

 | **KASB** SECURITIES



**Condensed Interim Financial Information
(Un-Audited)
For the Half Year Ended June 30, 2015**



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COMPANY INFORMATION

Board of Directors:

Saeed Yousuf Chinoy - Chairman
Shahid Ali - Chief Executive Officer
Irfan Nadeem
Fahad Asad Khan
Saad Ahmed Madani
Mansur-ur-Rehman Khan
Khawaja Ehrar ul Hassan

Audit Committee:

Saeed Yousuf Chinoy - Chairman
Saad Ahmed Madani
Khawaja Ehrar ul Hassan
Ilyas Ahmed -Secretary

HR Committee:

Irfan Nadeem - Chairman
Saad Ahmed Madani
Fahad Asad Khan
Najmus Saqib - Secretary

Chief Financial Officer

Asad Mustafa Shafiqat

Company Secretary:

Ilyas Ahmed

Auditors:

Avais Hyder Liaquat Nauman
Chartered Accountants
Progressive Plaza, Beaumont Road
Karachi, Pakistan

Bankers:

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Al-Falah Limited
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
BankIslami Pakistan Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
United Bank Limited

Legal Advisor:

Bawaney & Partners
Advocates and Investment & Corporate Adviser
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Website:

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Share Registrar

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Fax: (92-21) 35655595

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors of KASB Securities Limited, I am pleased to present the unaudited standalone and consolidated financial statements of the Company, and review for the half year ended June 30, 2015.

Economic Review

The economy consolidated its gains from last year, with GDP growth improving steadily to 4.2% in FY15, from 4.0% last year. Lower international oil prices played a key role in supporting the external account and bringing down inflation. Inflation averaged at historic 11-year low of 4.5% in FY15, compared to 8.6% last year, falling to 3.2% in Jun-15. This resulted in the reduction of the discount rate by cumulative 250bp during January to May to a 12-year low level of 7%.

The first six months of 2015 slated some major macroeconomic reforms and milestones including largest equity offering in Habib Bank Ltd (US\$1.06bn), and the signing of US\$46bn agreements with China in Apr-15 under the framework of China Pakistan Economic Corridor (CPEC). Targeting investment in energy, infrastructure and telecom, the CPEC promises to bring many positives for both China and Pakistan; results of which will be visible in medium term. Importantly, successful completion of IMF's quarterly reviews under EFF facility and strengthened external stability further built positive sentiments, which culminated with credit rating upgrades from international rating agencies. Moody's upgraded sovereign rating from Caa1 to B3, while S&P's upgraded its outlook from stable to positive.

Shortfall in tax revenues, additional expenditures on military operations resulted in slippage in fiscal deficit target (5.3% actual vs target of 4.9%) The government plans to reduce the fiscal deficit to 4.3% of GDP in FY16.

Equity Market Review

On the back of largely improving fundamentals, notwithstanding some weak patches in market performance (6% down in 1Q) the market saw sustained recovery in 2Q. The KSE-100 index closed at 34,399 points, illustrating a 7% YTD return. The market has rallied firmly since end of period, and touched all-time high level of 36,289 points in August. Changes in Capital Gains Tax rules as well as liquidation of a foreign fund led to hefty outflow dragged sentiments in the first quarter. However, successful privatization deal of HBL sell-off and China Pakistan Economic Corridor arrangement emerged as a major positive, reflecting continued investors' interest in Pakistan. Additionally, the smooth progress on IMF program and resumption of program loan commitment by World Bank has renewed positive rigor in the market sentiments.

The Federal budget 2015-16 proved to be slightly negative for the market with the imposition of Super Tax dragging corporate earnings and increase in Capital Gains Tax rate across holding periods. However, government's commitment on economic reforms and sound fundamentals kept the market in the positive. Other important developments were in the form of MSCI's announcement to consider Pakistan's case for potential reclassification from Frontier to Emerging Market, and Moody's rating upgrade by one notch to B3 supported the rally.

Market volumes increased by about 14% year-on year to ~268 million shares per day, while value traded also increased by 38% to ~USD 105 million per day. The net outflow from Foreign Portfolio investment recorded USD 74.5million in 1st half compared to USD 269.5million in the same period last year, mainly due to US\$131mn net outflow in 1st quarter.

Debt and Currency Market Review

This year marked major shifts in the yield curve following phase-wise 250bp cut in policy rate to 7%, while changes introduced in the interest rate corridor structure in May 2015 led to tighter money market trading range. Nevertheless, liquidity conditions for the most part of the period remained tight, where SBP had to conduct Open Market Operations to manage liquidity, increasing to over PRs1.0tn weekly injection compared to 400-500bn last year. The banks continued to participate actively in PIB auctions, accumulating PRs347bn. SBP also conducted PRs1.085tn worth T-bill auctions during the period.

The currency market remained stable throughout the period. On the back of stable political environment, smooth progress on IMF program, and low oil prices, the exchange rate remained around PKR101.8 till year-end, depreciating by only 1% in 1H15.

Key Regulatory Developments

On November 14, 2014, the Federal Government, on the application of the State Bank of Pakistan ("SBP"), and in exercise of the powers conferred upon it under Section 47 of the Banking Companies Ordinance, 1962, imposed a 6 months moratorium on KASB Bank Limited ("KBL"), the then majority shareholder of KSL, and also suspended payment of debts and obligations from KBL, allowing a maximum withdrawal of up to PKR 300,000/- for all deposit account holders of KBL with balance of more than PKR 300,000/-.

As KSL used KBL for majority of its banking arrangements, including daily clearing for all transactions executed on the KSE through KSL, the moratorium on KBL temporarily affected KSL's liquidity position in view of KSL's stuck funds at KBL. As a result, on November 17, 2014, the Securities & Exchange Commission of Pakistan ("SECP") temporarily restricted KSL's trading facilities on the KSE and the Pakistan Mercantile Exchange ("PMEX"). KSL was therefore not suspended; instead all new investments for KSL's clients were temporarily put on hold, due to the quantum of money stuck in KSL's deposit accounts with KBL, a result of the moratorium placed by SBP, which applied equally to all deposit account holders of KBL.

The Company remained in close dialogue with the SECP, and the concerned stakeholders, i.e. KSE, PMEX, CDC, and NCCPL for restoration of trade facilities and reinstatement of the position to pre November 17, 2014. However, during the restriction period, all requests for transfer of shares and payments by the Company's clients were honored successfully.

KSL's trading rights on the KSE were subsequently restored by the SECP in a controlled environment effective December 02, 2014, whereas the SECP granted further relaxations to KSL on its trading rights on February 03, 2015 and March 25, 2015. The SECP also restored KSL's trading rights on PMEX effective January 23, 2015.

The Company's trading rights at the KSE were fully restored by the SECP on May 12, 2015 following the amalgamation of KBL with and into BankIslami Pakistan Limited ("BIPL") on May 07, 2015 and the resultant removal of the moratorium.

Subsequent to the amalgamation of KBL with and into BIPL, the Company has now become a 77% owned subsidiary of BIPL.

Operating and Financial Performance

The Company remained focused on rebuilding its market share across its key business functions following suspension and restricted re-opening of its trading rights at the KSE in 4Q 2014. While operations have been fully restored, the temporary suspension (a consequence of a regulatory action on KBL, the Company's then majority shareholder, and not on the Company itself), has resulted in the Company suffering business losses in 1H 2015.

Further, during the period, the Company re-evaluated all of its long term investments and concluded that the recoverability of some of its investments is doubtful. Consequently, the Company has impaired these investments during the period ended June 30, 2015.

The Company is making all out efforts to return to normal business as soon as possible.
Details of financial performance for the half year are as follows:

	AMOUNTS IN PKR MILLIONS			
	Half Year Ended June 30		2nd Qtr. Ended June 30	
	2015	2014	2015	2014
Operating Revenue	108.87	296.65	71.27	157.75
Mark-up / profit on bank deposits, investments & Other Investment	32.20	24.12	15.09	12.95
Gain / (loss) on Sale of Investments – net	35.19	5.75	11.45	5.95
Dividend Income	0.99	0.39	0.02	0.05
Unrealized gain on Investments	0.21	12.77	1.70	6.04
Other Income	3.05	2.80	1.47	1.58
Total Income	180.51	342.48	101.00	184.32
Operating and administrative expenses	(217.28)	(243.13)	(116.60)	(131.23)
Impairment on LT Investment - Subsidiary	(486.77)	-	(486.77)	-
Impairment on AFS Investment	(53.47)	-	(53.47)	-
Finance cost	(8.99)	(10.94)	(4.47)	(7.57)
Total Expenses	(766.51)	(254.07)	(661.31)	(138.80)
Net Loss (before provision)	(586.00)	88.41	(560.31)	45.52
Reversal of Provision	1.28	0.87	1.28	0.10
Net Loss before tax	(584.72)	89.28	(559.03)	45.62
Taxation	(4.13)	(34.99)	4.42	(16.06)
Net Loss after tax	(588.85)	54.29	(554.61)	29.56

Future Outlook

For 2Q 2015 and onwards, key focus continues to remain in reestablishing and rebuilding Company's presence and market share in both the equities (KSE) and commodities markets (PMEX).

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

Saeed Yousuf Chinoy
Chairman

Karachi: August 28, 2015



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**KASB SECURITIES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBER ON
REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of KASB Securities Limited (the Company) as at June 30, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 5.1 of the condensed interim financial information which states that the company has recognized impairment of investment in subsidiary as its net assets have significantly reduced. The impairment includes the impact of the provision that the management of the subsidiary company has recorded against advance for purchase of land considering the cancellation of provisional booking and other factors as fully explained in note 5.1. Our conclusion is not qualified in respect of this matter.



Other matters

The financial statements of the company for the year ended December 31, 2014 and condensed interim financial information of the company for the six months period ended June 30, 2014 were audited and reviewed respectively by another firm of chartered accountants who expressed unmodified opinion on the financial statements of the company for the year ended December 31, 2014 and unmodified conclusion on the condensed interim financial information of the company for the six months period ended June 30, 2014 vide their audit and review reports dated March 19, 2015 and July 22, 2014 respectively.

RSM

Chartered Accountants

Karachi

Dated:

Engagement Partner: Adnan Zaman

**STANDALONE CONDENSED INTERIM
FINANCIAL INFORMATION**

**CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015**

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment	4	44,250	52,005
Intangible assets		4,166	8,854
Investment properties		5,792	-
Long-term investments	5	595,151	863,259
Long-term loans and advances		870	4,239
Long-term deposits and prepayments		5,887	6,443
Deferred tax asset - net		47,477	37,178
		703,593	971,978
Current assets			
Short-term investments	6	18,854	18,647
Trade debts	7	235,488	68,017
Advances, deposits, prepayments and other receivables	8	228,782	234,350
Taxation - net		39,262	41,375
Cash and bank balances	9	1,012,148	652,580
		1,534,534	1,014,969
TOTAL ASSETS		2,238,127	1,986,947
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 re-measurement of 'available- -for-sale' investments to fair value - net		405,554	133,413
Unappropriated (loss) / profit		(484,059)	104,791
		940,247	1,256,956
Non-current liabilities			
Long-term loan	10	150,000	150,000
Current liabilities			
Trade and other payables	11	1,147,837	579,939
Accrued mark-up		43	52
		1,147,880	579,991
		2,238,127	1,986,947
CONTINGENCY AND COMMITMENTS	12		

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

Director

Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Note	Half year ended June 30,		Quarter ended June 30,	
		2015	2014	2015	2014
..... (Rupees in '000)					
Operating revenue	13	108,865	296,644	71,274	157,750
Net gain on investments 'at fair value through profit and loss'					
Gain on sale of equity shares and other investments - net		35,188	5,754	11,453	5,955
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net		207	12,768	1,704	6,041
		35,395	18,522	13,157	11,996
Dividend income		997	393	19	46
Mark-up / profit on bank deposits, investments and other receivables	14	32,203	24,120	15,085	12,950
		177,460	339,679	99,535	182,742
Operating and administrative expenses	15	(217,280)	(243,132)	(116,605)	(131,228)
Impairment on long term investment - Subsidiary	5.1	(486,776)	-	(486,776)	-
Impairment on 'available for sale' investments	5.2.1 & 5.2.3	(53,473)	-	(53,473)	-
Reversal of provision against doubtful debts	7.2	1,280	873	1,280	98
		(756,249)	(242,259)	(655,574)	(131,130)
Operating (loss) / profit		(578,789)	97,420	(556,039)	51,612
Finance cost		(8,986)	(10,936)	(4,465)	(7,574)
		(587,775)	86,484	(560,504)	44,038
Other income		3,051	2,797	1,474	1,582
(Loss) / profit before taxation		(584,724)	89,281	(559,030)	45,620
Taxation					
Current - for the period		(14,425)	(34,825)	(4,932)	(15,844)
Deferred		10,299	(161)	9,347	(215)
		(4,126)	(34,986)	4,415	(16,059)
(Loss) / profit after taxation		(588,850)	54,295	(554,615)	29,561
Other comprehensive (loss) / income:					
<i>Item to be reclassified to profit and loss in subsequent periods:</i>					
Unrealised Gain / (loss) arising during the period on re-measurement of 'available-for-sale' investments - net		272,141	(32,395)	279,578	(9,848)
Total comprehensive (loss) / income for the period		(316,709)	21,900	(275,037)	19,713
..... (Rupees)					
(Loss) / earnings per share - basic and diluted		(5.89)	0.54	(5.55)	0.30

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

Director

Chief Executive Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Half year ended June 30,	
	2015	2014
	----- (Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(584,724)	89,281
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	8,195	6,254
Gain on sale of investments - net	(35,188)	(5,754)
Gain on sale of property and equipments	(17)	(40)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(207)	(12,768)
Impairment on long term investment - Subsidiary	486,776	-
Impairment on 'available for sale' investments	53,473	-
Reversal of provision against doubtful debts	(1,280)	(873)
Finance cost	8,986	10,936
Dividend income	(997)	(393)
	<u>519,741</u>	<u>(2,638)</u>
	(64,983)	86,643
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(166,191)	(189,203)
Advances, deposits, prepayments and other receivables	5,566	88,607
	<u>(160,625)</u>	<u>(100,596)</u>
Increase in current liabilities		
Trade and other payables	567,902	63,819
	<u>342,294</u>	<u>49,866</u>
Finance cost paid	(8,995)	(10,917)
Income tax paid	(12,312)	(21,090)
	<u>320,987</u>	<u>17,859</u>
Net cash flows generated from operating activities	<u>320,987</u>	<u>17,859</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	35,188	(99,140)
Purchase of property and equipment	(2,062)	(17,834)
Proceeds from disposal of property and equipment	535	122
Dividend received	999	393
	<u>34,660</u>	<u>(116,459)</u>
Net cash flows generated from (used in) investing activities	<u>34,660</u>	<u>(116,459)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	3,369	(3,624)
Long-term deposits and prepayments	556	(82)
Short-term running finance	-	148,923
Long-term loan	-	50,000
Dividend paid	(4)	(49,628)
	<u>3,921</u>	<u>145,589</u>
Net cash flows generated from financing activities	<u>3,921</u>	<u>145,589</u>
Net increase in cash and cash equivalents	<u>359,568</u>	<u>46,989</u>
Cash and cash equivalents at the beginning of the period	<u>652,580</u>	<u>337,397</u>
Cash and cash equivalents at the end of the period	<u><u>1,012,148</u></u>	<u><u>384,386</u></u>

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

Director

Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	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, 2014	1,000,000	18,752	46,133	153,530	1,218,415
Dividend paid during the period	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	54,295	(32,395)	21,900
Balance as at June 30, 2014	1,000,000	18,752	50,428	121,135	1,190,315
Total comprehensive income for the period	-	-	54,363	12,278	66,641
Balance as at December 31, 2014	1,000,000	18,752	104,791	133,413	1,256,956
Total comprehensive loss for the period	-	-	(588,850)	272,141	(316,709)
Balance as at June 30, 2015	1,000,000	18,752	(484,059)	405,554	940,247

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

Director

Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 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 Limited (KSE). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Company is a subsidiary of BankIslami Pakistan Limited (BIPL) (the Parent Company), which holds 77.12% shares of the Company.
- 1.3 The Company has corporate membership of the Karachi Stock Exchange Limited (KSE) and Pakistan Mercantile Exchange Limited (PMEX) 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.
- 1.4 These are separate condensed interim financial information of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.
- 1.5 On November 14, 2014, the Federal Government, on the application of State Bank of Pakistan (SBP), and in exercise of the powers conferred upon it under the Section 47 of the Banking Companies Ordinance, 1962, imposed a 6 months moratorium on KASB Bank Limited (KBL), which affected all deposit account holders of KBL, including the Company. As the Company was using KBL for majority of its banking arrangements, including daily clearing for all transactions executed on the KSE through the Company, the moratorium on KBL temporarily affected / constrained the Company's liquidity position in view of the Company's stuck funds at KBL. Subsequent to the imposition of said moratorium, the Securities and Exchange Commission of Pakistan (SECP) issued directives on November 17, 2014 pursuant to which the Company's trading activities in the KSE and the PMEX were suspended with effect from November 18, 2014.
- 1.6 Subsequent to the aforementioned suspension of trading operations of the Company, the SECP vide its directive dated December 02, 2014 issued to the KSE, allowed the KSE to reinstate the trading facilities of the Company subject to certain restrictions. The SECP further issued a directive to the KSE on February 02, 2015 and March 25, 2015, allowing KSE to grant certain relaxations to the Company from the restrictions imposed earlier by the SECP. Further, PMEX vide its letter dated January 23, 2015 also allowed the Company to resume its trading activities subject to certain conditions which mainly relates to initial increase in auto liquidation threshold and deposit margin requirements with gradual reduction within a period of 4 weeks and after February 23, 2015 onward back to normal margin.
- 1.7 On May 07, 2015, the Federal Government sanctioned the Scheme of Amalgamation, under section 47 of the Banking Companies Ordinance 1962, of KBL with and into BIPL on the advice of the SBP. As a result of the said amalgamation, the Company became a majority owned subsidiary of BIPL.
- 1.8 Subsequent to the aforementioned amalgamation of KBL with and into BIPL, the SECP vide its directive dated May 12, 2015 removed all remaining restrictions imposed on KASB Securities Limited on both KSE and PMEX.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial information of the Company for the half year ended June 30, 2015 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.
- 2.2 These condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2014.

3. ACCOUNTING POLICIES

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

New, amended and revised standards and interpretations of International Financial Reporting Standards (IFRSs).

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period :

IFRS 10 – Consolidated Financial Statements
 IFRS 11 – Joint Arrangements
 IFRS 12 – Disclosure of Interests in Other Entities
 IFRS 13 – Fair Value Measurement

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial information.

4. PROPERTY AND EQUIPMENT

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

	Half year ended (Un-audited)			
	June 30, 2015		June 30, 2014	
	Additions	Disposals	Additions	Disposals
 (Rupees in '000)			
Computers and office equipment	892	1,144	14,559	1,770
Furniture and fixtures	-	313	106	140
Vehicles - owned	-	-	3,190	-
	<u>892</u>	<u>1,457</u>	<u>17,855</u>	<u>1,910</u>
		Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
		 (Rupees in '000)	

5. LONG-TERM INVESTMENTS

Subsidiary company	5.1	1,805	488,581
'Available-for-sale' investments	5.2	593,346	374,678
		<u>595,151</u>	<u>863,259</u>

5.1 SUBSIDIARY COMPANY

Cost	488,581	488,581
Less: Impairment	(486,776)	-
	<u>1,805</u>	<u>488,581</u>

The net assets of the subsidiary company have reduced due to full impairment of investment of Rs. 81.567 million in an associated company and provision against advance for purchase of land of Rs. 375 million.

SVPL holds investments in a property of Rs 375 million which was being developed as a Housing Scheme (the 'Project') by M/S Noor Developer (Pvt.) Ltd. (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75M paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer canceled provisional booking vide its letter dated 15.06.2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated 04.07.2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated 10.11.2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated 28.12.2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with SVPL, for which pending completion of investigation, criminal action may be initiated apart from civil proceedings which have already been initiated by SVPL.

Considering the facts stated above, the history of this transaction and legal implications, SVPL as a matter of prudence, has decided to fully provide this amount. Hence, the Company's investment in SVPL stands impaired.

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
..... (Rupees in '000)			
5.2 'Available-for-sale' investments			
Name of the Investee company			
Quoted shares			
KASB Bank Limited	5.2.1	-	39,519
Unquoted shares			
Karachi Stock Exchange Limited		3,595	3,595
Al Jomaih Power Limited	5.2.2	589,751	299,935
New Horizon Exploration and Production Limited - (Related Party)			
-Class 'A' ordinary shares	5.2.3	-	31,629
		<u>593,346</u>	<u>374,678</u>

5.2.1 The Federal Government, in terms of the provisions of Section 47 of the Banking Companies Ordinance, 1962 has sanctioned a Scheme of Amalgamation of KASB Bank Limited with and into BankIslami Pakistan Limited with effect from May 07, 2015. In terms of the said Scheme of Amalgamation, the Company's shares in KASB Bank Limited stand cancelled and retired. Further, in terms of the said Scheme of Amalgamation, the shareholders of the KASB Bank Limited, shall receive a compensation / consideration of Rs. 1,000/- for the entire shareholding of the KASB Bank Limited in proportion to their shareholding. The Company has recorded full impairment against its investment in the KASB Bank Limited as at June 30, 2015.

5.2.2 The Company's investment in unquoted shares of Al Jomaih Power Limited valued at its fair value as at period end base on the net assets value of the investee Company as at December 31, 2014.

5.2.3 New Horizon Exploration and Production Limited - (Related Party)

Cost		31,629	31,629
Less: Impairment		<u>(31,629)</u>	-
		<u>-</u>	<u>31,629</u>

During the period, the management has carried out impairment testing of its investment in New Horizon Exploration and Production Limited, as required by IAS 36 - "Impairment of Assets". The recoverable amount of investment has been estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows have been used, which includes but are not limited to, historical performance of the investment, development and production activity in New Horizon Exploration and Production Limited's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company has fully impaired its investment in New Horizon Exploration and Production Limited and an impairment loss of Rs. 31.629 million has been recognised in these Condensed interim financial information."

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
6. SHORT-TERM INVESTMENTS			
'At fair value through profit or loss' (held for trading)			
Listed shares			
- United Bank Limited		855	883
- Oil & Gas Development Corporation Limited		448	515
- Pakistan Petroleum Limited		2,266	2,436
- Pakistan Oilfield Limited		7,794	7,322
	6.1	11,363	11,156
Term finance certificates			
- PACE Pakistan Limited (Face value of Rs. 5,000/- each)		7,491	7,491
		18,854	18,647
6.1	These shares are pledged with KSE against exposure margin.		
7. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	7.1	228,239	63,321
Inter-bank brokerage		6,873	4,324
Fees		376	372
		235,488	68,017
7.1 Considered good			
Secured		251,719	27,878
Unsecured		1,713	3,173
		253,432	31,051
Considered doubtful		92,645	151,388
Provision for doubtful debts	7.2	(117,838)	(119,118)
		228,239	63,321
7.2 Reconciliation of provisions against trade debts			
Opening balance		119,118	120,188
Reversal of provision during the period / year		(1,280)	(1,070)
		117,838	119,118
7.2.1	Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 25.19 million (December 31, 2014: Rs. 32.27 million) held in custody by the Company against the respective customers accounts.		
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances, deposits, prepayments and other receivables as at June 30, 2015 includes exposure deposit placed with the KSE and PMEX amounting to Rs. 209.58 million (December 31, 2014: Rs. 212.82 million) and Rs. 0.90 million (December 31, 2014: Rs. 0.94 million) respectively.			
9. CASH AND BANK BALANCES			
Cash at bank in:			
- Current accounts	9.1	5,223	274,597
- Saving accounts		1,006,919	377,970
	9.1 & 9.2	1,012,142	652,567
Cash in hand		-	7
Stamps in hand		6	6
		1,012,148	652,580

- 9.1 These carry profit at the rates ranging from 3.23% to 8.75% (December 31, 2014: 1.25% to 9.25%) per annum.
- 9.2 This includes Rs. 30.10 million (December 31, 2014: Rs. 371.05 million) with BankIslami Pakistan Limited (the Parent Company).

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
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----- (Rupees in '000) -----

10. LONG-TERM LOAN

Loan from BankIslami Pakistan Limited - (the Parent Company)	10.1	<u>150,000</u>	<u>150,000</u>
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- 10.1 This represents long-term loan obtained from the Parent Company. The loan carries mark-up at the rate of 3 month KIBOR plus 2.5% per annum and payable on quarterly basis starting from September 2013 to July 2016. The principal amount will be paid as a bullet payment in July 2016. The loan is secured by way of first pari passu hypothecation charge over all present and future current assets of the Company.

11. TRADE AND OTHER PAYABLES

Trade creditors		1,055,397	455,170
Accrued expenses		67,639	95,588
Withholding tax		21,978	26,384
Unclaimed dividend		609	609
Dividend payable		794	798
Others		1,420	1,390
		<u>1,147,837</u>	<u>579,939</u>

12. CONTINGENCY AND COMMITMENTS

There were no contingencies and commitments outstanding at period end.

----- (Un-audited) -----

	Half year ended June 30,	2015	2014	Quarter ended June 30,	2015	2014
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----- (Rupees in '000) -----

13. OPERATING REVENUE

Brokerage	107,997	290,677	71,037	155,612
Subscription research income	391	1,858	-	810
Financial advisory fee	-	1,637	-	944
Custody services	477	2,472	237	384
	<u>108,865</u>	<u>296,644</u>	<u>71,274</u>	<u>157,750</u>

**14. MARK-UP / PROFIT ON BANK DEPOSITS,
INVESTMENTS AND OTHER RECEIVABLES**

Profit on bank deposits	32,203	20,912	15,085	11,264
Profit on term finance certificates	-	686	-	624
Profit on long-term receivable	-	2,522	-	1,062
	<u>32,203</u>	<u>24,120</u>	<u>15,085</u>	<u>12,950</u>

15. Operating and administrative expenses includes Rs. 6.73 million which relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of KASB Securities Limited -Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Karachi Stock Exchange Limited. The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.

16. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of BankIslami Pakistan Limited (the Parent Company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2015 and December 31, 2014 and transactions with related parties during the half year ended June 30, 2015 and June 30, 2014 are as follows:

	As at June 30, 2015 (Un-audited)				Total
	Parent company	Subsidiary/ associates	Key management personnel	Others	
(Rupees in '000)					
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	13	6	2	81	102
Profit receivable on bank deposit	17	-	-	-	17
Receivable against expenses	1,654	68	-	-	1,722
Bank balances	30,097	-	-	-	30,097
Trade payables	-	-	2,001	-	2,001
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	-	898	-	-	898
Prepaid rent	76	-	-	-	76
Accrued mark-up	43	-	-	-	43

	As at December 31, 2014 (Audited)				Total
	Parent company	Subsidiary/ associates	Key management personnel	Others	
(Rupees in '000)					
BALANCES					
Long-term deposits	-	142	-	-	142
Trade debts	10	33	50	61	154
Profit receivable on bank deposits	90	-	-	-	90
Receivable against expenses	2,024	166	-	7	2,197
Bank balances	371,050	-	-	-	371,050
Trade payables	-	-	2,098	-	2,098
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	294	3,157	-	-	3,451
Prepaid rent	533	-	-	-	533
Accrued mark-up	52	-	-	-	52

For the Half year ended June 30, 2015 (Un-audited)

	Parent company	Subsidiary / associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	-	-	231	58	289
Custody services	2	45	21	-	68
Profit on bank deposits	11,863	-	-	-	11,863
Rent income	2,546	-	-	-	2,546
Expenses					
Bank charges	5	-	-	-	5
Charge in respect of contributory plan	-	-	-	3,123	3,123
Communication expenses	548	4,624	-	-	5,172
Locker rent	4	-	-	-	4
Mark-up expense	8,409	-	-	493	8,902
Reimbursement of expenses	368	806	-	3	1,177
Remuneration to management personnel	-	-	94,907	-	94,907
Rent expense	457	-	-	-	457
Other transactions					
Loans disbursed	-	-	325	-	325
Loans repayment	-	-	2,132	-	2,132
Short-term borrowing	-	-	-	50,000	50,000
Short-term borrowing repayment	-	-	-	50,000	50,000

For the Half year ended June 30, 2014 (Un-audited)

	Parent company	Subsidiary / associates	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	282	-	384	157	823
Custody services	3	71	21	-	95
Profit on bank deposits	15,888	-	-	-	15,888
Rent income	2,280	-	-	-	2,280
Others	253	-	-	-	253
Expenses					
Bank charges	318	-	-	-	318
Charge in respect of contributory plan	-	-	-	3,243	3,243
Communication expenses	-	3,348	-	-	3,348
Donation	-	-	-	1,020	1,020
Locker rent	4	-	-	-	4
Mark-up expense	6,949	-	-	690	7,639
Reimbursement of expenses	1,503	2,131	591	24	4,249
Remuneration to management personnel	-	-	52,555	-	52,555
Rent expense	1,009	-	-	-	1,009
Other transactions					
Mutual Funds bonus units issued	-	-	-	8,719	8,719
Mutual Funds units purchased	-	-	-	125,000	125,000
Mutual Funds units redeemed	-	-	-	75,000	75,000
Loans disbursed	-	-	2,755	-	2,755
Loans repayment	-	-	720	-	720
Short-term borrowing	-	-	-	100,000	100,000
Short-term borrowing repayment	-	-	-	100,000	100,000
Purchase of computer and office equipment	-	2,424	-	-	2,424

17. GENERAL

17.1 Figures for the quarters ended 30 June 2015 and 30 June 2014 have not been subject to limited scope review by the statutory auditors.

17.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

17.3 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

18. DATE OF AUTHORISATION

These condensed interim financial information have been authorised for issue by the Board of Directors of the Company on August 28, 2015.



Director

Chief Executive Officer



**Consolidated Condensed Interim
Financial Information**

(Un-Audited)

For the Half Year Ended June 30, 2015

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015

	(Un-audited)	(Audited)
Note	June 30, 2015	December 31, 2014
 (Rupees in '000)	
ASSETS		
Non-current assets		
Property and equipment	44,250	52,005
Intangible assets	4,166	8,854
Investment properties	5,792	375,000
Long-term investments	524,941	418,049
Long-term loans and advances	870	4,239
Long-term deposits & prepayments	5,887	6,443
Deferred tax asset - net	47,477	37,178
	633,383	901,768
Current assets		
Short-term investments	18,854	18,647
Trade debts	235,488	68,017
Advances, deposits, prepayments and other receivables	228,782	234,350
Taxation - net	39,460	41,565
Cash and bank balances	1,014,926	656,000
	1,537,510	1,018,579
TOTAL ASSETS	2,170,893	1,920,347
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 re-measurement of 'available- -for-sale' investments to fair value - net	405,554	133,413
Unappropriated (loss) / profit	(552,464)	36,929
	871,842	1,189,094
Non-current liabilities		
Long-term loan	150,000	150,000
Current liabilities		
Trade and other payables	1,149,008	581,201
Accrued mark-up	43	52
	1,149,051	581,253
TOTAL EQUITY AND LIABILITIES	2,170,893	1,920,347
CONTINGENCY AND COMMITMENTS		

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

Director

Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Half year ended June 30,		Quarter ended June 30,	
	2015	2014	2015	2014
	(Rupees in '000)			
Operating revenue	108,865	296,644	71,274	157,750
Net gain / (loss) on investments 'at fair value through profit and loss'				
Gain on sale of equity shares and other investments - net	35,188	5,754	11,453	5,955
Unrealised gain on re-measurement of investments at fair value through profit or (loss) - net	207	12,768	1,704	6,041
	35,395	18,522	13,157	11,996
Dividend income	997	393	19	46
Mark-up / profit on bank deposits, investments and other receivables	32,297	24,244	15,123	13,015
	177,554	339,803	99,573	182,807
Operating and administrative expenses	(217,916)	(243,281)	(116,680)	(131,276)
Impairment on long term investment - Subsidiary	(486,776)	-	(486,776)	-
Impairment on 'available-for-sale' investments	(53,473)	-	(53,473)	-
Reversal of provision against doubtful debts	1,280	873	1,280	98
	(756,885)	(242,408)	(655,649)	(131,178)
Operating (loss) / profit	(579,331)	97,395	(556,076)	51,629
Finance cost	(8,986)	(10,936)	(4,465)	(7,574)
	(588,317)	86,459	(560,541)	44,055
Other income	3,051	2,797	1,474	1,582
(Loss) / profit before taxation	(585,266)	89,256	(559,067)	45,637
Taxation				
Current - for the period	(14,426)	(34,826)	(4,933)	(15,844)
Deferred	10,299	(161)	9,347	(215)
	(4,127)	(34,987)	4,414	(16,059)
(Loss) / profit after taxation	(589,393)	54,269	(554,653)	29,578
Other comprehensive (loss) / income: <i>Item to be reclassified to profit and loss in subsequent periods:</i>				
Unrealised loss arising during the period on re-measurement of 'available-for-sale' investments - net	272,141	(32,395)	279,578	(9,848)
Total comprehensive (loss) / income for the period	(317,252)	21,874	(275,075)	19,730
	(Rupees)			
(Loss) / earnings per share - basic and diluted	(5.89)	0.54	(5.55)	0.30

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

Director

Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	<u>Half year ended June 30,</u>	
	2015	2014
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(585,266)	89,256
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	8,195	6,254
Gain on sale of investments - net	(35,188)	(5,754)
Gain on sale of property and equipment	(17)	(40)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(207)	(12,768)
Impairment on long term investment - Subsidiary	486,776	-
Impairment on 'available-for sale' investments	53,473	-
Reversal of provision against doubtful debts	(1,280)	(873)
Finance cost	8,986	10,936
Dividend income	(997)	(393)
	<u>519,741</u>	<u>(2,638)</u>
	(65,525)	86,618
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(166,191)	(189,203)
Advances, deposits, prepayments and other receivables	5,566	88,607
	<u>(160,625)</u>	<u>(100,596)</u>
Increase in current liabilities		
Trade and other payables	567,810	63,761
	<u>341,661</u>	<u>49,783</u>
Finance cost paid	(8,995)	(10,917)
Income tax paid	(12,321)	(21,102)
	<u>320,345</u>	<u>17,764</u>
Net cash flows generated from operating activities	320,345	17,764
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	35,188	(99,140)
Purchase of property and equipment	(2,062)	(17,834)
Proceeds from disposal of property and equipment	535	122
Dividend received	999	393
	<u>34,660</u>	<u>(116,459)</u>
Net cash flows generated from / (used in) investing activities	34,660	(116,459)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	3,369	(3,624)
Long-term deposits and prepayments	556	(82)
Short-term running finance	-	148,923
Long-term loan	-	50,000
Dividend paid	(4)	(49,628)
	<u>3,921</u>	<u>145,589</u>
Net cash flows generated from financing activities	3,921	145,589
Net increase in cash and cash equivalents	358,926	46,894
Cash and cash equivalents at the beginning of the period	656,000	340,805
Cash and cash equivalents at the end of the period	<u>1,014,926</u>	<u>387,699</u>

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

Director

Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**

	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, 2014	1,000,000	18,752	(21,747)	153,530	1,150,535
Dividend paid during the period	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	54,269	(32,395)	21,874
Balance as at June 30, 2014	1,000,000	18,752	(17,478)	121,135	1,122,409
Total comprehensive income for the period	-	-	54,407	12,278	66,685
Balance as at December 31, 2014	1,000,000	18,752	36,929	133,413	1,189,094
Total comprehensive loss for the period	-	-	(589,393)	272,141	(317,252)
Balance as at June 30, 2015	1,000,000	18,752	(552,464)	405,554	871,842

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

Director

Chief Executive Officer

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)****FOR THE HALF YEAR ENDED JUNE 30, 2015****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 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Karachi Stock Exchange Limited (KSE). The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Holding Company is a subsidiary of BankIslami Pakistan Limited (the Parent Company) which holds 77.12% of the shares of the Group.
- 1.3 The Holding Company has corporate membership of the Karachi Stock Exchange Limited (KSE) and Pakistan Mercantile Exchange Limited (PMEX) 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.
- 1.4 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.
- 1.5 The subsidiary is wholly owned by KASB Securities Limited.
- 1.6 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.
- 1.7 On November 14, 2014, the Federal Government, on the application of State Bank of Pakistan (SBP), and in exercise of the powers conferred upon it under the Section 47 of the Banking Companies Ordinance, 1962, imposed a 6 months moratorium on KASB Bank Limited (KBL), which affected all deposit account holders of KBL, including the Holding Company. As the Holding Company was using KBL for majority of its banking arrangements, including daily clearing for all transactions executed on the KSE through the holding company, the moratorium on KBL temporarily affected / constrained the Holding Company's liquidity position in view of the Holding Company's stuck funds at KBL. Subsequent to the imposition of said moratorium, the Securities and Exchange Commission of Pakistan (SECP) issued directives on November 17, 2014 pursuant to which the holding company trading activities in the KSE and the PMEX were suspended with effect from November 18, 2014.
- 1.8 Subsequent to the aforementioned suspension of trading operations of the Holding Company, the SECP vide its directive dated December 02, 2014 issued to the KSE, allowed the KSE to reinstate the trading facilities of the Holding Company subject to certain restrictions. The SECP further issued a directive to the KSE on February 02, 2015 and March 25, 2015, allowing KSE to grant certain relaxations to the Holding Company's from the restrictions imposed earlier by the SECP. Further, PMEX vide its letter dated January 23, 2015 also allowed the Holding Company to resume its trading activities subject to certain conditions which mainly relates to initial increase in auto liquidation threshold and deposit margin requirements with gradual reduction within a period of 4 weeks and after February 23, 2015 onward back to normal margin.

1.9 On May 07, 2015, the Federal Government sanctioned the Scheme of Amalgamation, under section 47 of the Banking Companies Ordinance 1962, of KBL with and into BIPL on the advice of the SBP. As a result of the said amalgamation, the Group became a majority owned subsidiary of BIPL.

1.10 Subsequent to the aforementioned amalgamation of KBL with and into BIPL, the SECP vide its directive dated May 12, 2015 removed all remaining restrictions imposed on Holding Company on both KSE and PMEX.

2. BASIS OF PREPARATION

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

3. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial information of the Group for the half year ended June 30, 2015 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.

These consolidated condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual published financial statements for the year ended December 31, 2014.

These consolidated condensed interim financial information are un-audited.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial information are consistent with those followed in the preparation of the Group consolidated annual published financial statements for the year ended December 31, 2014.

5. BASIS OF CONSOLIDATION

The financial information of the subsidiary are included in the consolidated condensed interim financial information from the date the control commences until the date the control ceases. In preparing consolidated condensed interim financial information, the financial information 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.

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
		----- (Rupees in '000) -----	
6. INVESTMENT PROPERTIES	Note		
Advance paid for purchase of land - in Korangi Housing Scheme	6.1	-	375,000
Rooms at - KSE	6.2	5,792	-
		<u>5,792</u>	<u>375,000</u>

6.1 The net assets of the subsidiary company have reduced due to full impairment of investment of Rs. 81.567 million in an associated company and provision against advance for purchase of land of Rs. 375 million.

SVPL holds investments in a property of Rs. 375 million which was being developed as a Housing Scheme (the 'Project') by M/S Noor Developer Pvt. Ltd (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75 million paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer canceled provisional booking vide its letter dated 15.06.2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated 04.07.2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated 10.11.2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated 28.12.2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with SVPL, for which pending completion of investigation, criminal action may be initiated apart from civil proceedings which have already been initiated by SVPL.

Considering the facts stated above, the history of this transaction and legal implications, SVPL as a matter of prudence, has decided to fully provide this amount. Hence, the Company's investment in SVPL stands impaired.

- 6.2 Currently, rooms at KSE are used by BankIslami Pakistan Limited (The Parent Company) under rental arrangements.

7. GENERAL

- 7.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.
- 7.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

8. DATE OF AUTHORISATION

These consolidated condensed interim financial information have been authorised for issue by the Board of Directors of the Group on August, 28 2015.

Director

Chief Executive Officer



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