

**Interim Report and
Financial Information**

For the Nine Months Period Ended 30 September 2008



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COMPANY INFORMATION

Board of Directors: □	Waseem Haqqie - Chairman □ Farrukh H. Sabzwari - Chief Executive Officer □ Saeed Yousuf Chinoy □ Kamran Muneer Ansari □ Tahir Iqbal □ Muzaffar Ali Shah Bukhari □ Syed Wamiq Abrar Bokhari
Audit Committee: □	Waseem Haqqie - Chairman □ Saeed Yousuf Chinoy □ Syed Wamiq Abrar Bokhari □ Kamran Muneer Ansari - Secretary
CFO & Company Secretary: □	Kamran Muneer Ansari
Auditors: □	A.F Ferguson & Co; □ (Chartered Accountants) □ State Life Building 1-C, I.I. Chundrigar □ Road, Karachi, Pakistan
Bankers: □	KASB Bank Limited □ MCB Bank Limited □ Standard Chartered Bank Limited □ Allied Bank Limited □ Bank Al-Habib Limited □ Habib Metropolitan Bank Limited □ Askari Bank Limited □ Habib Bank Limited □ United Bank Limited
Legal Advisor: □	Bawaney & Partners □ 404, 4th Floor, Beaumont Plaza, 6-CL-10, □ Beaumont Road, Civil Lines, Karachi, Pakistan □ Ph : (92-21) 5657658-59 & 5657674 □ Fax: (92-21) 5657673 □ E-mail: bawaney@cyber.net.pk
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Branches: □	Gulshan-e-Iqbal □ Friends Paradise, SB-36, Block 13-B, □ Main University Road, □ Gulshan-e-Iqbal, Karachi, Pakistan □ Ph : (92-21) 4822815-18 □ Fax: (92-21) 4822819 □ E-mail: kasbgulshan@kasb.com □
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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) 5655595

DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present to you the un-audited financial statements of KASB Securities Limited (the "Company") for the nine months period ended 30 September 2008 together with the comparative figures for the corresponding period last year.

ECONOMIC REVIEW

Pakistan's economy is under severe strain. While domestic politics has finally taken a back seat and now a democratically elected government is finally in place, newly emerging recessionary trends around the globe and fresh concerns on our ability to handle the external and internal extremist threat is eroding confidence. The trade deficit continues to soar, inflation is still in the higher double digits, the rupee has lost more than 25% to the dollar, foreign exchange reserves have depleted to a little over 2 months import cover and fresh inflows are nowhere in sight. Early indications suggest GDP growth for this year will surprise on the downside – expect not more than 4%.

The SBP has continued a tight monetary policy leading to a reduction in the liquidity in the banking system and a further meltdown in economic activity. Unless some fresh inflows can help arrest the rupee slide and inflation starts to rescind due to a general slowdown in commodity prices, Pakistan faces issues that are of huge magnitude and will take time to resolve. The biggest being the return of confidence in the system.

STOCK MARKET REVIEW

The dismal performance of the premier stock market of Pakistan is very much in accordance with the trend across the globe. Most of the emerging markets from China to India to Indonesia have lost as much as 40-50% of their value. Economic slowdown in USA, UK and other developed countries has brought spill over effects on almost all the developing countries and Pakistan is no exception. The depressing performance is primarily due to a variety of internal tribulations including but not limited to political instability, adverse law and order situation, deteriorating security environment in tribal areas, intensifying inflationary pressure, flight of capital and downgrading of Pakistan's rating by external evaluating agencies.

The stock market of Pakistan after registering a robust performance and an era of unabated success reflected a negative growth trail in line with the generally prevailing global tendency. The sheer plunge in market index during June forced regulator to adjust circuit breakers; however, the amendment only offered a brief breather of 960 points in a single session to the market index as the adjustment of circuit breakers only effectively reduced the width of exit to only one fifth of what it was earlier and virtually transformed the stock market into a buying market.

The alteration in smooth functioning of the market by the regulator depleted the investors' confidence further and on withdrawal of the same, investors started panic selling that resulted in another further sharp decline of valuations and thereby the index. The regulator realizing the gravity of the situation decided to place a floor based on the closing prices of securities on 27 August 2008 both in the ready and futures market. Consequently, volumes traded on the exchange reduced drastically and are negligible.

OPERATING PERFORMANCE

The Company has reported a PBT of Rs. 120.402 million and PAT of Rs. 92.557 million in comparison to PBT of Rs. 270.552 million and PAT of Rs. 218.349 million for the same period last year. The decline in PBT and PAT is primarily attributable to the unrealized loss recognized on the revaluation of the held for trading investments at the balance sheet date.

Despite a significant reduction in the volumes traded on the ready and futures counter of the KSE, market share of your Company of the overall traded volumes has increased and for that reason the core brokerage revenue in rupee value declined only insignificantly. Earnings per share for the nine months period are Rs. 0.93 per share as compared to Rs. 4.53 per share for the same period last year. The investment banking arm was transferred to the Holding Company, KASB Capital Limited with effect from 01 November 2007 and consequently other operating revenue and operating and administrative expenses during the period reflects a decline.

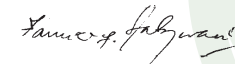
FUTURE OUTLOOK

Increasing trade deficit, surging inflation, increased government borrowings, continuously weakening rupee, tumbling foreign exchange reserves and other weakening macro economic indicators do not suggest a turnaround performance over a short term period. Consequently, the State Bank of Pakistan is expected to maintain its strict monetary stance in order to reduce the widening trade deficit and dampen the inflationary pressure. Times are tough and can be compared to their worst in 1998 – even today some people are beginning to question the ability of Pakistan to honour its international debt obligations. In spite of the above and assuming that the worst is still to come, we remain optimistic that our company is well equipped to handle the crisis at hand.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors



Farrukh H. Sabzwari
Chief Executive Officer

Karachi: 13 October 2008

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2008**

	Note	(Un-audited) 30 September 2008	(Audited) 31 December 2007
(Rupees in '000)			
Non-current assets			
Fixed assets			
- Tangible fixed assets	4	89,295	213,948
- Intangible assets		17,180	13,210
		106,475	227,158
Investment property	5	11,440	12,103
Long-term loans, advances and deposits		7,024	7,472
Deferred tax asset - net		499	1,653
		125,438	248,386
Current assets			
Investments	6	989,398	1,172,510
Trade debts - considered good	7	2,331,679	1,605,925
Advances, deposits, prepayments and other receivables		81,604	84,916
Cash and bank balances	8	287,105	256,725
		3,689,786	3,120,076
Current liabilities			
Trade and other payables		1,938,739	1,458,532
Accrued mark-up on borrowings		25,128	12,097
Taxation payable - net		11,234	14,295
Current maturity of liabilities against assets subject to finance lease		3,825	8,488
Current maturity of redeemable capital		100	200
		1,979,026	1,493,612
Net current assets		1,710,760	1,626,464
Non-current liabilities			
Liabilities against assets subject to finance lease		1,024	4,047
Redeemable capital	9	499,700	499,700
Net assets		1,335,474	1,371,103
Represented by			
Issued, subscribed and paid-up capital	10	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised (loss)/gain on revaluation of available for sale investments at fair value - net	6	(30,052)	98,134
Unappropriated profit		346,774	254,217
		1,335,474	1,371,103
Commitments	11		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Farrukh H. Sabzwari

Farrukh H. Sabzwari
Chief Executive Officer

Wamiq Abrar Bokhari

Wamiq Abrar Bokhari
Director

Kamran Muneer Ansari

Kamran Muneer Ansari
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008**

Note	Nine months period ended 30 September 2008	2007	Quarter ended 30 September 2008	2007
(Rupees in '000)				
Brokerage revenue	459,494	476,361	102,172	156,938
(Loss) / gain from transactions in marketable securities - net	(11,659)	20,334	(4,344)	8,498
Other operating revenue	11,670	131,537	1,221	67,386
	459,505	628,232	99,049	232,822
Operating and administrative expenses	(202,638)	(343,632)	(59,205)	(115,574)
Operating profit	256,867	284,600	39,844	117,248
Finance cost	(72,977)	(47,082)	(29,931)	(25,733)
Financial and other income	16,564	14,061	4,822	3,300
	200,454	251,579	14,735	94,815
(Loss) / gain on revaluation of investments at fair value through profit or loss	6	(80,052)	18,973	(30,950)
Profit / (loss) before taxation	120,402	270,552	(16,215)	90,119
Taxation				
Current - for the period	(25,342)	(52,613)	(3,846)	(23,735)
Prior year	(1,349)	-	-	-
Deferred	(1,154)	410	-	1,661
	(27,845)	(52,203)	(3,846)	(22,074)
Profit / (loss) after taxation	92,557	218,349	(20,061)	68,045
(Rupees)				
Earnings per share - basic and diluted	0.93	4.53	(0.20)	1.41

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Farrukh H. Sabzwari

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Chief Executive Officer

Wamiq Abrar Bokhari

Wamiq Abrar Bokhari
Director

Kamran Muneer Ansari

Kamran Muneer Ansari
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

Note	Nine months period ended	
	30 September 2008	30 September 2007
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	120,402	270,552
Adjustments for non-cash charges and other items:		
Depreciation	17,344	13,886
Amortization	844	88
Loss / (gain) from transactions in marketable securities - net	14,393	(17,733)
Gain on sale of fixed assets	(1,289)	(448)
Unrealised loss / (gain) on revaluation of investments at fair value through profit or loss - net	80,052	(18,973)
Provision against doubtful debts	17,686	13,951
Finance cost	72,977	47,082
Dividend income	(4,546)	(1,421)
Mark-up income on investments	-	(388)
	197,461	36,044
	317,863	306,596
(Increase) / decrease in assets		
Long-term loans, advances and deposits	448	(1,699)
Trade debts - considered good	(743,440)	(1,625,353)
Advances, deposits, prepayments and other receivables	2,836	(15,688)
	(740,156)	(1,642,740)
Increase in current liabilities		
Trade and other payables	480,207	1,016,478
	57,914	(319,666)
Finance cost paid	(58,810)	(31,998)
Income tax paid	(29,752)	(37,652)
Net cash outflow from operating activities	(30,648)	(389,316)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in available-for-sale financial assets - net	21,696	(499,879)
Investment in marketable securities	(61,215)	(79,757)
Fixed capital expenditure incurred	97,688	(38,635)
Proceeds from sale of fixed assets	7,673	1,794
Mark-up received on investments	-	388
Dividend received	5,022	929
Net cash flow from / (used in) investing activities	70,864	(615,160)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	(9,736)	(10,873)
(Redemption) / issuance of redeemable capital	(100)	500,000
Dividends paid	-	(250,203)
Net cash flow (used in) / from financing activities	(9,836)	238,924
Net increase / (decrease) in cash and cash equivalents	30,380	(765,552)
Cash equivalents at the beginning of the period	256,725	223,199
Cash and cash equivalents at the end of the period	287,105	(542,353)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Farrukh H. Sabzwari

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Chief Executive Officer

Wamiq Abrar Bokhari

Wamiq Abrar Bokhari
Director

Kamran Muneer Ansari

Kamran Muneer Ansari
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

			Unrealised gain / (loss) on revaluation of available for sale investments at fair value - net		Total
Balance as at 01 January 2007	300,000	18,752	153,010	85,605	557,367
Realised loss on disposal of available for sale investments - net	-	-	-	438	438
Interim dividend (Rs. 6.67 per share)	-	-	(200,100)	-	(200,100)
Unrealised gain on revaluation of available for sale investments - net	-	-	-	46,339	46,339
Profit after taxation for the nine months period ended 30 September 2007	-	-	218,349	-	218,349
Balance as at 30 September 2007	300,000	18,752	171,259	132,382	622,393
Realised loss on disposal of available for sale investments - net	-	-	-	470	470
Unrealised loss on revaluation of available for sale investments - net	-	-	-	(34,718)	(34,718)
Issue of right shares	700,000	-	-	-	700,000
Profit after taxation for the three months period ended 31 December 2007	-	-	82,958	-	82,958
Balance as at 31 December 2007	1,000,000	18,752	254,217	98,134	1,371,103
Realised gain on disposal of available for sale investments - net	-	-	-	(1,421)	(1,421)
Unrealised loss on revaluation of available for sale investments - net	-	-	-	(126,765)	(126,765)
Profit after taxation for the nine months period ended 30 September 2008	-	-	92,557	-	92,557
Balance as at 30 September 2008	1,000,000	18,752	346,774	(30,052)	1,335,474

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Farrukh H. Sabzwari

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Chief Executive Officer

Wamiq Abrar Bokhari

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Director

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Kamran Muneer Ansari
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008**

1. STATUS AND NATURE OF BUSINESS

KASB Securities Limited was incorporated on 24 October 2000 under the Companies Ordinance, 1984 and commenced operations on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari & Co. Limited effective 01 January 2003 under a scheme of arrangement approved by the High Court of Sindh. The registered office of the Company is situated at Karachi, Sindh.

The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited (KSE) and is principally engaged in the business of Stocks, Money Market and Foreign Exchange Broking. Other activities include investment in a mix of listed and unlisted equity securities, economic research and investment advisory services.

During June 08, KASB Capital Limited offered 24,000,000 ordinary shares i.e. 24 percent of the issued, subscribed and paid-up capital of the company to the general public through an 'offer for sale' and the company was provisionally listed on the KSE on 24 June 2008. The company was formally listed on the KSE on 04 August 2008.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information has 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). Where the requirements of the Companies Ordinance, 1984 and the directive issued by the SECP differ from the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP prevail.

The disclosures made in these financial information have, however, been limited based on the requirements of International Accounting Standards 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 audited financial statements of the company for the period ended 31 December 2007.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements of the company for the period ended 31 December 2007.

4. TANGIBLE FIXED ASSETS

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

	(Un-audited) Nine months period ended 30 September 2008		(Un-audited) Nine months period ended 30 September 2007	
	Cost of additions	Cost of disposals	Cost of additions	Cost of disposals
	(Rupees in '000)			
Office premises- lease hold	140	-	2,376	-
Computers and Equipments	5,862	2,035	24,572	282
Furniture and Fixtures	779	232	11,343	-
Vehicles- owned	1,328	9,440	-	3,094
Vehicles- leased	915	-	8,522	-
	9,024	11,707	46,813	3,376

	(Un-audited) 30 September 2008	(Audited) 31 December 2007
	(Rupees in '000)	
4.2 Capital work- in- progress		
Advance against purchase of office premises	-	116,091
Advances to suppliers against:		
- civil work	7,765	981
- acquisition of vehicle	3,000	4,327
	10,765	5,308
	10,765	121,399

5. INVESTMENT PROPERTY

Investment property 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 group companies on rental basis. The fair value of these floors amount, in aggregate to Rs. 48.589 million on the basis of valuation carried out by M/s Iqbal. A. Nanjee & Co. on 31 October 2007.

	(Un-audited) 30 September 2008	(Audited) 31 December 2007
	(Rupees in '000)	

6. INVESTMENTS

Available for sale		
- cost	609,945	633,207
- unrealised (loss) / gain on revaluation - net	(30,052)	98,134
Carrying value	579,893	731,341
At fair value through profit or loss		
- cost	489,557	435,906
- unrealised (loss) / gain on revaluation - net	(80,052)	5,263
Carrying value	409,505	441,169
	989,398	1,172,510

	Note (Un-audited) (Audited)	
	30 September 2008	31 December 2007
(Rupees in '000)		
7. TRADE DEBTS - considered good		
Receivable against sale of marketable securities	2,328,730	1,603,868
Inter-bank brokerage	2,949	1,760
Fees	-	297
	2,331,679	1,605,925
7.1 Secured		
Considered good	2,325,506	1,591,417
Unsecured		
Considered doubtful	61,541	53,082
	2,387,047	1,644,499
Less: Provision for doubtful debts	(58,317)	(40,631)
	2,328,730	1,603,868
8. CASH AND BANK BALANCES		
Cash at bank in:		
- Savings accounts	282,394	234,413
- Current accounts	4,635	22,109
	287,029	256,522
Cash in hand	59	183
Stamps in hand	17	20
	287,105	256,725
9. REDEEMABLE CAPITAL		
This represents term finance certificates issued by private placement in June 2007 and are secured by first charge by way of hypothecation over all present and future current and fixed assets excluding movable properties and carry mark up rate of Average ask side Six months KIBOR plus 1.90%. The certificates will mature in June 2012.		
10. SHARE CAPITAL		
10.1 Authorised Capital	(Un-audited)	(Audited)
	30 September 2008	31 December 2007
	(Rupees in '000)	
Number of shares		
Ordinary shares of Rs. 10 each		
fully paid-up in cash	2,000,000	2,000,000
10.2 Issued, subscribed and paid-up share capital		
Ordinary shares of Rs. 10 each		
fully paid-up in cash	898,679	898,679
Ordinary shares of Rs. 10 each		
fully paid-up as part of		
scheme of arrangement	101,321	101,321
	1,000,000	1,000,000
11. COMMITMENTS		
In respect of:		
Capital expenditure contracted for but not incurred	1,300	146,863

12. RELATED PARTY BALANCES AND TRANSACTIONS

The related parties of the company comprise of its parent company, associated undertakings, employee benefit plans and its key management personnel. The balances with related parties as at 30 September 2008 and transactions with related parties during the nine months period ended 30 September 2008 are as follows:-

	(Un-audited)				(Audited)	
	As at 30 September 2008				As at 31 December 2007	
	Parent company	Associated under-takings	Key management personnel	Total	Total	
(Rupees in '000)						
BALANCES						
Investments	-	701,578	-	701,578	703,313	
Trade receivables	93	166	1	260	175	
Other receivable	-	865	-	865	713	
Long-term deposits	-	-	-	-	142	
Receivable against expenses	4,038	179	-	4,217	8,184	
Prepaid communication charges	-	-	-	-	1,879	
Profit receivable on bank deposits	-	-	-	-	111	
Advance against purchase of office premises	-	-	-	-	116,091	
Bank balances with KASB						
Bank Limited	-	281,160	-	281,160	207,009	
Trade payables	190,000	-	1,685	191,685	166,607	
Accrued mark-up on borrowings	-	1,442	-	1,442	2,029	
Rent receivable	-	195	-	195	746	
				(Un-audited)	(Un-audited)	
				Period ended 30 September 2008	Period ended 30 September 2007	
	Parent company	Associated under-takings	Key management personnel	Others	Total	Total
(Rupees in '000)						
TRANSACTIONS						
Brokerage income earned	5,450	1,850	8	-	7,308	2,439
Custody services	137	-	-	-	137	78
Profit on bank deposits	-	1,834	-	-	1,834	3,181
Rent income	4,063	5,032	-	-	9,095	2,793
Communication expense	-	-	-	-	-	7,475
Charge in respect of contributory plan	-	-	-	2,588	2,588	2,781
Donation	-	-	-	900	900	900
Financial advisory fee expense	-	4	-	-	4	70
Mark-up expense	-	4,372	-	-	4,372	11,440
Salaries and other short-term employee benefit	-	-	28,195	-	28,195	34,973
Rent expense	-	288	-	-	288	6,319
Power and utilities	-	-	-	-	-	327
Bank charges	-	209	-	-	209	255
Dividend paid	-	-	-	-	-	50,100
Fees and subscription	-	-	-	-	-	495
Purchase of fixed assets	-	-	-	-	-	661
Repair and maintenance	-	-	-	-	-	543
Consultancy charges	-	-	-	4,500	4,500	-
Traveling expenses	-	135	-	-	135	19,864

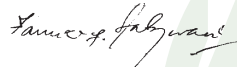
13. GENERAL

13.1 Corresponding figures have been rearranged and re-classified, wherever necessary, for the purpose of comparison.

13.2 Figures have been rounded off to nearest thousand.

14. DATE OF AUTHORIZATION

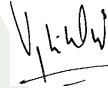
This condensed financial information is authorised for issue by the Board of Directors of the company on 13 October 2008.



Farrukh H. Sabzwari
Chief Executive Officer



Wamiq Abrar Bokhari
Director



Kamran Muneer Ansari
Chief Financial Officer