

 | **KASB** SECURITIES



**Condensed Interim Financial Information
(Un-Audited)
For the Nine Months Ended September 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
BankIslami Pakistan Limited
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank 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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Bokhari Commercial Area, Phase -VI,
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E-mail: bawaney@cyber.net.pk

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Website:

www.kasbsec.com

Share Registrar

THK Associates (Private) Limited
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan.
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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 Nine months ended September 30, 2015.

Economic Review

The macroeconomic reforms continued steadily in the third quarter of 2015. Though the global economy and market performances were less encouraging, sharp decline in oil prices (20% during the quarter) have extended external stability gained since start of the year. Positives from lower oil prices and limited inflationary impact of the FY16 budget, led to inflation dropping to its historic low of 1.3% in Aug-15 (Year to date average is 2.5% compared to 8.1% in the same period last year). As a result, the State Bank of Pakistan reduced the discount rate by another 50 bps (cumulative 300 bps cut since January) to 6.5%.

The government yet again entered the capital markets, gaining confidence from the sovereign rating upgrade by Moody's from Caa1 to B3 in May, and successfully raised US\$ 500 mn in September. The Eurobond was twice over-subscribed. The IMF Board approved ninth tranche of US\$ 505 mn after smooth conclusion of June quarterly review. Finally, the quarter closed with US\$ 375 mn receipts under coalition support fund, taking foreign exchange reserves up to all-time high of US\$ 20 bn (from US\$ 13.5 bn last year).

The mega projects under the China Pakistan Economic Corridor agreement signed earlier this year are expected to address the issue of energy deficit and improve infrastructure. The government also gave a much needed uplift to farmer community this quarter, by announcing a three-year farmer relief package worth PRs 342 bn. That said, fiscal challenges remain, where tax revenue collection in the September ending quarter fell short of the target by PRs 46 bn. However the government has committed to make fiscal adjustments and implement additional revenue measures if needed.

Equity Market Review

Despite smooth macroeconomic progress, the equity market plummeted 6% in 3Q, leaving YTD return at 1%. The KSE-100 actually touched an all-time high of 36,288 on 6-Aug-15, before plunging 8.6% down in August. The key reason for the sharply volatile market performance was global rout and locals' fear of a rumored crackdown on certain major brokers by NAB. Net foreign investors' portfolio investment also marked a net outflow of US\$ 105 mn in 3Q vs US\$ 23 mn outflow in 2Q. Market volumes increased by about 1.3x year-on year to ~312 million shares per day in 3Q, the sharp rise attributed to a dull quarter last year due to political sit-in and sluggish economic reforms. The uncertainty in the global market regarding US Fed's decision to hike rates and Chinese currency devaluation led to the bumpy ride in regional equity markets as well.

The extension of monetary easing (50 bps cut in September, after a status quo decision in July) failed to excite the market, neither did an overall impressive end-June corporate earnings announcements. On macro front, the economic indicators continued to improve, while the approval of IMF loan by the Executive Board substantiates smooth progress on macroeconomic reforms. The Prime Minister's farmer relief package has positive spillover impact on consumer, auto and cement sectors, while negative for fertilizer margins.

Political environment remained punchy, following resignation by key opposition party Muttahida Qaumi Movement (MQM) from all levels of parliament. This was later withdrawn after long waited negotiations. Meanwhile, the noise on election rigging subdued naturally as the Judicial Inquiry Commission cleared the 2013 elections from rigging allegations.

Debt and Currency Market Review

Liquidity conditions remained tight during the quarter. This was illustrated by Open Market Operations conducted by State Bank of Pakistan (SBP), where the amount of injections increased to PRs 1.3 tn (around PRs 1 tn since January) compared to PRs 400-500 bn last year. The introduction of restructured interest rate corridor, introducing target rate has led to tighter trading range and expected to facilitate monetary policy transmission. In easing monetary policy environment, banks' investment in government securities remain unabated. SBP conducted PRs 1,266 bn worth T-bill auctions and PRs 218 bn worth PIB auctions during 3Q.

Though the currency market remained relatively stable during 1H15, sharp depreciation of 2.4% in one day on August 24th left the currency market rattled. The PKR/USD parity ended the quarter at PKR 104.5 and has remained stable since then. The sharp volatility was mainly an impact of global markets rout, stirred by Chinese economy slowdown. Strong external account stability and smooth sailing of IMF program limit any further currency risk in coming months, barring any global shock.

Key Regulatory Developments

On November 14, 2014, the Federal Government, on the application of the 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 of its trading rights at the KSE in 4Q 2014, which were subsequently re-opened fully in May, 2015. While operations have been fully restored and substantial market penetration re-obtained, 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 the nine months ended September 30, 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 September 30, 2015.

Details of financial performance for the nine months are as follows:

	AMOUNTS IN PKR MILLIONS			
	Nine Months ended September 30		3rd Qtr ended September 30	
	2015	2014	2015	2014
Operating revenue	193.51	420.71	84.65	124.07
Mark-up / profit on bank deposits, investments & other investment	49.29	40.36	17.09	16.24
Gain on sale of investments – net	42.40	14.45	7.21	8.69
Dividend income	40.78	0.42	39.79	0.03
Unrealized (loss) / gain on investments	(2.79)	20.67	(3.00)	7.90
Other income	4.39	4.22	1.34	1.42
Total Income	327.58	500.83	147.08	158.35
Operating and administrative expenses	(331.66)	(362.72)	(114.38)	(119.58)
Impairment on long-term investment - Subsidiary	(486.82)	-	(0.04)	-
Impairment on AFS Investment	(53.47)	-	-	-
Finance cost	(12.68)	(15.99)	(3.70)	(5.06)
Total Expenses	(884.63)	(378.71)	(118.12)	(124.64)
Net (loss) / profit (before provision)	(557.05)	122.12	28.96	33.71
Reversal of provision	1.57	0.87	0.29	0.00
Net (loss) / profit before tax	(555.48)	122.99	29.25	33.71
Taxation	(5.46)	(42.98)	(1.34)	(7.99)
Net (loss) / profit after tax	(560.94)	80.01	27.91	25.72

Future Outlook

For 3Q 2015 and onwards, key focus continues to remain in re-establishing 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

Mansur-ur-Rehman Khan

Acting Chairman

Karachi: October 26, 2015.

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**STANDALONE CONDENSED INTERIM
FINANCIAL INFORMATION**

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment	4	41,144	52,005
Intangible assets		4,185	8,854
Investment properties		5,720	-
Long-term investments	5	610,796	863,259
Long-term loans and advances		1,112	4,239
Long-term deposits and prepayments		6,190	6,443
Deferred tax asset - net		53,959	37,178
		723,106	971,978
Current assets			
Short-term investments	6	15,854	18,647
Trade debts	7	134,604	68,017
Advances, deposits, prepayments and other receivables	8	156,666	234,350
Taxation - net		39,804	41,375
Cash and bank balances	9	721,534	652,580
		1,068,462	1,014,969
TOTAL ASSETS		1,791,568	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 remeasurement of 'available- -for-sale' investments to fair value - net		421,242	133,413
Unappropriated (loss) / profit		(456,150)	104,791
		983,844	1,256,956
Non-current liabilities			
Long-term loan	10	150,000	150,000
Current liabilities			
Trade and other payables	11	657,685	579,939
Accrued mark-up		39	52
		657,724	579,991
TOTAL EQUITY AND LIABILITIES		1,791,568	1,986,947
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The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Note	Nine Months ended September 30,		Quarter ended September 30,	
		2015	2014	2015	2014
..... (Rupees in '000)					
Operating revenue	13	193,508	420,709	84,643	124,065
Net gain / (loss) on investments 'at fair value through profit and loss'					
Gain on sale of equity share and other investments - net		42,400	14,444	7,212	8,690
Unrealised (loss) / gain on remeasurement of investments 'at fair value though profit or loss' -net		(2,793)	20,669	(3,000)	7,901
		39,607	35,113	4,212	16,591
Dividend income		40,785	423	39,788	30
Mark-up / profit on bank deposits, investments and other receivables	14	49,296	40,363	17,093	16,243
		323,196	496,608	145,736	156,929
Operating and administrative expenses	15	(331,663)	(362,718)	(114,383)	(119,586)
Impairment on long term investment - Subsidiary	5.1	(486,819)	-	(43)	-
Impairment on 'available for sale' investments	5.2.1 & 5.2.3	(53,473)	-	-	-
Reversal of provision against doubtful debts	7.2	1,570	875	290	2
		(870,385)	(361,843)	(114,136)	(119,584)
Operating (loss) / profit		(547,189)	134,765	31,600	37,345
Finance cost		(12,681)	(15,995)	(3,695)	(5,059)
		(559,870)	118,770	27,905	32,286
Other income		4,392	4,221	1,341	1,424
(Loss) / profit before taxation		(555,478)	122,991	29,246	33,710
Taxation					
Current - for the period		(22,244)	(41,200)	(7,819)	(6,375)
Deferred		16,781	(1,777)	6,482	(1,616)
		(5,463)	(42,977)	(1,337)	(7,991)
(Loss) / profit after taxation		(560,941)	80,014	27,909	25,719
Other comprehensive income / (loss):					
<i>Item to be reclassified to profit and loss in subsequent periods:</i>					
Unrealised gain / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net		287,829	(22,780)	15,688	9,615
Total comprehensive (loss) / income for the period		(273,112)	57,234	43,597	35,334
..... (Rupees)					
(Loss) / earnings per share - basic and diluted		(5.61)	0.80	0.28	0.26

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

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Nine Months ended September 30,	
	2015	2014
 (Rupees in '000).....	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(555,478)	122,991
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	12,266	10,502
Amortisation	152	-
Gain on sale of investments - net	(42,400)	(14,444)
Loss / (gain) on sale of property and equipments	5	(49)
Unrealised (loss) / gain on remeasurement of investments 'at fair value through profit or loss' - net	2,793	(20,669)
Impairment on long term investment - Subsidiary	486,819	-
Impairment on 'available for sale' investments	53,473	-
Reversal of provision against doubtful debts	(1,570)	(875)
Finance cost	12,681	15,995
Dividend income	(40,785)	(423)
	483,434	(9,963)
	(72,044)	113,028
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(65,017)	(348,672)
Advances, deposits, prepayments and other receivables	78,216	161,955
	13,199	(186,717)
Increase in current liabilities		
Trade and other payables	77,750	221,731
	18,905	148,042
Finance cost paid	(12,694)	(15,976)
Income tax paid	(20,673)	(30,463)
	(14,462)	101,603
Net cash flows (used in) /generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	42,400	(93,443)
Purchase of property and equipment	(3,154)	(23,296)
Proceeds from disposal of property and equipment	541	131
Dividend received	40,253	411
	80,040	(116,197)
Net cash flows generated from / (used in) investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	3,127	(6,857)
Long-term deposits and prepayments	253	(82)
Long-term loan	-	50,000
Dividend paid	(4)	(49,917)
	3,376	(6,856)
Net cash flows generated from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	68,954	(21,450)
Cash and cash equivalents at the beginning of the period	652,580	337,397
'Cash and cash equivalents at the end of the period	721,534	315,947

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

Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Share capital	General reserve	Unappropriated (loss) / 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 period	-	-	(50,000)	-	(50,000)
Total comprehensive income for the period	-	-	80,014	(22,780)	57,234
Balance as at September 30, 2014	1,000,000	18,752	76,147	130,750	1,225,649
Total comprehensive income for the period	-	-	28,644	2,663	31,307
Balance as at December 31, 2014	1,000,000	18,752	104,791	133,413	1,256,956
Total comprehensive loss for the period	-	-	(560,941)	287,829	(273,112)
Balance as at September 30, 2015	1,000,000	18,752	(456,150)	421,242	983,844

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

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 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 is a TREC holder 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 interim condensed 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 nine months ended September 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 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 does 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:

	Nine Months ended (Un-audited)			
	September 30, 2015		September 30, 2014	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Computers and office equipment	1,867	1,306	19,739	1,848
Furniture and fixtures	-	313	388	140
Vehicles - owned	-	-	3,190	-
	<u>1,867</u>	<u>1,619</u>	<u>23,317</u>	<u>1,988</u>
		Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
			(Rupees in '000)	
5. LONG-TERM INVESTMENTS				
Subsidiary company		5.1	1,762	488,581
'Available-for-sale' investments		5.2	<u>609,034</u>	<u>374,678</u>
			<u>610,796</u>	<u>863,259</u>
5.1 Subsidiary Company				
Cost			<u>488,581</u>	488,581
Less: Impairment			<u>(486,819)</u>	-
			<u>1,762</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.

Structured Venture (Private) Limited (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 June 15, 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 July 04, 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 November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 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) September 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	605,439	299,935
New Horizon Exploration and Production Limited - (Related Party)			
-Class 'A' ordinary shares	5.2.3	-	31,629
		609,034	374,678

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 September 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	(31,629)	-
	-	31,629

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 of Rs. 31.629 million has been recognised in these condensed interim financial information.

	Note	(Un-audited) September 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		734	883
- Oil & Gas Development Company Limited		312	515
- Pakistan Petroleum Limited		1,644	2,436
- Pakistan Oilfields Limited		5,673	7,322
	6.1	8,363	11,156
Term finance certificates			
- PACE Pakistan Limited (Face value of Rs. 5,000/- each)		7,491	7,491
		15,854	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	127,303	63,321
Inter-bank brokerage		6,929	4,324
Fees		372	372
		134,604	68,017
7.1	Considered good		
Secured		145,913	27,878
Unsecured		2,930	3,173
		148,843	31,051
Considered doubtful		96,008	151,388
Provision for doubtful debts	7.2	(117,548)	(119,118)
		127,303	63,321
7.2	Reconciliation of provisions against trade debts		
Opening balance		119,118	120,188
Reversal of provision during the period / year		(1,570)	(1,070)
		117,548	119,118
7.2.1	Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 21.54 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 September 30, 2015 includes exposure deposit placed with the KSE and PMEX amounting to Rs. 82.21 million (December 31, 2014: Rs.212.82 million) and Rs. 1.74 million (December 31, 2014: Rs. 0.94 million) respectively.			
9. CASH AND BANK BALANCES			
Cash at bank in:			
- Current accounts		3,805	274,597
- Saving accounts	9.1	717,603	377,970
	9.1 & 9.2	721,408	652,567
Cash in hand		115	7
Stamps in hand		11	6
		721,534	652,580

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
9.1			
These carry profit at the rates ranging from 3.26% to 6.75% (December 31, 2014: 1.25% to 9.25%) per annum.			
9.2			
This includes Rs. 382.01 million (December 31, 2014: Rs. 371.05 million) with BankIslami Pakistan Limited, the Parent Company.			
10. LONG-TERM LOAN			
Loan from BankIslami Pakistan Limited (the Parent Company)	10.1	<u>150,000</u>	<u>150,000</u>
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		533,350	455,170
Accrued expenses		97,868	95,588
Withholding tax		24,206	26,384
Unclaimed dividend		609	609
Dividend payable		794	798
Others		858	1,390
		<u>657,685</u>	<u>579,939</u>
12. CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments outstanding at period / year end.			
		----- (Un-audited) -----	
		Nine Months ended September 30,	Quarter ended September 30,
		2015	2014
		2015	2014
----- (Rupees in '000) -----			
13. OPERATING REVENUE			
Brokerage		190,970	410,947
Subscription research income		662	1,858
Financial advisory fee		-	2,503
Custody services		1,876	5,401
		<u>193,508</u>	<u>420,709</u>
		<u>82,973</u>	<u>120,270</u>
		<u>271</u>	<u>-</u>
		<u>-</u>	<u>866</u>
		<u>1,399</u>	<u>2,929</u>
		<u>84,643</u>	<u>124,065</u>
14. MARK-UP / PROFIT ON BANK DEPOSITS, INVESTMENTS AND OTHER RECEIVABLES			
Profit on bank deposits		48,945	36,519
Profit on term finance certificates		-	686
Profit on long-term receivable		-	3,158
Margin Financing		351	-
		<u>49,296</u>	<u>40,363</u>
		<u>17,093</u>	<u>16,243</u>
15			
Operating and administrative expenses includes Rs. 13.03 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 mark-up 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 September 30, 2015 and December 31, 2014 and transactions with related parties during the nine months ended September 30, 2015 and September 30, 2014 are as follows:

----- As at September 30, 2015 (Un-audited) -----				
Parent Company	Subsidiary/ associated	Key management personnel	Others	Total
----- (Rupees in '000) -----				
BALANCES				
Long-term deposits	-	142	-	142
Trade debts	32	9	121	186
Profit receivable on bank deposit	2,286	-	-	2,286
Receivable against expenses	-	67	-	67
Bank balances	382,009	-	-	382,009
Trade payables	-	-	9,661	9,661
Long-term loan	150,000	-	-	150,000
Payable against expenses	2,549	296	-	2,845
Prepaid rent	320	-	-	320
Accrued mark-up	39	-	-	39

----- As at December 31, 2014 (Audited) -----				
Parent Company	Subsidiary/ associates	Key management personnel	Others	Total
----- (Rupees in '000) -----				
BALANCES				
Long-term deposits	-	142	-	142
Trade debts	10	33	50	154
Profit receivable on bank deposit	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 Nine Months ended September 30, 2015 (Un-audited)

	Parent Company	Subsidiary/ associated	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	17	-	494	63	574
Custody services	4	47	38	-	89
Profit on bank deposits	20,425	-	-	-	20,425
Rent income	3,800	-	-	-	3,800
Expenses					
Bank charges	48	-	-	-	48
Charge in respect of contributory plan	-	-	-	4,826	4,826
Communication expenses	824	6,092	-	-	6,916
Locker rent	4	-	-	-	4
Mark-up expense	12,005	-	-	493	12,498
Reimbursement of expenses	372	925	389	13	1,699
Remuneration to management personnel	-	-	128,825	-	128,825
Rent expense	693	-	-	-	693
Other transactions					
Loans repayment	-	-	2,908	-	2,908
Short-term borrowings	-	-	-	50,000	50,000
Short-term borrowings repayment	-	-	-	50,000	50,000

For the Nine Months ended September 30, 2014 (Un-audited)

	Parent Company	Subsidiary/ associated	Key management personnel	Others	Total
(Rupees in '000)					
TRANSACTIONS					
Income					
Brokerage income earned	302	-	473	246	1,021
Custody services	4	98	29	-	131
Profit on bank deposits	30,139	-	-	-	30,139
Rent income	3,420	-	-	-	3,420
Others	380	-	-	-	380
Expenses					
Bank charges	448	-	-	-	448
Charge in respect of contributory plan	-	-	-	5,091	5,091
Communication expenses	-	5,015	-	-	5,015
Donation	-	-	-	1,530	1,530
Locker rent	4	-	-	-	4
Mark-up expense	11,791	-	-	691	12,482
Reimbursement of expenses	1,752	2,868	993	37	5,650
Remuneration to management personnel	-	-	95,665	-	95,665
Rent expense	1,908	-	-	-	1,908
Other transactions					
Mutual Fund bonus units issued	-	-	-	8,719	8,719
Mutual Fund units purchased	-	-	-	125,000	125,000
Mutual Fund units redeemed	-	-	-	75,000	75,000
Loans disbursed	-	-	4,255	-	4,255
Loans repayment	-	-	2,268	-	2,268
Short-term borrowings	-	-	-	100,000	100,000
Short-term borrowings repayment	-	-	-	100,000	100,000
Purchase of computer and office equipment	-	4,264	-	-	4,264

17. GENERAL

17.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

17.2 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 October 26, 2015.

Chief Executive Officer

Director



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**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION**

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015**

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment		41,144	52,005
Intangible assets		4,185	8,854
Investment properties	6	5,720	375,000
Long-term investments		540,586	418,049
Long-term loans and advances		1,112	4,239
Long-term deposits and prepayments		6,190	6,443
Deferred tax asset - net		53,959	37,178
		652,896	901,768
Current assets			
Short-term investments		15,854	18,647
Trade debts		134,604	68,017
Advances, deposits, prepayments and other receivables		156,674	234,350
Taxation - net		40,004	41,565
Cash and bank balances		724,293	656,000
		1,071,429	1,018,579
TOTAL ASSETS		1,724,325	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 remeasurement of 'available- -for-sale' investments to fair value - net		421,242	133,413
Unappropriated (loss) / profit		(524,598)	36,929
		915,396	1,189,094
Non-current liabilities			
Long-term loan		150,000	150,000
Current liabilities			
Trade and other payables		658,890	581,201
Accrued mark-up		39	52
		658,929	581,253
TOTAL EQUITY AND LIABILITIES		1,724,325	1,920,347
CONTINGENCY AND COMMITMENTS			

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

Chief Executive Officer

Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Nine Months ended September 30,		Quarter ended September 30,	
	2015	2014	2015	2014
	(Rupees in '000)			
Operating revenue	193,508	420,709	84,643	124,065
Net gain / (loss) on investments 'at fair value through profit and loss'				
Gain on sale of equity share and other investments - net	42,400	14,444	7,212	8,690
Unrealised (loss) / gain on remeasurement of investments 'at fair value through profit or loss'	(2,793)	20,669	(3,000)	7,901
	39,607	35,113	4,212	16,591
Dividend income	40,785	423	39,788	30
Mark-up / profit on bank deposits, investments and other receivables	49,418	40,558	17,121	16,314
	323,318	496,803	145,764	157,000
Operating and administrative expenses	(332,370)	(362,911)	(114,454)	(119,630)
Impairment on long term investment - Subsidiary	(486,819)	-	(43)	-
Impairment on 'available for sale' investments	(53,473)	-	-	-
Reversal of provision against doubtful debts	1,570	875	290	2
	(871,092)	(362,036)	(114,207)	(119,628)
Operating (loss) / profit	(547,774)	134,767	31,557	37,372
Finance cost	(12,681)	(15,995)	(3,695)	(5,059)
	(560,455)	118,772	27,862	32,313
Other income	4,392	4,221	1,341	1,424
(Loss) / profit before taxation	(556,063)	122,993	29,203	33,737
Taxation				
Current - for the period	(22,245)	(41,202)	(7,819)	(6,376)
Deferred	16,781	(1,777)	6,482	(1,616)
	(5,464)	(42,979)	(1,337)	(7,992)
(Loss) / profit after taxation	(561,527)	80,014	27,866	25,745
Other comprehensive income/ (loss): <i>Items to be reclassified to profit and loss in subsequent periods:</i>				
Unrealised profit / (loss) arising during the period on remeasurement of 'available-for-sale' investments - net	287,829	(22,780)	15,688	9,615
Total comprehensive (loss) / income for the period	(273,698)	57,234	43,554	35,360
	(Rupees)			
(Loss) / earnings per share - basic and diluted	(5.62)	0.80	0.28	0.26

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

Chief Executive Officer

Director

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Nine Months ended September 30,	
	2015	2014
	(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(556,063)	122,993
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation	12,266	10,502
Amortisation	152	-
Gain on sale of investments - net	(42,400)	(14,444)
Loss / (gain) on sale of property and equipment	5	(49)
Unrealised (loss) / gain on remeasurement of investments 'at fair value through profit or loss' - net	2,793	(20,669)
Impairment on long term investment - Subsidiary	486,819	-
Impairment on 'available for sale' investments	53,473	-
Reversal of provision against doubtful debts	(1,570)	(875)
Finance cost	12,681	15,995
Dividend income	(40,785)	(423)
	483,434	(9,963)
Working capital adjustments:	(72,629)	113,030
(Increase) / decrease in assets		
Trade debts	(65,017)	(348,672)
Advances, deposits, prepayments and other receivables	78,208	161,955
	13,191	(186,717)
Increase in current liabilities		
Trade and other payables	77,693	221,707
	18,255	148,020
Finance cost paid	(12,694)	(15,976)
Income tax paid	(20,684)	(30,482)
Net cash flows (used in) / generated from operating activities	(15,123)	101,562
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	42,400	(93,443)
Purchase of property and equipment	(3,154)	(23,296)
Proceeds from disposal of property and equipment	541	131
Dividend received	40,253	411
Net cash flows generated from / (used in) investing activities	80,040	(116,197)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	3,127	(6,857)
Long-term deposits and prepayments	253	(82)
Long-term loan	-	50,000
Dividend paid	(4)	(49,917)
Net cash flows generated from / (used in) financing activities	3,376	(6,856)
Net increase /(decrease) in cash and cash equivalents	68,293	(21,491)
Cash and cash equivalents at the beginning of the period	656,000	340,805
Cash and cash equivalents at the end of the period	724,293	319,314

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

Chief Executive Officer

Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Share capital	General reserve	Unappro- priated (loss) / profit	Unrealised (loss) / gain 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	-	-	80,014	(22,780)	57,234
Balance as at September 30, 2014	1,000,000	18,752	8,267	130,750	1,157,769
Total comprehensive income for the period	-	-	28,662	2,663	31,325
Balance as at December 31, 2014	1,000,000	18,752	36,929	133,413	1,189,094
Total comprehensive loss for the period	-	-	(561,527)	287,829	(273,698)
Balance as at September 30, 2015	<u>1,000,000</u>	<u>18,752</u>	<u>(524,598)</u>	<u>421,242</u>	<u>915,396</u>

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- KASB Securities Limited

Subsidiary company

- Structured Venture (Private) Limited (SVPL)

- 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 is a TREC holder 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 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 nine months ended September 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 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 information 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 interim condensed 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.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
6. INVESTMENT PROPERTIES			
Advance for purchase of land			
- in Korangi Housing Scheme	6.1	-	375,000
Rooms at -KSE	6.2	<u>5,720</u>	-
		<u><u>5,720</u></u>	<u><u>375,000</u></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.) Limited (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 June 15, 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 July 04, 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 November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 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 Group's investment in SVPL stands impaired.

- 6.2 Rooms at KSE were used by BankIslami Pakistan Limited (the Parent Company) under rental agreement till September 30, 2015.

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 October 26, 2015.

Chief Executive Officer

Director



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