

 | **KASB** SECURITIES



**Condensed Interim Financial Information  
(Un-Audited)  
For the Half Year Ended June 30, 2016**



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Awarded the **“Best Brokerage House in Pakistan for the period 1990-2013”** in the 25th Anniversary Poll of Polls conducted by **Asiamoney**.

Awarded the **“Best Brokerage House of the year 2014”**, for the 7th consecutive year by **CFA Society Pakistan**.

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**COMPANY INFORMATION****Board of Directors:**

Mansur-ur-Rehman Khan - Chairman  
Anwer Ahmed Sheikh - Chief Executive Officer  
Irfan Nadeem  
Teizoon Kijat  
Saad Ahmed Madani  
Khawaja Ehrar ul Hassan  
Fahad Asad Khan  
Ms. Natasha Matin

**Audit Committee:**

Saad Ahmed Madani - Chairman  
Mansur-ur-Rehman Khan  
Khawaja Ehrar ul Hassan  
Fazal Mehmood Malik - Secretary

**HR & R Committee:**

Mansur-ur-Rehman Khan - Chairman  
Ms. Natasha Matin  
Fahad Asad Khan  
Najmus Saqib - Secretary

**Company Secretary:**

Kashif Shahzad

**Acting CFO:**

Ilyas Ahmed

**Auditors:**

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

**Bankers:**

Allied Bank Limited  
Bank Al-Habib Limited  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited

**Legal Advisor:**

Bawaney & Partners  
Advocates and Investment & Corporate Adviser  
3rd & 4th Floors, 68-C, Lane 13,  
Bokhari Commercial Area, Phase -VI,  
DHA, Karachi, Pakistan  
Ph : (92-21) 35156191-4, Fax 35156195  
E-mail: bawaney@cyber.net.pk

**Registered and Head Office:**

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

**Branches:****Gujranwala**

81, Ground Floor  
Gujranwala Development Authority Trust Plaza,  
Ph : (92-55) 3822501-4  
Fax: (92-55) 3822505  
E-mail: kasbgrw@kasbsec.com

**Gulshan-e-Iqbal - Karachi**

Friends Paradise, 1st floor, SB-36, Block No. 13-B  
KDA Scheme # 24, Main University Road,  
Ph : (92-21) 34980763-4 & 66  
Fax: (92-21) 34980761  
E-mail: kasbgul@kasbsec.com

**Islamabad**

90-91, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area,  
UAN : (92-51) 111-222-000  
Fax: (92-51) 2272841  
E-mail: kasbisb@kasbsec.com

**Lahore**

2nd Floor, Fountain Avenue Building,  
64-A, Main Boulevard, Main Gulberg,  
UAN : (92-42) 111-222-000  
Fax: (92-42) 35787545  
E-mail: kasblhr@kasbsec.com

**Multan**

Ground Floor, State Life Building,  
Abdaali Road,  
Ph : (92-61) 4500273-6  
Fax: (92-61) 4500272  
E-mail: kasbmul@kasbsec.com

**Peshawar Cantt**

1st Floor, State life Building,  
34- The Mall,  
Ph: (92-91) 5276025-8  
Fax:(92-91) 5273683E-mail: kasbpsh@kasbsec.com

**Rahim Yar Khan**

Plot No. 24, City Park Chowk,  
Town Hall Road,  
Ph: (92-68) 5873252-4  
Fax: (92-68) 5873251  
E-mail: kasbryk@kasbsec.com

**Sialkot**

Ground Floor, City Tower  
Shahab Pura Road,  
Ph: (92-52) 3256035-7  
Fax: (92-52) 3256038  
E-mail: kasbskt@kasbsec.com

**Website:**

www.kasbsec.com

**Share Registrar:**

THK Associates (Private) Limited  
2nd Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmed Road, Karachi, Pakistan.  
Ph: (92-21) 111-000-322  
Fax: (92-21) 35655595

## DIRECTORS' REPORT TO THE MEMBERS

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, 2016.

### Economic Review

Despite improvement in many areas, the economic growth target of 5.5% could not be achieved owing primarily to the weak agricultural sector dynamics which has a negative impact on the overall exports particularly on the textile industry. Due to favorable impact of oil prices, inflation remains benign despite seasonal pressure and allowed the central bank to bring down interest rate to multi-decade low. However, the benefit of low interest rate and uptick in economic activity is yet to transpire in overall credit growth for banks.

The external account has started to feel the pressure of decline in exports, and rising import demand, though managed to maintain surplus in three months out of 1H16. Going forward, while some favorable measures for export-oriented sectors in the recent budget are encouraging, any adverse movement in oil price as well as disruption in IMF-led reform progress after completion of IMF loan program next quarter could affect external and economic outlook.

While the government has scaled back the number of planned transactions under privatization agenda, other fiscal consolidation efforts remain smooth with the government targeting fiscal deficit of 3.8% of GDP for FY17 vs 4.5% of GDP in FY16. Tax revenue target of PRs 3.1 trn was surpassed in FY16, successfully achieving PRs 3.4 trn collection.

### Equity Market Review

The headwinds to overall corporate earnings outlook have further dimmed in the second quarter notwithstanding the fact that the soft patch in crude oil prices have continued though commodity benchmark has shown some improvement in second quarter. While volumes picked up in the first two months of this quarter, activity significantly slowed in Jun-16 due to advent of holy month of Ramadan. A cut in policy rate by central bank in May 2016 by 25 bp to 5.75% helped soften the market's earlier hawkish view on future interest rate. Equity market performance improved in second quarter following a major decision by MSCI Inc., a global provider of index benchmarks, to reclassify Pakistan from MSCI Frontier Markets to MSCI Emerging Market.

The Budget 2016-17 turned out to be largely neutral for the market. While the extension of Super Tax applicable on Corporates, dented earnings outlook, its investment-friendly and pro-export theme largely met expectations. Concerns of domestic impact from Brexit as well as seasonally low volumes in Ramadan dragged sentiments in June.

KSE-100 index closed at 37,783 points, reflecting a 14% YTD return. Since start of July, the market has continued its stride and achieved its historic level of 39,306 points on 21st July-2016. Market volumes & value have shown sequential QoQ improvement of 67% and 41% respectively in 2Q, mainly due to seasonality in second and low-base effect in first quarter. The net outflow from Foreign Portfolio Investment recorded USD 41 mn in 1st half compared to USD 74 mn inflow in the same period last year.

### Debt and Currency Market Review

The second quarter of 2016 saw a cut in policy rate by 25 bp, which was followed by banks' curbing their expectations of higher interest rates in the coming months. Prior to May 2016 monetary policy decision, higher bid rates by banks prompted central bank to reject T-bill and PIB auction bids. However, drop in CPI inflation and policy rate cut has changed market expectations on future rate movement. Open Market Operations conducted by State Bank of Pakistan remained heavy, where liquidity conditions remained tight due to seasonally high demand. SBP also conducted PRs 922 bn worth T-bill auctions and PRs 180 bn worth PIBs.

The exchange rate parity has maintained stability around PKR 104.9 in the first six months of this year driven by smooth external account, progress on IMF program, continued loan inflows from bilateral and multilateral sources, which helped build foreign exchange reserves.

### Operating and Financial Performance

The Company remains focused on adding on the revenue side across its key business functions. In equities brokerage, a clear focus on activating existing clients has led to a significant improvement in Branch revenues. Higher volumes as a result of inclusion into the MSCI Index has also been a contributing factor. An assessment on branch locations is also underway in an attempt to reduce cost structure. In commodities brokerage, market volumes have declined, partially as a result of robust equity markets. Even so, KSL was able to increase market share to north of 5% despite scaling back on the HR front.

Details of financial performance for the half year ended are as follows:

	AMOUNTS IN PKR MILLIONS			
	Half Year Ended June 30		2nd Qtr Ended June 30	
	2016	2015	2016	2015
Operating revenue	106.37	108.87	56.93	71.27
Mark-up / profit on bank deposits and other receivables	21.36	32.20	11.32	15.09
Gain on sale of investments - net	6.52	35.19	2.26	11.45
Dividend income	1.24	0.99	0.30	0.02
Unrealized gain on investments - net	3.40	0.21	3.16	1.70
Other income	1.31	3.05	0.74	1.47
<b>Total income</b>	<b>140.20</b>	<b>180.51</b>	<b>74.71</b>	<b>101.00</b>
Operating and administrative expenses	(164.00)	(217.28)	(77.86)	(116.61)
Impairment on long-term investment - Subsidiary	(0.22)	(486.77)	-	(486.77)
Impairment on AFS investment	-	(53.47)	-	(53.47)
Finance cost	(7.42)	(8.99)	(3.76)	(4.47)
<b>Total expenses</b>	<b>(171.64)</b>	<b>(766.51)</b>	<b>(81.62)</b>	<b>(661.32)</b>
<b>Net loss (before provision)</b>	<b>(31.44)</b>	<b>(586.00)</b>	<b>(6.91)</b>	<b>(560.32)</b>
Reversal of provision	-	1.28	-	1.28
<b>Net loss before tax</b>	<b>(31.44)</b>	<b>(584.72)</b>	<b>(6.91)</b>	<b>(559.04)</b>
Taxation	4.44	(4.13)	0.74	4.42
<b>Net loss after tax</b>	<b>(27.00)</b>	<b>(588.85)</b>	<b>(6.17)</b>	<b>(554.62)</b>

### Future Outlook

For 2nd Half 2016 focus will continue to remain on capitalizing on high market volumes in both the equities and commodities markets. With regards to equities, reclassification in the MSCI Index from Frontier Markets to Emerging Markets is likely to attract both foreign and local capital. On the Commodities front, the global macro environment suggests that fund flow into gold is plausible.

### Appointment of Chief Executive Officer

Consequent upon resignation tendered by Mr. Shahid Ali the Board of Directors of the Company has appointed Mr. Anwer Ahmed Sheikh who took charge as Chief Executive Officer of the Company from April 7, 2016.

No director of the Company has any direct or indirect interest in the appointment of Mr. Anwer Ahmed Sheikh as the Chief Executive Officer of the Company.

### 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**  
Chairman

**Karachi:** August 18, 2016

## ڈائریکٹرز رپورٹ برائے اراکین

میں KASB سیکورٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2016 کے ششماہی غیر آڈٹ شدہ ملحدہ (standalone) اور اشتمال شدہ ملحدہ (consolidated financial statements) بہ ششماہی جائزہ آپ کی خدمت میں پیش کر رہا ہوں۔

### معاشی جائزہ

کئی شعبوں میں بہتری کے باوجود 5.5% کی معاشی نمو کا ہدف حاصل نہیں ہو سکا ہے جسکی بنیادی وجہ کمزور زرعی شعبہ ہے اور جس کے باعث برآمدات بالخصوص ٹیکسٹائل کی صنعت پر منفی اثرات مرتب ہوئے۔ تیل کی عالمی قیمتوں میں کمی کی وجہ سے افراط زر بہتر رہا اور مرکزی بینک کو شرح سود میں کمی کا موقع ملا جو کہ اس وقت کی دھائیوں کی کم ترین سطح پر ہے۔ تاہم شرح سود اور معاشی سرگرمی میں اضافے کا فائدہ اب تک بینک کی پوری کریڈٹ گروتھ (credit growth) میں ظاہر نہیں ہوا ہے۔

برآمدات کی کمی اور درآمدات کے اضافے نے (external account) چاہتا منفی اثر ظاہر کرنا شروع کر دیا ہے تاہم گزشتہ تین ماہ میں (external account) مثبت رہا ہے۔ گرچہ حالیہ بجٹ میں برآمدات سے منسلک شعبوں کے لئے اقدامات جو حوصلہ افزا ہیں لیکن عالمی منڈی میں تیل کی قیمتوں میں اضافہ کا امکان اور IMF پروگرام کی تکمیل کے بعد آئی اصلاحاتی کارکردگی میں کسی قسم کی رکاوٹ مندرجہ بالا کھاتوں اور معاشی مستقبل پر منفی اثرات مرتب کر سکتی ہے۔

حکومت نے بجاری کے کئی منصوبوں کو التواء میں ڈال دیا ہے۔ تاہم مالی استحکام کی دیگر کوششوں کے مثبت اثرات کے نتیجے میں مالی سال 2016 میں مجموعی ملکی پیداوار (GDP) کے 4.5% کے مقابلے میں 2017 میں مالی خسارہ (GDP) کا 3.8% حاصل کرنے کے لیے پرامید ہے۔ مالی سال 2016 میں محصول کا 31 کھرب روپے کا ہدف نہ صرف کامیابی کیساتھ حاصل کیا گیا بلکہ 34 کھرب روپے کے محصولات جمع کیے گئے۔

### اسٹاک مارکیٹ کا جائزہ

خام تیل کی قیمتوں میں جاری کمی اور اجناس کا معیار (commodity benchmark) میں دوسری سہ ماہی میں کچھ بہتری کے باوجود مجموعی کارپوریٹ آمدن میں کمی دیکھنے میں آئی اگرچہ اس سہ ماہی کے پہلے دو ماہ کے دوران کاروباری حجم میں اضافہ ہوا تاہم 2016 میں رمضان کے شروع ہوتے ہی کاروباری سرگرمیاں ماند پڑھ گئیں۔ مرکزی بینک کی جانب سے مئی 2016 میں شرح سود 25bp کم کر کے 5.75% کر دی گئی جسکی وجہ سے مارکیٹ کا شرح سود کے مزید بڑھنے کا موقف نرم ہوا۔ MSCI جو کہ اسٹاک اشاریہ (Index) کی عالمی درجہ بندی فراہم کرنے والا ادارہ ہے، نے پاکستان کو MSCI Frontier Markets سے MSCI Emerging Markets میں ترقی دے دی ہے۔ جس کے بعد اسٹاک مارکیٹ کی کارکردگی میں دوسری سہ ماہی کے دوران بہتری آئی ہے۔

سال 2016-17 بجٹ اسٹاک مارکیٹ کے لئے بڑی حد تک غیر جانبدار رہا۔ اگرچہ پمپنگس جو کہ کینیز پر لاگو ہوتا ہے اسکی توسیع نے آمدنیوں پر منفی اثر ڈالا تاہم سرمایہ کاری اور برآمدات کی طرف مائل بجٹ امیدوں پر پورا اترتا۔ Brexit کے مقامی اثرات اور رمضان کی وجہ سے جون میں کاروباری رجحان میں کمی رہی۔

KSE-100 انڈیکس 37,783 پوائنٹس پر بند ہوا جس سے اس سال کا اب تک کا منافع 14% ظاہر ہوتا ہے۔ جولائی کی شروعات سے مارکیٹ کی تیزی کی روش

برقرار رہی اور اس نے 17 اگست 2016 کو 40,057 پوائنٹس کی تاریخی سطح حاصل کی۔ دوسری سہ ماہی میں مارکیٹ کے حجم اور لاگت میں سہ ماہی بہ سہ ماہی کی باہر تیب %67 اور %41 بہتری دیکھنے میں آئی جسکی بڑی وجہ دوسری سہ ماہی میں وقتی تبدیلی (seasonality) تھی جبکہ پہلی سہ ماہی میں اس کی وجہ اس سے پچھلی سہ ماہی کا (low base effect) تھا۔ پہلی ششماہی میں 41 ملین امریکی ڈالر کی کمی (outflow) ریکارڈ کی گئی جبکہ گذشتہ سال کی اسی مدت کے دوران ریکارڈ شدہ بیرونی سرمایہ کاری میں 74 ملین امریکی ڈالر کا اضافہ (inflow) ہوا تھا۔

### قرضہ جات اور کرنسی مارکیٹ کا جائزہ

سال 2016 کی دوسری سہ ماہی میں 25bp کی پالیسی شرح میں کمی سامنے آئی جس کی وجہ سے بینکوں کی جانب سے آنے والے مہینوں میں بلند شرح سود کی توقعات ماند پڑ گئیں۔ ستمبر 2016 کی زری پالیسی (monetary policy) کے فیصلے سے قبل بینکوں کی جانب سے بولی کی بلند شرح نے مرکزی بینک کو T-Bill اور PIB کی نیلامی کی بولی کو مسترد کرنے پر مجبور کیا تاہم افراط زر (CPI) میں کمی اور پالیسی نرخ میں کمی نے مستقبل کی شرح میں تبدیلی سے متعلق مارکیٹ کی توقعات کو تبدیل کر دیا ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے منصفہ شدہ اوپن مارکیٹ آپریشنز بہت بڑے رہے جبکہ لیکویٹیٹی کی حالت موکی طلب کی زیادتی کی وجہ سے کافی سخت رہی۔ ایس بی بی نے PRs922 ارب ایلٹ کے T-Bill اور PRs180 ارب روپے ایلٹ کے PIBs کی نیلامی کی۔ IMF پروگرام میں پیش رفت اور کثیر رجعتی اور باہمی ذرائع سے قرضہ جات حاصل کرنے کی وجہ سے (جس سے فارن ایکسیچ کے ذخائر کو بڑھانے میں معاونت ملی) روپے اور ڈالر کی شرح مبادلہ تقریباً 104.9 PRs کے ارد گرد مستحکم رہی۔

### کاروباری اور مالیاتی کارکردگی

گذشتہ ششماہی کے دوران کئی کی قوی کاروبار میں استحکام اور آمدن میں اضافے کی جانب رہی ہے۔ حصص کی بروکریج میں موجودہ صارفین پر خصوصی توجہ سے ذیلی دفتر کی آمدن میں خاطر خواہ اضافہ ہوا ہے۔ MSCI انڈیکس میں شمولیت کی وجہ سے حاصل ہونے والا بلند کاروباری حجم بھی معاونت کا باعث بنا۔ لاگت کو کم کرنے کی کوشش میں ذیلی دفاتر کے عمل وقوع کے جائزے کا عمل بھی جاری ہے۔ اجناس کی بروکریج میں مارکیٹ کا حجم جزوی طور پر کم رہا ہے۔ ان سب اسباب کے باوجود آپنی کئی اسٹاک ایکسیچ کے مجموعی حجم میں اپنا حصہ %5 سے اوپر بچانے میں کامیاب رہی۔

### مالیاتی کارکردگی کی تفصیل برائے نصف اختتامی سال مندرجہ ذیل ہے

PKR Millions میں رقم				
دوسری سہ ماہی اختتام شدہ 30 جون 2015		نصف سال اختتام شدہ 30 جون 2016		
2015	2016	2015	2016	
71.27	56.93	108.87	106.37	آپریٹنگ آمدن
15.09	11.32	32.20	21.36	بینک ڈپازٹس اور دیگر وصولیوں پر نفع
11.45	2.26	35.19	6.52	سرمایہ کاری کی فروخت پر نفع۔ خالص
0.02	0.30	0.99	1.24	Dividend Income منافع منقسمہ
1.70	3.16	0.21	3.40	سرمایہ کاری پر unrealized منافع۔ خالص
1.47	0.74	3.05	1.31	دیگر آمدن
<b>101.00</b>	<b>74.71</b>	<b>180.51</b>	<b>140.20</b>	<b>کل آمدن</b>



(116.61)	(77.86)	(217.28)	(164.00)	آپریٹنگ اور انتظامی اخراجات
(486.77)	-	(486.77)	(0.22)	طویل مدت سرمایہ کاری پر نقصان۔ ذیلی ادارہ
(53.47)	-	(53.47)	-	AFS سرمایہ کاری پر نقصان
(4.47)	(3.76)	(8.99)	(7.42)	مالیاتی لاگت
<b>(661.32)</b>	<b>(81.62)</b>	<b>(766.51)</b>	<b>(171.64)</b>	<b>کل اخراجات</b>
<b>(560.32)</b>	<b>(6.91)</b>	<b>(586.00)</b>	<b>(31.44)</b>	<b>خالص نقصانات۔ Provisions سے پہلے</b>
1.28	-	1.28	-	Provision کی واپس
<b>(559.04)</b>	<b>(6.91)</b>	<b>(584.72)</b>	<b>(31.44)</b>	<b>خالص نقصانات (محمول سے قبل)</b>
4.42	0.74	(4.13)	4.44	محمول
<b>(554.62)</b>	<b>(6.17)</b>	<b>(588.85)</b>	<b>(27.00)</b>	<b>بعد از محمول خالص نقصان</b>

### مستقبل پر نظر

دوسری ششماہی 2016 میں کاروباری توجہ انڈیکس اور اجناس کی مارکیٹ کے بڑے حجم پر رہے گی۔ انڈیکس کے حوالے سے MSCI انڈیکس میں پاکستان کو MSCI Frontier Markets سے MSCI Emerging Markets میں درجہ بندی سے نکلی اور غیر ملکی سرمایہ کاری میں اضافے کی توقع ہے۔ عالمی معاشی ماحول اس بات کی غمازی کرتا ہے کہ اجناس مارکیٹ (commodities market) میں سونے میں سرمایہ کاری میں اضافہ ممکن ہے۔

### کمپنی کے سربراہ کی تقرری

جناب شاہد علی کے استعفیٰ پیش کئے جانے کے نتیجے میں کمپنی کے بورڈ آف ڈائریکٹرز نے انکی جگہ جناب انور احمد شیخ کا تقرر کر دیا ہے۔ جنہوں نے 17 اپریل 2016 سے کمپنی کے سربراہ کے طور پر اپنے عہدے کا چارج سنبھال لیا ہے۔ کمپنی کے کسی بھی ڈائریکٹر کی بلواسطہ اور بلاواسطہ جگہ جناب انور احمد شیخ کی بطور کمپنی کے سربراہ تقرری میں کوئی مفاہمتیں ہے۔

### تسلیم و عین

ڈائریکٹران اپنے تمام معزز صارفین، حصص یا فنڈگان، کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کے کمپنی پر کئے گئے مسلسل بھروسے پر انکے مشکور ہیں۔ بورڈ اپنے تمام ملازمین کی لگن اور جانفشانی کو بھی تہہ دل سے سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

منصور الرحمن خان

صدر نشین

کراچی 18 اگست، 2016

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

RSM Avasi Hyder Liaquat Nauman  
Chartered Accountants  
407, Progressive Plaza, Beaumont Road  
Karachi, 75530 - Pakistan  
T: +92 (21) 35655975-6  
F: +92 (21) 3565-5977  
W: www.rsm-pakistan.pk

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of KASB Securities Limited (the Company) as at June 30, 2016 and the related condensed interim profit and loss account, condensed interim statement of cash flows and condensed interim statement of changes in equity, 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 for the quarters ended June 30, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

**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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
Chartered Accountants  
Karachi

Dated: **18 AUG 2016**

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

RSM Avasi Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**STANDALONE CONDENSED INTERIM  
FINANCIAL INFORMATION**

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2016

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
..... (Rupees in '000) .....			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	32,391	37,217
Intangible assets		4,925	4,077
Investment properties		5,502	5,646
Long-term investments	5	579,885	584,107
Long-term loans and advances		264	448
Long-term deposits and prepayments		12,943	12,668
Deferred tax asset - net		60,251	51,131
		<b>696,161</b>	<b>695,294</b>
<b>Current assets</b>			
Short-term investments	6	56,266	28,531
Trade debts	7	381,489	121,800
Advances, deposits, prepayments and other receivables	8	310,246	199,331
Taxation - net		44,537	36,573
Cash and bank balances	9	644,560	547,174
		<b>1,437,098</b>	<b>933,409</b>
<b>TOTAL ASSETS</b>		<b>2,133,259</b>	<b>1,628,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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		390,233	394,241
Accumulated loss		(502,990)	(475,990)
		<b>905,995</b>	<b>937,003</b>
<b>Non-current liabilities</b>			
Long-term loan	10	150,000	150,000
<b>Current liabilities</b>			
Trade and other payables	11	1,077,226	541,663
Accrued mark-up		38	37
		<b>1,077,264</b>	<b>541,700</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,133,259</b>	<b>1,628,703</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 22 form an integral part of these Condensed Interim Financial Information.

----- Sd -----

Chairman

----- Sd -----

Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Note	Half year ended June 30,		Quarter ended June 30,	
		2016	2015	2016	2015
----- (Rupees in '000) -----					
Operating revenue	13	106,365	108,865	56,934	71,274
<b>Net gain on investments 'at fair value through profit and loss'</b>					
Gain on sale of investments - net	14	6,526	35,188	2,258	11,453
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	15	3,397	207	3,167	1,704
		9,923	35,395	5,425	13,157
Dividend income	16	1,243	997	298	19
Mark-up / profit on bank deposits and other receivables	17	21,357	32,203	11,316	15,085
		138,888	177,460	73,973	99,535
Operating and administrative expenses	18	(164,004)	(217,280)	(77,841)	(116,605)
Impairment on long-term investment - Subsidiary	5.1	(214)	(486,776)	(21)	(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	2	1,280	-	1,280
		(164,216)	(756,249)	(77,862)	(655,574)
<b>Operating loss</b>		<b>(25,328)</b>	<b>(578,789)</b>	<b>(3,889)</b>	<b>(556,039)</b>
Finance cost		(7,421)	(8,986)	(3,759)	(4,465)
		(32,749)	(587,775)	(7,648)	(560,504)
Other income	19	1,307	3,051	741	1,474
<b>Loss before taxation</b>		<b>(31,442)</b>	<b>(584,724)</b>	<b>(6,907)</b>	<b>(559,030)</b>
<b>Taxation</b>					
Current - for the period		(4,678)	(14,425)	(1,759)	(4,932)
Deferred		9,120	10,299	2,500	9,347
		(4,442)	(4,126)	741	4,415
<b>Loss after taxation</b>		<b>(27,000)</b>	<b>(588,850)</b>	<b>(6,166)</b>	<b>(554,615)</b>
<b>Other comprehensive income/ (loss):</b>					
<i>Items to be reclassified to profit and loss in subsequent periods:</i>					
Unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net	5.2.4	(4,008)	272,141	(4,008)	279,578
<b>Total comprehensive loss for the period</b>		<b>(31,008)</b>	<b>(316,709)</b>	<b>(10,174)</b>	<b>(275,037)</b>
----- (Rupees) -----					
Loss per share - basic and diluted		(0.27)	(5.89)	(0.06)	(5.55)

The annexed notes 1 to 22 form an integral part of these Condensed Interim Financial Information.

----- Sd -----  
Chairman

----- Sd -----  
Chief Executive Officer

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

	Half year ended June 30,	
	2016	2015
	..... (Rupees in '000).....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(31,442)	(584,724)
<b>Non-cash adjustments to reconcile loss before tax to net cash flows:</b>		
Depreciation	7,503	8,195
Amortization	352	-
Gain on sale of investments - net	(6,526)	(35,188)
Gain on sale of property and equipment	(211)	(17)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(3,397)	(207)
Impairment on long-term investment - Subsidiary	214	486,776
Impairment on 'available-for-sale' investments	-	53,473
Reversal of provision against doubtful debts	(2)	(1,280)
Finance cost	7,421	8,986
Dividend income	(1,243)	(997)
	4,111	519,741
	(27,331)	(64,983)
<b>Working capital adjustments:</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debts	(259,687)	(166,191)
Advances, deposits, prepayments and other receivables	(110,915)	5,566
	(370,602)	(160,625)
<b>Increase in current liabilities</b>		
Trade and other payables	535,564	567,902
	137,631	342,294
Finance cost paid	(7,420)	(8,995)
Income tax paid	(12,642)	(12,312)
	117,569	320,987
<b>Net cash flows generated from operating activities</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments 'at fair value through profit or loss' - net	(17,812)	35,188
Purchase of property and equipment	(2,586)	(892)
Purchase of intangible assets	(1,200)	(1,170)
Proceeds from disposal of property and equipment	264	535
Dividend received	1,243	999
	(20,091)	34,660
<b>Net cash flows (used in) / generated from investing activities</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term loans and advances	184	3,369
Long-term deposits and prepayments	(275)	556
Dividend paid	(1)	(4)
	(92)	3,921
<b>Net cash flows (used in) / generated from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>		
	97,386	359,568
Cash and cash equivalents at the beginning of the period	547,174	652,580
Cash and cash equivalents at the end of the period	644,560	1,012,148

The annexed notes 1 to 22 form an integral part of these Condensed Interim Financial Information.

-----Sd -----

Chairman

-----Sd -----

Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Share capital	General reserve	Accumulated (loss) / Unappropriated profit	Unrealised gain on remeasurement of 'available-for-sale' investments to fair value - net	Total
(Rupees in '000)					
<b>Balance as at January 01, 2015</b>	1,000,000	18,752	104,791	133,413	1,256,956
Total comprehensive loss for the period	-	-	(588,850)	272,141	(316,709)
<b>Balance as at June 30, 2015</b>	1,000,000	18,752	(484,059)	405,554	940,247
Total comprehensive loss for the period	-	-	8,069	(11,313)	(3,244)
<b>Balance as at December 31, 2015</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(475,990)</b>	<b>394,241</b>	<b>937,003</b>
Total comprehensive loss for the period	-	-	(27,000)	(4,008)	(31,008)
<b>Balance as at June 30, 2016</b>	<b>1,000,000</b>	<b>18,752</b>	<b>(502,990)</b>	<b>390,233</b>	<b>905,995</b>

The annexed notes 1 to 22 form an integral part of these Condensed Interim Financial Information.

----- Sd -----  
Chairman

----- Sd -----  
Chief Executive Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016****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 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 Pakistan Stock Exchange Limited (PSX). 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 Pakistan Stock Exchange Limited (PSX) 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 Statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

**2. STATEMENT OF COMPLIANCE**

- 2.1 These condensed Interim Financial Information of the Company for the half year ended June 30, 2016 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, 2015.

**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 5 – Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual improvements to IFRs
- IFRS 7 – Financial Instruments: Disclosures - (Amendments)
- IFRS 10 – Consolidated Financial Statements (application of the consolidation exception)
- IFRS 11 – Joint Arrangements - (Amendments)
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 1 – Presentation of Financial Statements - (Amendments)
- IAS 7 – Statement of Cash Flows - (Amendments)
- IAS 16 – Property, Plant and Equipment - (Amendments)
- IAS 19 – Employee Benefits - (Amendments)
- IAS 27 – Separate Financial Statements Amendments reinstating the equity method as an accounting
- IAS 28 – Investments in Associates and Joint Ventures - (Amendments)
- IAS 34 – Interim Financial Reporting - (Amendments)
- IAS 38 – Intangible Assets - (Amendments)

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, 2016		June 30, 2015	
	Additions Cost	Disposals (NBV)	Additions Cost	Disposals (NBV)
	(Rupees in '000)			
Computers and office equipment	2,586	42	892	269
Furniture and fixtures	-	-	-	249
Vehicles- owned	-	11	-	-
	<u>2,586</u>	<u>53</u>	<u>892</u>	<u>518</u>

	Note	(Un-audited)	(Audited)
		June 30, 2016	December 31, 2015
(Rupees in '000)			
<b>5. LONG-TERM INVESTMENTS</b>			
Subsidiary company - Structured Venture (Private) Limited	5.1	1,860	2,074
'Available-for-sale' investments	5.2	578,025	582,033
		<u>579,885</u>	<u>584,107</u>
<b>5.1 Subsidiary Company - Structured Venture (Private) Limited</b>			
Cost		488,581	488,581
Less: Impairment		(486,721)	(486,507)
	5.1.1	<u>1,860</u>	<u>2,074</u>

5.1.1 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.

Structured Venture (Private) Limited (SVPL) had given advance against purchase of property Rs. 375 million which was being developed as a Housing Scheme (the 'Project') by M/s. Noor Developer (Private) 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. The Board of SVPL, in its meeting held on March 25, 2016 decided to file a criminal complaint against Noor Developers (Private) Limited to the concerned department.

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.

During the period, the Company has recognized further impairment as the net assets of SVPL has decreased due to operating losses.

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
..... (Rupees in '000) .....			
<b>5.2 'Available-for-sale' investments</b>			
<b>Name of the Investee Company</b>			
<b>Quoted shares</b>			
KASB Bank Limited	5.2.1	-	-
<b>Unquoted shares</b>			
Pakistan Stock Exchange Limited		3,595	3,595
Al Jomaih Power Limited	5.2.2	574,430	578,438
New Horizon Exploration and Production Limited - (Related Party) - Class 'A' ordinary shares	5.2.3	-	-
		578,025	582,033

5.2.1 The Federal Government, in terms of the provisions of Section 47 of the Banking Companies Ordinance, 1962 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 in the condensed Interim Financial Information 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 based on the net assets value of the investee Company, as per the audited financial statements, as at December 31, 2015.

**5.2.3 New Horizon Exploration and Production Limited - (Related party)**

Cost		31,629	31,629
Less: Impairment		(31,629)	(31,629)
		-	-

During 2015, the management 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 was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were 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 fully impaired its investment in New Horizon Exploration and Production Limited and an impairment loss of Rs. 31.63 million was recognised in these condensed Interim Financial Information.

**5.2.4 Unrealised gain / (loss) on re-measurement of 'available-for-sale' investments -net**

KASB Bank Limited	5.2.1	-	(17,675)
Al-Jomaih Power Limited	5.2.2	(4,008)	278,503
		(4,008)	260,828

	Note	(Un-audited)		(Audited)	
		June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
		Cost	Carrying Value	Cost	Carrying Value
<b>6. SHORT-TERM INVESTMENTS</b>					
----- (Rupees in '000) -----					
'At fair value through profit or loss' (held for trading)					
<b>Listed Shares-Shariah compliant</b>					
Cherat Cement Company Ltd.		-	-	1,600	1,804
Dewan Cement Ltd.		3,104	2,824	-	-
D.G. Khan Cement Company Ltd.		2,382	2,895	992	1,063
Engro Corporation Ltd.		6,161	6,626	2,122	2,207
Engro Fertilizers Ltd.		1,748	1,405	921	908
ICI Pakistan Ltd.		2,163	2,225	-	-
K-Electric Ltd.		-	-	4	4
Kohat Cement Company Ltd.		-	-	993	1,228
Lucky Cement Ltd.		4,069	4,475	2,433	2,426
Mari Petroleum Company Ltd.		4,588	5,631	5,819	7,111
Mughal Iron and Steel Industries Ltd.		-	-	771	697
National Refinery Ltd.		-	-	902	892
Pak Elektron Ltd.		-	-	1,458	1,345
Pakistan Oilfields Ltd.		9,489	11,085	6,941	5,065
Pakistan Petroleum Ltd.		3,870	3,876	2,407	2,168
Pioneer Cement Ltd.		3,302	3,544	-	-
Shifa International Hospital Ltd.		2,683	2,700	-	-
Sitara Chemical Industries Ltd.		185	182	-	-
Thal Ltd.		1,685	1,698	-	-
		<b>45,429</b>	<b>49,166</b>	<b>27,363</b>	<b>26,918</b>
<b>Listed Shares-Conventional</b>					
Amreli Steels Ltd.		-	-	619	601
Bank Al-Falah Ltd.		1,132	1,023	-	-
Indus Motor Company Ltd.		2,903	2,819	1,013	1,012
Oil and Gas Development Corporation Ltd.		1,490	1,381	-	-
Pakistan State Oil Company Ltd.		1,915	1,877	-	-
		<b>7,440</b>	<b>7,100</b>	<b>1,632</b>	<b>1,613</b>
<b>Term Finance Certificates</b>	6.1	<b>52,869</b>	<b>56,266</b>	<b>28,995</b>	<b>28,531</b>
PACE Pakistan Limited (Face value of Rs. 5,000/- each)	6.2	-	-	-	-
		<b>52,869</b>	<b>56,266</b>	<b>28,995</b>	<b>28,531</b>

6.1 This includes shares with carrying value of Rs. 45.06 million (December 31, 2015: Rs. Nil) and Rs. Nil (December 31, 2015: Rs. 26 million) are pledged with NCCPL and PSX respectively, against exposure margin.

6.2 The above TFCs are secured and carry mark-up at the rate of 6 months KIBOR +2% and will mature in February 15, 2017. These TFCs are currently rated as 'non-performing' by the Mutual Funds Association of Pakistan and accordingly, the purchase cost of the TFCs amounts Rs. 45.37 million and the Company on the basis of prudence, has fully impaired the investment of Rs. 45.37 million as at December 31, 2015.

	Note	(Un-audited)	(Audited)
		June 30, 2016	December 31, 2015
----- (Rupees in '000) -----			
<b>7. TRADE DEBTS</b>			
Receivable against purchase of marketable securities - net of provisions	7.1	375,727	116,257
Inter-bank brokerage		5,390	4,938
Fees		372	605
		<b>381,489</b>	<b>121,800</b>

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
.....(Rupees in '000).....			
<b>7.1 Considered good</b>			
Secured		349,331	93,403
Unsecured		4,227	2,404
		353,558	95,807
<b>Considered doubtful</b>		140,208	138,491
<b>Provision for doubtful debts</b>	7.2	(118,039)	(118,041)
		<u>375,727</u>	<u>116,257</u>
<b>7.2 Reconciliation of provisions against trade debts</b>			
Opening balance		118,041	119,118
Reversal of provision during the period / year		(2)	(1,077)
		<u>118,039</u>	<u>118,041</u>
7.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 22.17 million (December 31, 2015: Rs. 20.45 million) held in custody by the Company against the respective customers accounts.			
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Advances to:</b>			
Suppliers		2,171	3,143
Current portion of long-term loans and advances to employees and executives - Conventional		1,534	1,355
		3,705	4,498
<b>Deposits:</b>			
Exposure deposit with - PSX - Conventional		-	121,555
Exposure deposit with - NCCPL - Conventional		201,885	796
Exposure deposit with - PMEX - Conventional		1,792	832
		203,677	123,183
<b>Prepayments:</b>			
Rent		4,774	2,929
Insurance - Conventional		495	984
Software development and maintenance		500	639
Others		590	1,719
		6,359	6,271
<b>Other receivables:</b>			
Profit on bank deposits - Shariah compliant		1,568	2,155
Profit on bank deposits - Conventional		1,352	1,650
Profit on exposure deposit with - PSX - Conventional		1,500	483
Receivable against margin finance - Conventional		91,910	60,882
Receivable from related party		172	-
Others		3	209
		96,505	65,379
		<u>310,246</u>	<u>199,331</u>
<b>9. CASH AND BANK BALANCES</b>			
Cash at bank in:			
Current accounts - Shariah compliant		804	804
Current accounts - Client - Shariah compliant		-	10
Current accounts - Conventional		63,633	3,473
Current accounts - Client - Conventional		14,485	-
Saving accounts - Shariah compliant		44,395	96,221
Saving accounts - Client - Conventional	9.1	15,031	27,295
Saving accounts - Conventional		58,705	66,675
Saving accounts - Client - Shariah compliant		447,494	352,689
	9.1 & 9.2	644,547	547,167
Stamps in hand		13	7
		<u>644,560</u>	<u>547,174</u>

- 9.1 These carry profit at the rates ranging from 2.50% to 5.15% (December 31, 2015: 2.50% to 8.75%) per annum.
- 9.2 This includes Rs. 423.48 million (December 31, 2015: Rs. 392.49 million) with BankIslami Pakistan Limited (the Parent Company).

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
..... (Rupees in '000).....			
<b>10. LONG-TERM LOAN</b>			
Loan from BankIslami Pakistan Limited - (the Parent Company)	10.1	<u>150,000</u>	<u>150,000</u>
<b>10.1</b>	This represents long-term loan obtained from the Parent Company (BIPL) on December 31, 2015. The loan is secured by way of First Exclusive Charge over all commercial properties of the Company (Musharakah assets). The loan is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of Musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR +3% per annum payable on quarterly basis from March 2016 to December 2020.		
<b>11. TRADE AND OTHER PAYABLES</b>			
Trade creditors		931,819	443,525
Accrued expenses		120,212	73,361
Withholding tax		22,190	21,948
Unclaimed dividend		609	609
Dividend payable		792	793
Others		1,604	1,427
		<u>1,077,226</u>	<u>541,663</u>
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments outstanding at period / year end.			
	Note	(Un-audited) Half year ended June 30, 2016	(Un-audited) Quarter ended June 30, 2015
		2016	2015
..... (Rupees in '000).....			
<b>13. OPERATING REVENUE</b>			
Brokerage	13.1	105,342	107,997
Subscription research income		10	391
Custody services		1,013	477
		<u>106,365</u>	<u>108,865</u>
<b>13.1 Brokerage</b>			
Shariah compliant		29,864	39,071
Conventional		75,478	68,926
		<u>105,342</u>	<u>107,997</u>
<b>14. GAIN ON SALE OF INVESTMENTS - NET</b>			
Listed shares - Shariah compliant		3,180	-
Listed shares - Conventional		(243)	-
Debt securities		3,589	34,964
Open ended mutual funds		-	224
		<u>6,526</u>	<u>35,188</u>
		<u>2,258</u>	<u>11,453</u>

Note	(Un-audited)		(Audited)	
	Half year ended June 30,		Quarter ended June 30,	
	2016	2015	2016	2015
	.....(Rupees in '000).....		.....(Rupees in '000).....	
<b>15. UNREALISED GAIN / (LOSS) ON RE-MEASUREMENT OF INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT AND LOSS' - NET</b>				
Listed shares - Shariah compliant	3,737	303	3,067	1,625
Listed shares - Conventional	(340)	(96)	100	79
	<u>3,397</u>	<u>207</u>	<u>3,167</u>	<u>1,704</u>
<b>16. DIVIDEND INCOME</b>				
<b>Shariah compliant</b>				
Cherat Cement Company Ltd.	40	-	-	-
Cherat Packages Ltd.	18	-	-	-
Crescent Steel and Allied Products Ltd.	15	-	-	-
Engro Corporation Ltd.	182	-	182	-
Engro Fertilizer Ltd.	80	-	-	-
Mari Petroleum Company Ltd.	31	-	-	-
Pakistan Oilfield Ltd.	284	290	-	-
Pakistan Petroleum Ltd.	26	62	-	-
Pioneer Cement Ltd.	82	-	82	-
Shifa International Hospital	14	-	14	-
	<u>772</u>	<u>352</u>	<u>278</u>	<u>-</u>
<b>Conventional</b>				
Bank Alfalah Ltd.	30	-	-	-
Indus Motor Company Ltd.	40	-	20	-
Oil and Gas Development Corporation Ltd.	-	9	-	4
Pakistan Stock Exchange Ltd.	401	601	-	-
United Bank Ltd.	-	35	-	15
	<u>471</u>	<u>645</u>	<u>20</u>	<u>19</u>
	<u>1,243</u>	<u>997</u>	<u>298</u>	<u>19</u>
<b>17. MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES</b>				
Profit on bank deposits - Shariah compliant	18 11,325	4,093	5,524	4,093
Profit on bank deposits - Conventional	5,765	28,110	3,235	10,992
Margin finance income - Conventional	4,267	-	2,557	-
	<u>21,357</u>	<u>32,203</u>	<u>11,316</u>	<u>15,085</u>
<b>18. Operating and administrative expenses includes Rs. 11.93 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 Pakistan Stock Exchange Limited. The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.</b>				
<b>19. OTHER INCOME</b>				
Gain on disposal of property and equipment	211	17	202	14
Rental income	1,020	2,546	510	1,254
Others	76	488	29	206
	<u>1,307</u>	<u>3,051</u>	<u>741</u>	<u>1,474</u>

## 20. 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, 2016 and December 31, 2015 and transactions with related parties during the half year ended June 30, 2016 and June 30, 2015 are as follows:

	As at June 30, 2016 (Un-audited)				
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
	(Rupees in '000)				
<b>BALANCES</b>					
Long-term deposits	-	142	-	-	142
Trade debts	52	14	1,133	-	1,199
Profit receivable on bank deposit	1,295	-	-	-	1,295
Receivable against expenses	-	172	-	-	172
Bank balances	423,479	-	-	-	423,479
Trade payables	-	-	545	-	545
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	2,763	-	-	-	2,763
Prepaid rent	80	-	-	-	80
Accrued mark-up	38	-	-	-	38
Loan to staff	-	-	1,049	-	1,049
	As at December 31, 2015 (Audited)				
	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
	(Rupees in '000)				
<b>BALANCES</b>					
Long-term deposits	-	142	-	-	142
Trade debts	16	10	18	9	53
Profit receivable on bank deposit	2,124	-	-	-	2,124
Bank balances	392,494	-	-	-	392,494
Trade payables	-	-	2,169	4	2,173
Long-term loan	150,000	-	-	-	150,000
Payable against expenses	2,763	9	-	-	2,772
Prepaid rent	80	-	-	-	80
Accrued mark-up	37	-	-	-	37
Loan to staff	-	-	1,728	-	1,728

For the Half year ended June 30, 2016 (Un-audited)

	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
<b>TRANSACTIONS</b>					
<b>Income</b>					
Brokerage income earned	176	-	357	-	533
Custody services	3	4	29	-	36
Profit on bank deposits	10,850	-	-	-	10,850
Mark-up on staff loan	-	-	15	-	15
<b>Expenses</b>					
Bank charges	107	-	-	-	107
Charge in respect of contributory plan	-	-	-	3,046	3,046
Mark-up expense	7,220	-	-	-	7,220
Purchase of fixed assets	-	124	-	-	124
Reimbursement of expenses	-	2	-	-	2
Remuneration to management personnel	-	-	51,323	-	51,323
Rent expense	480	-	-	-	480
<b>Other transactions</b>					
Loans disbursed	-	-	1,000	-	1,000
Loans repayment	-	-	677	-	677

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

	Parent company	Subsidiary/ associates	Key management personnel	Others	Total
(Rupees in '000)					
<b>TRANSACTIONS</b>					
<b>Income</b>					
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
Mark-up on staff loan	-	-	217	-	217
<b>Expenses</b>					
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
<b>Other transactions</b>					
Loans disbursed	-	-	325	-	325
Loans repayment	-	-	2,132	-	2,132
Short-term borrowings	-	-	-	50,000	50,000
Short-term borrowings repayment	-	-	-	50,000	50,000



**21. GENERAL**

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

**22. DATE OF AUTHORISATION**

These condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Company on August 18, 2016.



----- Sd -----  
\_\_\_\_\_  
Chairman

----- Sd -----  
\_\_\_\_\_  
Chief Executive Officer

**Consolidated Condensed Interim  
Financial Information**

**(Un-Audited)**

**For the Half Year Ended June 30, 2016**

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET**  
AS AT JUNE 30, 2016

	(Un-audited) June 30, 2016	(Audited) December 31, 2015
..... (Rupees in '000) .....		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	32,391	37,217
Intangible assets	4,925	4,077
Investment properties	5,502	5,646
Long-term investments	578,025	582,033
Long-term loans and advances	264	448
Long-term deposits and prepayments	12,943	12,668
Deferred tax asset - net	60,251	51,131
	<b>694,301</b>	<b>693,220</b>
<b>Current assets</b>		
Short-term investments	56,266	28,531
Trade debts	381,489	121,800
Advances, deposits, prepayments and other receivables	310,249	199,336
Taxation - net	44,744	36,776
Cash and bank balances	646,239	549,181
	<b>1,438,987</b>	<b>935,624</b>
<b>TOTAL ASSETS</b>	<b><u>2,133,288</u></b>	<b><u>1,628,844</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
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	390,233	394,241
Accumulated loss	(502,990)	(475,990)
	<b>905,995</b>	<b>937,003</b>
<b>Non-current liabilities</b>		
Long-term loan	150,000	150,000
<b>Current liabilities</b>		
Trade and other payables	1,077,255	541,804
Accrued mark-up	38	37
	<b>1,077,293</b>	<b>541,841</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,133,288</u></b>	<b><u>1,628,844</u></b>

**CONTINGENCIES AND COMMITMENTS**

The annexed notes form an integral part of these Consolidated Condensed Interim Financial Information.

----- Sd -----  
Chairman

----- Sd -----  
Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Half year ended June 30,		Quarter ended June 30,	
	2016	2015	2016	2015
	..... (Rupees in '000) .....			
Operating revenue	106,365	108,865	56,934	71,274
<b>Net gain on investments 'at fair value through profit and loss'</b>				
Gain on sale of investments - net	6,526	35,188	2,258	11,453
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	3,397	207	3,167	1,704
	9,923	35,395	5,425	13,157
Dividend income	1,243	997	298	19
Mark-up / profit on bank deposits and other receivables	21,382	32,297	11,327	15,123
	138,913	177,554	73,984	99,573
Operating and administrative expenses	(164,243)	(217,916)	(77,873)	(116,680)
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	2	1,280	-	1,280
	(164,241)	(756,885)	(77,873)	(655,649)
<b>Operating loss</b>	(25,328)	(579,331)	(3,889)	(556,076)
Finance cost	(7,421)	(8,986)	(3,759)	(4,465)
	(32,749)	(588,317)	(7,648)	(560,541)
Other income	1,307	3,051	741	1,474
<b>Loss before taxation</b>	(31,442)	(585,266)	(6,907)	(559,067)
<b>Taxation</b>				
Current - for the period	(4,678)	(14,426)	(1,759)	(4,933)
Deferred	9,120	10,299	2,500	9,347
	4,442	(4,127)	741	4,414
<b>Loss after taxation</b>	(27,000)	(589,393)	(6,166)	(554,653)
<b>Other comprehensive income/ (loss):</b> <i>Items to be reclassified to profit and loss in subsequent periods:</i>				
Unrealised (loss) / gain arising during the period on re-measurement of 'available-for-sale' investments - net	(4,008)	272,141	(4,008)	279,578
<b>Total comprehensive loss for the period</b>	(31,008)	(317,252)	(10,174)	(275,075)
	..... (Rupees) .....			
Loss per share - basic and diluted	(0.27)	(5.89)	(0.06)	(5.55)

The annexed notes form an integral part of these Consolidated Condensed Interim Financial Information.

----- Sd -----

Chairman

----- Sd -----

Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	<u>Half year ended June 30,</u>	
	2016	2015
	----- (Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(31,442)	(585,266)
<b>Non-cash adjustments to reconcile loss before tax to net cash flows:</b>		
Depreciation	7,503	8,195
Amortization	352	-
Gain on sale of investments - net	(6,526)	(35,188)
Gain on sale of property and equipment	(211)	(17)
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	(3,397)	(207)
Impairment on long term investment - Subsidiary	-	486,776
Impairment on 'available-for-sale' investments	-	53,473
Reversal of provision against doubtful debts	(2)	(1,280)
Finance cost	7,421	8,986
Dividend income	(1,243)	(997)
	<u>3,897</u>	<u>519,741</u>
<b>Working capital adjustments:</b>	<u>(27,545)</u>	<u>(65,525)</u>
<b>(Increase) / decrease in current assets</b>		
Trade debts	(259,687)	(166,191)
Advances, deposits, prepayments and other receivables	(110,915)	5,566
	<u>(370,602)</u>	<u>(160,625)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	535,452	567,810
	<u>137,305</u>	<u>341,661</u>
Finance cost paid	(7,420)	(8,995)
Income tax paid	(12,644)	(12,321)
<b>Net cash flows generated from operating activities</b>	<u>117,241</u>	<u>320,345</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments 'at fair value through profit or loss' - net	(17,812)	35,188
Purchase of property and equipment	(2,586)	(892)
Purchase of intangible assets	(1,200)	(1,170)
Proceeds from disposal of property and equipment	264	535
Dividend received	1,243	999
<b>Net cash flows (used in) / generated from investing activities</b>	<u>(20,091)</u>	<u>34,660</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long-term loans and advances	184	3,369
Long-term deposits and prepayments	(275)	556
Dividend paid	(1)	(4)
<b>Net cash flows (used in) / generated from financing activities</b>	<u>(92)</u>	<u>3,921</u>
<b>Net increase in cash and cash equivalents</b>	<u>97,058</u>	<u>358,926</u>
Cash and cash equivalents at the beginning of the period	<u>549,181</u>	<u>656,000</u>
Cash and cash equivalents at the end of the period	<u>646,239</u>	<u>1,014,926</u>

The annexed notes form an integral part of these Consolidated Condensed Interim Financial Information.

-----Sd-----

Chairman

-----Sd-----

Chief Executive Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES  
IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Share capital	General reserve	Unappropriated (loss) / profit	Unrealised gain / (loss) on re-measurement of 'available-for-sale' investments to fair value - net	Total
..... (Rupees in '000) .....					
<b>Balance as at January 01, 2015</b>	1,000,000	18,752	36,929	133,413	1,189,094
Total comprehensive loss for the period	-	-	(589,393)	272,141	(317,252)
<b>Balance as at June 30, 2015</b>	1,000,000	18,752	(552,464)	405,554	871,842
Total comprehensive income for the period	-	-	76,474	(11,313)	65,161
<b>Balance as at December 31, 2015</b>	1,000,000	18,752	(475,990)	394,241	937,003
Total comprehensive loss for the period	-	-	(27,000)	(4,008)	(31,008)
<b>Balance as at June 30, 2016</b>	1,000,000	18,752	(502,990)	390,233	905,995

The annexed notes form an integral part of these Consolidated Condensed Interim Financial Information.

----- Sd -----  
Chairman

----- Sd -----  
Chief Executive Officer

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

FOR THE HALF YEAR ENDED JUNE 30, 2016

### 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 Pakistan Stock Exchange Limited (PSX). 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 Pakistan Stock Exchange Limited (PSX) 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.

### 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, 2016 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, 2015.

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, 2015.

**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 Statements of the Holding Company and subsidiary are consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

**6. GENERAL**

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

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

**7. DATE OF AUTHORISATION**

These consolidated condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Group on August 18, 2016.







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