			
Short-term running finance	11.1	<u>2,404</u>	<u>-</u>

11.1 Running finance facility of Rs. 249 million (December 31, 2010: Rs. 300 million) has been obtained by the Company from the Parent company which is secured against second ranking charge over all present and future current assets valuing Rs. 429 million. The facility carry mark-up at rates ranging from 15.46% to 15.52% (December 31, 2010: 14.21% to 15.07%) per annum. Total draw down facility at the period end was Rs. 2,404 million and the remaining amount of Rs. 246.596 million remains un-utilised as at the period end.

Further, the facilities for short-term running finances available from various banks amounted to Rs. 850 million (December 31, 2010: Rs. 1,475 million) which remains un-utilised as at the period end. These facilities carry mark-up at rates ranging from 16.62% to 17.04% (December 31, 2010: 15.07% to 17.39%) per annum and are repayable on various dates during the year ended December 31, 2011. The arrangements are secured by way of pledge of shares of listed companies.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at period / year end.

Commitments

Following commitments are outstanding as at period / year end:

- Outstanding purchases against commodities futures	<u>142</u>	<u>3,084</u>
- Outstanding sales against commodities futures	<u>284</u>	<u>25,077</u>

	(Un-audited) Nine months ended		(Un-audited) Quarter ended	
	September 30,		September 30,	
	2011	2010	2011	2010
..... (Rupees in '000)				

13. OPERATING REVENUE

Brokerage	142,360	169,601	44,205	26,865
Financial advisory fee	1,144	11,527	559	320
Other fee and commission	925	664	-	-
	<u>144,429</u>	<u>181,792</u>	<u>44,764</u>	<u>27,185</u>

14. GAIN / (LOSS) ON SALE OF INVESTMENTS - NET

Loss / (gain) on 'at fair value through profit or loss' investments	(19,531)	18,005	(26,222)	6,076
Gain / (loss) on 'available-for-sale' investments	20,218	8,296	-	(614)
	<u>687</u>	<u>26,301</u>	<u>(26,222)</u>	<u>5,462</u>

15. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of its parent Company, associated undertakings, employee contributory plans and its key management personnel. The balances with related parties as at September 30, 2011 and transactions with related parties during the nine months ended September 30, 2011 are as follows:

	(Un-audited)				(Audited)	
	As at September 30, 2011				As at December 31, 2010	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
(Rupees in '000)						
BALANCES						
Long-term investments	24,228	575,277	-	-	599,505	625,122
Long-term deposits	-	142	-	-	142	142
Short-term investments	-	-	-	74,340	74,340	185,374
Trade receivables	30	12	28	121	191	371
Advances	-	-	3,267	-	3,267	1,600
Prepaid service level agreement charges	-	-	-	-	-	2,327
Prepaid rent	458	-	-	-	458	258
Profit receivable on bank deposit	355	-	-	-	355	161
Receivable against expenses	3,267	1,730	-	-	4,997	6,912
Rent receivable	1,286	600	-	-	1,886	413
Bank balances	125,289	-	-	-	125,289	34,443
Bank guarantee	51,000	-	-	-	51,000	-
Trade payables	-	-	260	-	260	2,986
Payable against expenses	4,347	766	300	-	5,413	414
Accrued mark-up	1,855	-	-	-	1,855	153
Advance rent payable	-	-	-	-	-	773
Short-term running finance	2,404	-	-	-	2,404	-

	(Un-audited)				(Un-audited)	
	For the nine months ended September 30, 2011				For the nine months ended September 30, 2010	
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total	Total
(Rupees in '000)						
TRANSACTIONS						
Brokerage income earned	507	38	114	940	1,599	1,563
Bonus units issued	-	-	-	8,888	8,888	21,499
Bank charges	961	-	-	-	961	593
Bank guarantee	51,000	-	-	-	51,000	-
Custody services	8	4	35	1	48	96
Communication expenses	-	5,381	-	-	5,381	6,255
Charge in respect of contributory plan	-	-	-	4,650	4,650	3,441
Donation	-	-	-	900	900	900
Loans disbursed	-	-	4,098	-	4,098	1,320
Loans repayment	-	-	2,431	-	2,431	234
Locker rent	4	-	-	-	4	-
Mark-up expense	2,388	-	-	-	2,388	117
Profit on bank deposits	6,658	-	-	-	6,658	12,438
Purchase of property and equipment	-	1,390	-	-	1,390	231
Property and equipment disposed off	-	-	209	-	209	2,717
Remuneration to management personnel	-	-	78,780	-	78,780	64,267
Rent expense	412	45	-	-	457	413
Rent income	3,968	1,374	-	-	5,342	8,436
Reimbursement of expenses	2,053	9	-	-	2,062	-
Salary expense reimbursed	-	36	-	-	36	-
Service level agreement charges	-	2,753	-	-	2,753	3,912
Software maintenance expense	-	-	-	-	-	127
Short-term investments	-	-	-	84,793	84,793	-
Sale of investments 'available-for-sale'	-	-	-	84,793	84,793	-
Sale of short-term investments	-	-	-	130,000	130,000	-

16. CASH AND CASH EQUIVALENTS

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

	Note	(Un-audited) September 30, 2011	(Un-audited) September 30, 2010
(Rupees in '000)			
Cash and bank balances	10	171,275	222,861
Short-term running finance	11	(2,404)	-
		<u>168,871</u>	<u>222,861</u>

17. DATE OF AUTHORISATION

These interim condensed financial statements have been authorised for issue by the Board of Directors of the Company on October 27, 2011.

18. GENERAL


18.1 Figures have been rounded off to the nearest thousands.



Syed Asghar Ali Shah
Chairman



Nadir Rahman
Chief Executive Officer



Saeed Jamal Tariq
Chief Financial Officer



**Consolidated Interim
Condensed Financial Statements**

**CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2011**

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
 (Rupees in '000)	
ASSETS		
Non-current assets		
Property and equipment	37,888	42,689
Intangible assets	13,805	15,099
Investment properties	475,068	475,380
Long-term investments	330,134	320,738
Long-term loans and advances	4,023	1,021
Long-term deposits and prepayments	3,604	5,638
Long-term receivable	50,515	-
Deferred tax asset - net	589	-
Total non-current assets	915,626	860,565
Current assets		
Short-term investments	368,622	611,920
Trade debts	273,534	381,342
Advances, deposits, prepayments and other receivables	118,389	67,752
Taxation - net	4,412	-
Cash and bank balances	184,543	105,829
Total current assets	949,500	1,166,843
TOTAL ASSETS	1,865,126	2,027,408
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued, subscribed and paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain on remeasurement of 'available- -for-sale' investments to fair value - net	31,637	15,125
(Accumulated loss) / unappropriated profit	(101,155)	22,083
Shareholders' equity	949,234	1,055,960
Current liabilities		
Trade and other payables	564,996	465,405
Short-term running finance	2,404	-
Accrued mark-up	15,592	1,214
Taxation - net	-	5,463
Current maturity of redeemable capital	332,900	332,800
Total current liabilities	915,892	804,882
Non-current liabilities		
Redeemable capital	-	166,500
Deferred tax liability - net	-	66
Total non-current liabilities	-	166,566
TOTAL LIABILITIES	915,892	971,448
TOTAL EQUITY AND LIABILITIES	1,865,126	2,027,408

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

 Syed Asghar Ali Shah Chairman	 Nadir Rahman Chief Executive Officer	 Saeed Jamal Tariq Chief Financial Officer
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**CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Nine month ended		Quarter ended	
	September 30, 2011	2010	September 30, 2011	2010
	(Rupees in '000)			
Operating revenue	144,429	181,792	44,764	27,185
Gain on sale of investments - net	687	26,301	(26,222)	5,462
Dividend income	6,576	10,145	2,143	3,867
Net unrealised (loss) / gain on remeasurement of investments 'at fair value through profit or loss'	(7,204)	1,853	10,428	2,815
Other operating revenue	29,516	39,906	2,425	15,679
	<u>174,004</u>	<u>259,997</u>	<u>33,538</u>	<u>55,008</u>
Operating and administrative expenses (Provision) / reversal thereof against doubtful debts	(218,532)	(222,438)	(65,339)	(76,984)
Impairment loss on 'available-for-sale' investments	(14,417)	10,277	(1,468)	7,432
	<u>(22,241)</u>	<u>(35,648)</u>	<u>-</u>	<u>-</u>
Operating (loss) / profit	(81,186)	12,188	(33,269)	(14,544)
Finance cost	(55,648)	(54,012)	(15,144)	(18,044)
	<u>(136,834)</u>	<u>(41,824)</u>	<u>(48,413)</u>	<u>(32,588)</u>
Other income	19,228	9,270	5,678	2,351
Loss before taxation	(117,606)	(32,554)	(42,735)	(30,237)
Taxation				
Current	(6,286)	(6,447)	(2,109)	4,373
Deferred	654	1,954	73	300
	<u>(5,632)</u>	<u>(4,493)</u>	<u>(2,036)</u>	<u>4,673</u>
Loss after taxation	(123,238)	(37,047)	(44,771)	(25,564)
Other comprehensive income:				
Unrealised gain / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net	9,396	(99,877)	(3,376)	(27,172)
Reclassification adjustment for net gain realised on disposal of 'available-for-sale' investments	(15,125)	-	-	-
Reclassification adjustment for impairment loss on 'available-for-sale' investments included in profit or loss	22,241	35,648	-	-
Other comprehensive income / (loss) for the period	16,512	(64,229)	(3,376)	(27,172)
Total comprehensive loss for the period	(106,726)	(101,276)	(48,147)	(52,736)
	(Rupees)			
Loss per share - basic and diluted	(1.23)	(0.37)	(0.45)	(0.26)

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer

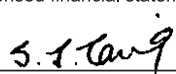
**CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Nine months ended September 30,	
	2011	2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(117,606)	(32,554)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation	7,692	12,364
Amortization	1,294	1,633
Gain on sale of investments - net	(687)	(26,301)
Gain on sale of property and equipment	(3,151)	(315)
Unrealised loss / (gain) on remeasurement of investments 'at fair value through profit or loss' - net	7,204	(1,853)
Impairment loss on 'available-for-sale' investments	22,241	35,648
Reversal of provision for doubtful debts	(3,897)	(27,938)
Reversal of provision against doubtful receivables	-	(675)
Provision against doubtful debts	18,314	18,336
Finance cost	55,648	54,012
Dividend income	(6,576)	(10,145)
	<u>98,082</u>	<u>54,766</u>
	(19,524)	22,212
Working capital adjustments:		
(Increase) / decrease in assets		
Long-term loans and advances	(3,002)	(1,463)
Long-term deposits and prepayments	2,034	(202)
Long-term investments	-	(19,718)
Long-term receivable	(50,515)	-
Trade debts	93,391	623,455
Advances, deposits, prepayments and other receivables	(50,322)	142,958
	<u>(8,414)</u>	<u>745,030</u>
Increase / (decrease) in current liabilities		
Trade and other payables	99,591	(398,055)
	<u>71,653</u>	<u>369,187</u>
Finance cost paid	(41,270)	(36,230)
Income tax paid	(16,162)	(34,515)
Net cash flows generated from operating activities	<u>14,221</u>	<u>298,442</u>
CASH FLOW FROM INVESTING ACTIVITIES		
'Available-for-sale' investments - net	84,793	37,639
Investments 'at fair value through profit or loss' - net	136,863	(306,490)
Purchase of property and equipment	(4,467)	(96,998)
Proceeds from disposal of property and equipment	5,039	3,290
Dividend received	6,261	7,618
Net cash flows generated from / (used in) investing activities	<u>228,489</u>	<u>(354,941)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(81)
Repayment of redeemable capital	(166,400)	(100)
Net cash flows used in financing activities	<u>(166,400)</u>	<u>(181)</u>
Net increase / (decrease) in cash and cash equivalents	<u>76,310</u>	<u>(56,680)</u>
Cash and cash equivalents at the beginning of the period	<u>105,829</u>	<u>288,289</u>
Cash and cash equivalents at the end of the period	<u>182,139</u>	<u>231,609</u>

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer


**CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Unrealised gain / (loss) on remeasurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000)					
Balance as at January 01, 2010	1,000,000	18,752	(39,363)	38,813	1,018,202
Total comprehensive loss for the period	-	-	(37,047)	(64,229)	(101,276)
Balance as at September 30, 2010	1,000,000	18,752	(76,410)	(25,416)	916,926
Total comprehensive income for the period	-	-	98,493	40,541	139,034
Balance as at December 31, 2010	1,000,000	18,752	22,083	15,125	1,055,960
Total comprehensive loss for the period	-	-	(123,238)	16,512	(106,726)
Balance as at September 30, 2011	<u>1,000,000</u>	<u>18,752</u>	<u>(101,155)</u>	<u>31,637</u>	<u>949,234</u>

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


Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- KASB Securities Limited

Subsidiary company

- Structured Venture (Private) Limited

- 1.1. KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange (Guarantee) Limited [KSE]. The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Holding Company is a subsidiary of KASB Bank Limited (Ultimate parent company) which holds 77.12 percent of the shares of the Group.

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

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

The subsidiary is wholly owned by KASB Securities Limited.

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

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

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

The disclosures made in these consolidated interim condensed financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Group for the year ended December 31, 2010.

These Consolidated interim condensed financial statements are un-audited.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these consolidated interim condensed financial statements are consistent with those followed in the preparation of the Group consolidated annual published financial statement for the year ended December 31, 2010.

5. BASIS OF CONSOLIDATION

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

6. DATE OF AUTHORISATION

These consolidated interim condensed financial statements have been authorised for issue by the Board of Directors of the Group on October 27, 2011.

7. GENERAL

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




Syed Asghar Ali Shah
Chairman


Nadir Rahman
Chief Executive Officer


Saeed Jamal Tariq
Chief Financial Officer





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