



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

Our Vision

To be a leading investment company, governed by
shareholder returns and managed in line
with the highest ethical standards.



Our Commitment

We will maintain financial discipline and adhere to
professional and moral codes. In the operation of the
company, we will comply with all rules and regulations set
down by the supervisory authorities.

Company information

Board of Directors	Mr. Nasir Ali Shah Bukhari	Chairman & Chief Executive Officer
	Mr. Tariq Riaz Malik	Director
	Syed Waseem ul Haq Haqqie	Director
	Mr. Irshad Ali Shaban Ali Kassim	Director
	Mr. Farrukh Shauket Ansari	Director
	Mr. Wu Qian	Director
	Mr. Liu Wei	Director

**Company Secretary &
Chief Financial Officer** Mr. Zia-ul-Haq

Auditors M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor Ahmed & Qazi
Advocates & Legal Advisors

Audit Committee	Mr. Tariq Riaz Malik	Chairman
	Syed Waseem ul Haq Haqqie	Member
	Mr. Irshad Ali Shaban Ali Kassim	Member

Bankers Soneri Bank Limited

**Registered Office &
Head Office** 90-91 Razia Sharif Plaza, Blue Area, Islamabad - 44000
Tel: (051) 2344422-23
Fax: (051) 2344424
Email: info.kcorp@kasb.com
Website: www.kasb.com/corporation

Corporate Office 8-C, Block 6, P.E.C.H.S Off: Shahrah-e-Faisal, Karachi-75400.
Tel : (021) 34398852-5 , Fax : (021) 34398858

Share Registrar THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road,
Karachi - 75530. P.O.Box No. 8533
Tel: (92-21) 111-000-322
Fax: (92-21) 35655595
Email: info@thk.com.pk
Website: www.thk.com.pk

DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the Directors' Report and financial statements of KASB Corporation Limited for the half year ended June 30, 2015.

Financial Performance

Profit and Loss Account	June 30, 2015
	Rs. (000)
Revenue	1,639
Expenses	(14,116)
Loss before tax	(12,476)
Taxation	(34)
Net loss	(12,510)
Loss per share (Rupee)	(0.022)

During the previous year the Company has made provision for impairment in the value amounting to Rs. 5,863 million on investments in KASB Bank Limited (the "Bank") as a result of amalgamation of the Bank with and into BankIslami Pakistan Limited, pursuant to sanction of Scheme of Amalgamation by the Federal Government on May 07, 2015. As at December 31, 2014, the Company held 83.62% shares of the Bank. The cost of the investment was Rs. 6,460 million.

In addition, the Company paid an aggregate advance of Rs. 981.410 million to the KASB Bank Limited against future issue of right shares. The KASB Bank Limited did not issue the right shares against the said advance and is now amalgamated with and into BankIslami Pakistan Limited, with effect from May 07, 2015, as per the Scheme of Amalgamation sanctioned by the Federal Government of Pakistan. Based on the legal advice, the Company is of the view that such advance has become a liability of BankIslami Pakistan Limited in pursuance of the Scheme of Amalgamation of the KASB Bank Limited with and into BankIslami Pakistan Limited, and hence, the Company has a legal right to recover this amount from BankIslami Pakistan Limited.

The Company and one of the sponsors of the Company had filed a suit (Suit No. 1102/2015) in the Honorable High Court of Sindh, wherein, the Company has prayed for restraining BankIslami Pakistan Limited from using or transferring the amount of advance for any purpose whatsoever during the pendency of the instant proceedings. Pursuant to the said suit, an order has been passed by the Honorable High Court of Sindh on July 01, 2015, whereby, the amount of the advance is required to be kept in the same position.

On November 14, 2014, the State Bank of Pakistan imposed a moratorium on KASB Bank Limited, causing all deposits over Rs. 300,000 to be frozen. During the moratorium, the Company succeeded in getting one of the largest investment houses in China, namely Cybnaut Group to acquire majority stake in KASB Bank through new equity cash injection to meeting the regulatory requirement.

However, despite the above valid offer from bona fide foreign investors, the Finance Division of the Government of Pakistan issued a sanction order of the Scheme of Amalgamation of the Bank with and into BankIslami Pakistan Limited, subsequent to the year end.

In view of the sanction order issued by the Federal Government, the SBP issued a notification on May 07, 2015 directing the de-scheduling of the Bank and further, also declared that the banking license of the Bank will stand cancelled with immediate effect. In accordance with the aforementioned Scheme of Amalgamation, the BankIslami Pakistan Limited was required to pay a token confirmation / consideration of Rs. 1,000/- for the entire shareholding to the shareholders of the Bank in proportion to their shareholding.

In view of the Board of Directors of the Company, the above actions do not only constitute unconstitutional deprivation of property of the Company and shareholders; but are also reflective of abuse and misuse of Section 47 of the Banking Companies Ordinance, 1962. Further the valuation was never shared with the board of the Bank and the Sponsors. It is a clear deprivation of the property rights of the Shareholders of the Bank and the Company.

Notwithstanding and without prejudice to the above, in July 2015, the Company has filed a constitutional petition (CP No. D-3076/2015, Nasir Ali Shah Bokhari and 2 others Vs Federation of Pakistan and others) in the Honorable High Court of Sindh at Karachi against the Federation of Pakistan and others by challenging the above Scheme of Amalgamation of KASB Bank Limited and the underlying valuation of its net assets, as the valuation report of the independent valuer was not shared with the Board of Directors of KASB Bank Limited. The petition is currently pending adjudication in the Honorable Sindh High Court and the Sindh High Court has not given its final verdict till the submission of the said valuation report.

Change in Board composition

During the period, Ms. Sophie Liu and Ms. Mubashira Bukhari Khwaja tendered their resignations from the office of Directorship. In their places, Mr. Liu Wei and Mr. Wu Qian have been coopted to fill the casual vacancy.

Acknowledgement

The Directors wish to record their gratitude to the Company's valued clients, shareholders and business partners for their continued trust and confidence, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance. The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

For and on behalf of the Board of Directors.

Dated: August 26, 2015
Karachi



Nasir Ali Shah Bukhari
Chairman/ CEO



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of KASB Corporation Limited as at 30 June 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the explanatory notes (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

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

Emphasis of Matter

We draw attention to:

- i. note 1.3 to the condensed interim financial statements, which states that the Company's equity is significantly declined over the last one year due to the impairment loss incurred in respect of its major subsidiary company. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the sponsor shareholder of the Company has committed to provide the necessary financial support for the Company to operate as a going concern; and
- ii. note 4.1 to the condensed interim financial statements, which states that the Company believes that it has a legal right to recover an aggregate amount of Rs. 981.410 million from BankIslami Pakistan Limited, which was paid as advance against further issue of shares to the KASB Bank Limited (now BankIslami Pakistan Limited). The Company has also initiated legal proceedings in this regard and is confident about the favorable outcome of such proceedings. Accordingly, no provision has been made against the said advance in these condensed interim financial statements.

our conclusion is not qualified in respect of the above matters.

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Chartered Accountants

Engagement Partner: Arslan Khalid

Date: August 26, 2015

Karachi.

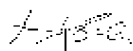
A member firm of Ernst & Young Global Limited

Condensed Interim Statement of Financial Position

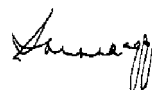
As at June 30, 2015

	Note	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		----- (Rupees) -----	
ASSETS			
Current assets			
Cash and bank balances		4,731,682	4,705,408
Advance, prepayments and other receivables	4	984,868,128	4,637,186
Advance taxation - net		3,229,830	3,024,702
Total current assets		992,829,640	12,367,296
Non-current assets			
Long term investments	5	123,381,722	1,106,971,632
Long term deposits		240,400	240,400
Property and equipment		61,438,964	61,831,576
Total non-current assets		185,061,086	1,169,043,608
TOTAL ASSETS		1,177,890,726	1,181,410,904
LIABILITIES			
Current liabilities			
Accrued expenses, advances and other liabilities		16,167,615	11,330,113
Loan from sponsor / director - unsecured	6	10,000,000	10,000,000
Total current liabilities		26,167,615	21,330,113
Non-current liabilities			
Advance against further issue of shares	7	1,045,051,000	1,045,051,000
Deffered tax liability - net		6,280,908	6,236,602
TOTAL LIABILITIES		1,077,499,523	1,702,644,715
NET ASSETS		100,391,203	108,766,189
REPRESENTED BY			
Issued, subscribed and paid-up capital		5,577,730,900	5,577,730,900
Reserve on Amalgamation		1,123,402,769	1,123,402,769
Unrealised gain on remeasurement of 'available for sale' Investments to fair value - net		4,135,169	-
Accumulated losses		(6,604,877,635)	(6,592,367,480)
		100,391,203	108,766,189
Contingencies	8		

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

Condensed Interim Profit & Loss Account (Un-Audited)

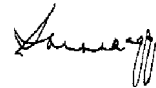
For the half year ended June 30, 2015

Note	Half Year ended		Quarter Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
----- (Rupees) -----				
INCOME				
Mark-up on bank balances and short term loans	179,166	784,650	84,882	313,885
Mark-up on investments	-	350,000	-	350,000
Net gain on financial assets at fair value through profit and loss				
Net gain on sale of investments	-	4,044,267	-	3,806,399
Net unrealised (loss) / gain on remeasurement of investments	-	4,613,486	-	571,592
	-	8,657,753	-	4,377,991
Rental income	1,460,000	450,000	1,010,000	450,000
	1,639,166	10,242,403	1,094,882	5,491,876
EXPENSES				
Administrative and operating expenses	7,403,358	9,704,449	3,737,011	5,598,672
Provision for impairment in value of Investments	6,314,242	-	6,314,242	-
Financial charges	398,024	9,534,293	200,394	4,294,057
	14,115,624	19,238,742	10,251,647	9,892,729
Loss before taxation	(12,476,458)	(8,996,339)	(9,156,765)	(4,400,853)
Taxation				
Current	16,392	160,646	10,949	103,525
Deferred	17,305	24,003	8,911	14,027
	33,697	184,649	19,860	117,552
Loss after taxation	(12,510,155)	(9,180,988)	(9,176,625)	(4,518,406)
Loss per share - basic and diluted	(0.022)	(0.016)	(0.016)	(0.008)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive Officer

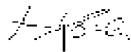


Director

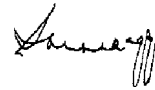
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended June 30, 2015

	Half Year Ended		Quarter Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
----- (Rupees) -----				
Loss for the period	(12,510,155)	(9,180,988)	(9,176,625)	(4,518,406)
Other comprehensive income				
Net unrealised gain on remeasurement of 'available for sale' investments	4,135,169	-	-	-
Total comprehensive loss for the period	(8,374,986)	(9,180,988)	(9,176,625)	(4,518,406)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive Officer



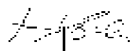
Director

Condensed Interim Cash Flow Statement (Un-Audited)

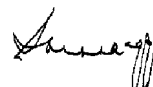
For the half year ended June 30, 2015

	June 30,	
	2015	2014
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(12,476,458)	(8,996,339)
Adjustments for:		
Depreciation	392,612	420,756
Financial charges	398,024	9,534,293
Provision for impairment in value of investments	6,314,242	-
Net gain on re-measurement of investments held for trading	-	(4,613,486)
Realized gain on sale of investments	-	(4,044,267)
	(5,371,580)	(7,699,043)
Changes in operating assets / liabilities		
Prepayments and other receivables	1,179,895	217,191
Accrued expenses and other liabilities	4,440,791	(11,053,978)
	5,620,686	(10,836,787)
Cash generated from / (used in) operations	249,106	(18,535,831)
Financial charges paid	(1,313)	(9,534,293)
Taxes paid	(221,519)	(260,421)
	(222,832)	(9,794,714)
Net cash generated from / (used in) operating activities	26,274	(28,330,545)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	-	(25,000,000)
Proceeds from disposal of investments	-	202,000,000
Proceeds from short term loans - net	-	38,000,000
Loan from sponsor / director - unsecured	-	(185,000,000)
Deposits	-	(1,364)
Net cash generated from investing activities	-	29,998,636
Net Increase in cash and cash equivalents	26,274	1,668,091
Cash and cash equivalents at beginning of the period	4,705,408	1,455,739
Cash and cash equivalents at end of the period	4,731,682	3,123,830

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive Officer

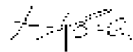


Director

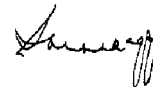
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended June 30, 2015

	Share capital	Reserve on amalgamation	Unrealised gain on remeasurement of 'available for sale' investments to fair value - net	Accumulated losses	Total
	(Rupees)				
Balance as at December 31, 2013	5,577,730,900	1,123,402,769	-	(608,211,148)	6,092,922,521
Loss for the period	-	-	-	(9,180,988)	(9,180,988)
Balance as at June 30, 2014	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>-</u>	<u>(617,392,136)</u>	<u>6,083,741,533</u>
Balance as at December 31, 2014	5,577,730,900	1,123,402,769	-	(6,592,367,480)	108,766,189
Loss for the period	-	-	-	(12,510,155)	(12,510,155)
Other comprehensive income					
Net unrealized gain on remeasurement of 'available for sale' investments	-	-	4,135,169	-	4,135,169
Balance as at June 30, 2015	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>4,135,169</u>	<u>(6,604,877,635)</u>	<u>100,391,203</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

Notes to the Condensed Interim Financial Statements (Un-Audited)
For the half year ended June 30, 2015

1. LEGAL STATUS AND OPERATIONS

- 1.1** KASB Corporation Limited (the Company) was incorporated in Pakistan on April 11, 1996 as a Public Limited Company and received certificate of commencement of business on January 27, 1997 and is listed on the Karachi Stock Exchange since 1997. The registered office of the Company is situated at 90-91 Razia Sharif Plaza, Blue area, Islamabad.
- 1.2** On May 31, 2012, the Securities and Exchange Commission of Pakistan (SECP), on the application of the company, de-registered the Company as a Non-banking Finance Company (NBFC) and revoked its license to carry on leasing business vide letter NLA/PRDD/SCD/Sigma/2012-704. On June 22, 2012, the SECP has issued certificate of change of name of the Company from "Sigma Leasing Corporation Limited" to "Sigma Corporation Limited". On September 05, 2013, SECP has issued certificate for change of name of the Company from "Sigma Corporation Limited" to "KASB Corporation Limited". Pursuant to the said discontinuation of leasing business in 2012, the Company's core business is now to undertake portfolio investment management and investment in other financial instruments.
- 1.3** During the period, the Federal Government, in terms of the provisions of section 47 of the Banking Companies Ordinance, 1962 has sanctioned a Scheme for the Amalgamation of the Company's major subsidiary 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 (also refer note 5.1.1). As a consequence, the cumulative holding of the Company in its various subsidiary companies has changed from December 31, 2014 as follows:

	Note	% holding	
		June 30, 2015	December 31, 2014
KASB Bank Limited (now BankIslami Pakistan Limited)	5.1.1	-	83.62
KASB Funds Limited	5.2.1	46.14	90.03
KASB Capital Limited		78.22	100.00
KASB Modaraba	5.3.1	0.63	72.15
KASB Securities Limited	5.3.2	0.70	77.82
My Solutions Corporation Limited		-	100.00
Structured Venture (Private) Limited		-	100.00

The above event has resulted in a decline in equity from Rs. 6,083.74 million as at June 30, 2014 to Rs. 100.39 million as at June 30, 2015. These conditions casts significant doubt about the Company's ability to continue as a going concern. However, the sponsor shareholder of the Company has committed to provide the necessary financial support for the Company to operate as a going concern. Accordingly, these condensed interim financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

- 2.1** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2014.
- 2.2** Exercising the powers conferred under Section 237(8) of the Companies Ordinance, 1984, the Securities and Exchange Commission of Pakistan vide letter no EMD/233/764/2002-1224 dated April 09, 2015 has relaxed the requirement of subsection (i) of Section 237 of the Ordinance and exempted the Company from consolidating its subsidiary companies in its condensed interim financial statements for the period ended June 30, 2015 subject to disclosure of financial highlights (balance sheet and profit and loss account) of all subsidiary companies, disclosure of nature of auditor's opinion on the financial statements of such subsidiary companies and availability of the audited financial statements of the subsidiary companies to the members at the registered office of the Company without any cost. The said financial highlights of subsidiary companies and nature of auditor's opinion on respective financial statements are included in note 10 of these condensed interim financial statements.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements 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 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

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

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's condensed interim financial statements for the period.

	Note	June 30, 2015 Un-audited	December 31, 2014 Audited
(Rupees) -----			
4. ADVANCE, PREPAYMENTS AND OTHER RECEIVABLES			
Prepaid insurance		-	45,471
Interest accrued on deposits		-	404
Advance against further issue of shares	4.1	981,410,000	-
Receivables KASB Invest (Private) Limited			
- related party		1,609,459	3,218,919
Due on account of Scheme of Amalgamation of			
KASB Bank Limited	5.1.1	837	-
Other receivables		1,847,832	1,372,392
		984,868,128	4,637,186

- 4.1** The Company paid an aggregate advance of Rs. 981.410 million to the KASB Bank Limited against future issue of right shares. The KASB Bank Limited did not issue the right shares against the said advance and is now amalgamated with and into BankIslami Pakistan Limited, with effect from May 07, 2015, as per the Scheme of Amalgamation sanctioned by the Federal Government of Pakistan. Based on the legal advice, the Company is of the view that such advance has become a liability of BankIslami Pakistan Limited in pursuance of the Scheme of Amalgamation of the KASB Bank Limited with and into BankIslami Pakistan Limited, and hence, the Company has a legal right to recover this amount from BankIslami Pakistan Limited.

The Company and one of the sponsors of the Company had filed a suit No. 1102 / 2015 in the Honorable High Court of Sindh, wherein, the Company has prayed for restraining Bank Islami Pakistan Limited from using or transferring the amount of advance for any purpose whatsoever during the pendency of the instant proceedings. Pursuant to the said suit, an order has been passed by the Honorable High Court of Sindh on July 01, 2015, whereby, the amount of the advance is required to be kept in the same position.

In view of the above pending legal proceedings, no provision against the advance of Rs. 981.410 million has been considered necessary in these condensed interim financial statements, as the management is confident about the favorable outcome of the legal proceedings.

	Note	June 30, 2015 Un-audited	December 31, 2014 Audited
		----- (Rupees) -----	
5. LONG TERM INVESTMENTS			
Subsidiary companies	5.1	85,386,000	1,106,971,632
Investment in associate	5.2	30,449,282	-
Available for sale' investments	5.3	7,546,440	-
		<u>123,381,722</u>	<u>1,106,971,632</u>

5.1 SUBSIDIARY COMPANIES
KASB Bank Limited
(now BankIslami Pakistan Limited) (quoted)

Less: Provision for impairment

	-	6,460,001,505
	-	(6,460,000,668)
5.1.1	-	837
Advance against further issue of shares	4.1	981,410,000
	-	981,410,837

KASB Funds Limited (unquoted)

[14,848,484 shares (31 December 2014:

14,848,484 shares) of Rs. 10/- each]

Less: Provision for impairment

5.2.1	-	111,666,670
	-	(74,903,146)
	-	36,763,524

KASB Capital Limited (unquoted)
Shares incorporated in Mauritius

[1,016,500 shares (31 December 2014:

1,016,500 shares) of USD 1/- each]

85,386,000	85,386,000
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KASB Modaraba (quoted)

[304,389 shares (31 December 2014:

304,389 shares) of Rs. 10/- each]

5.3.1	-	885,339
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KASB Securities Limited (quoted)

[700,000 shares (31 December 2014:

700,000 shares) of Rs. 10/- each]

5.3.2	-	2,525,932
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<u>85,386,000</u>	<u>1,106,971,632</u>
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5.1.1 As referred to in note 1.3 of the condensed interim financial statements, the Federal Government, in terms of the provisions of Section 47 of the Banking Companies Ordinance, 1962 has sanctioned a Scheme of Amalgamation of the Company's major subsidiary (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. Accordingly, the Company is entitled to a compensation of Rs. 837/- against its shareholding in the KASB Bank Limited.

Based on the above event, the Company has fully adjusted the cost of its investment against the impairment provision held there against.

Notwithstanding and without prejudice to the above, in July 2015, the Company has filed a constitutional petition (CP No. D-3076 / 2015, Mr. Nasir Ali Shah Bokhari and 2 others versus Federation of Pakistan and others) in the Honorable High Court of Sindh against the Federation of Pakistan and others by challenging the above Scheme of Amalgamation of KASB Bank Limited and the underlying valuation of its net assets, as the valuation report of the independent valuer was not shared with the Board of Directors of the KASB Bank Limited. The petition is currently pending adjudication in the Honorable Sindh High Court and the Sindh High Court has not given its final verdict till the submission of the said valuation report.

	June 30, 2015 Un-audited	December 31, 2014 Audited
Note	(Rupees)	
5.2 INVESTMENT IN ASSOCIATE		
KASB Funds Limited (unquoted)		
[14,848,484 shares (31 December 2014):		
14,848,484 shares) of Rs. 10/- each]		
	111,666,670	-
Less: Provision for impairment	5.2.2 (81,217,388)	-
	30,449,282	-

5.2.1 As referred to in note 1.3 of the condensed interim financial statements, pursuant to the Scheme of Amalgamation of the Company's major subsidiary (KASB Bank Limited) with and into BankIslami Pakistan Limited, the shareholding of the Company in KASB Funds Limited reduced from 90.03% to 46.14%. Hence, KASB Funds Limited has been classified as 'investment in associate'.

5.2.2 Provision for impairment as at the period end includes impairment of Rs. 6.314 million recorded during the six month period ended June 30, 2015.

5.3 AVAILABLE FOR SALE' INVESTMENTS

Number of Shares	Name of the investee company	Note	June 30, 2015 Un-audited		December 31, 2014 Audited	
			Cost	Market Value	Cost	Market Value
(Rupees)						
Quoted shares						
303,389	- KASB Modaraba - a related party	5.3.1	885,339	1,001,440	-	-
700,000	- KASB Securities Limited	5.3.2	2,525,932	6,545,000	-	-
Unquoted shares						
150,000	150,000 KASB Invest (Private) Limited - a related party		1,500,000	-	1,500,000	-
			4,911,271	7,546,440	1,500,000	-

5.3.1 As referred to in note 1.3 of the condensed interim financial statements, pursuant to the Scheme of Amalgamation of the Company's major subsidiary (KASB Bank Limited) with and into BankIslami Pakistan Limited, the shareholding of the Company in KASB Modaraba reduced from 72.15% to 0.63%. Hence, KASB Modaraba has been classified as 'available for sale' investment.

5.3.2 As referred to in note 1.3 of the condensed interim financial statements, pursuant to the Scheme of Amalgamation of the Company's major subsidiary (KASB Bank Limited) with and into BankIslami Pakistan Limited, the shareholding of the Company in KASB Securities Limited reduced from 77.82% to 0.70%. Hence, KASB Securities Limited has been classified as 'available for sale' investment.

6. LOAN FROM SPONSOR / DIRECTOR - UNSECURED

The said loan carries interest at the rate of 8% (December 31, 2014: 8%) payable annually and principal is payable on demand.

7. ADVANCE AGAINST FURTHER ISSUE OF SHARES

Advance against further issue of shares represents advance received from following sponsors:

	June 30, 2015 Un-audited	December 31, 2014 Audited
	----- (Rupees) -----	
Mr. Nasir Ali Shah Bukhari	1,001,407,000	1,001,407,000
Asia International Finance Limited	43,644,000	43,644,000
	<u>1,045,051,000</u>	<u>1,045,051,000</u>

8. CONTINGENCIES

There is no change in the status of contingencies in respect of Federal Excise Duty, Capital Gain tax and Workers Welfare Fund as disclosed in the annual financial statements of the Company for the year ended December 31, 2014.

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, retirement benefit fund, major shareholders, directors and key management personnel and their close family members. Transactions / balances with related parties are summarized as follows:

Balances

Bank balances	-	2,268,520
Loan payable to sponsor / director	19,300,000	15,300,000
Advance against further issue of shares	1,045,051,000	1,045,051,000
Markup receivable on deposits	-	404
Markup payable on loan	1,493,480	1,096,769
Dividend receivable	-	73,053
Rent receivable	1,010,000	-
Other receivables	1,609,459	3,218,919

Half year ended

	June 30, 2015 Un-audited	June 30, 2014 Un-audited
	----- Rupees in 000 -----	

Transactions
Income

Markup on deposits and short term loans	41,967	1,186,985
Return on investments	-	4,394,267
Dividend received	73,053	-
Rent received	450,000	-

Expenses

Financial charges	-	1,164
Markup on loan	-	23,271,234
Custody charges	28,098	41,203
Key management personnel		
Remuneration paid to key management personnel	-	3,000,000

Others

Contribution paid to employees' provident fund	13,332	38,496
Reimbursements	56,810	127,848
Service income	1,609,460	-
Sale of investments	-	202,000,000

10. DISCLOSURE RELATING TO SUBSIDIARY COMPANY

As fully disclosed in note 2.2 of these condensed interim financial statement, the balance sheet and profit and loss account of the subsidiary company is as follows:

KASB CAPITAL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	----- USD -----	
ASSETS		
Non-current assets		
Plant and equipment	1,811	2,171
Financial assets at fair value through profit and loss	1,357,444	1,118,634
Deferred income tax assets	1,855	1,707
	1,361,110	1,122,512
Current assets		
Other receivable	9,430	7,094
Short term deposits	-	231,470
Cash and cash equivalent	37,099	82,859
	46,529	321,423
Total Assets	1,407,639	1,443,935
EQUITY AND LIABILITIES		
Share Capital	1,299,500	1,299,500
Revenue deficit	56,283	84,344
Other components of equity	(59,964)	(55,157)
	1,295,819	1,328,687
Non Current Liabilities		
Borrowings	111,820	106,860
Current Liabilities		
Trade and other payables	-	4,500
Current tax liabilities	-	3,888
	-	8,388
Total Equity and Liabilities	1,407,639	1,443,935

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

	Half year ended	
	June 30, 2015	June 30, 2014
	----- USD -----	
Revenue	(18,607)	70,831
Administrative expense	(9,454)	(59,414)
Operating (loss) / profit before taxation	(28,061)	11,417
Income tax	-	(3)
(Loss) / profit for the period after taxation	(28,061)	11,414
(Loss) / earning per share (Cents)	(2.16)	0.88

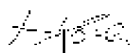
The condensed interim financial statements of KASB Capital Limited for the period ended June 30, 2015 are unaudited / unreviewed.

11. DATE OF AUTHORIZATION

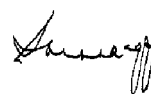
These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on August 26, 2015.

12. GENERAL

- 12.1 The figures of the corresponding period have been rearranged wherever necessary for the purpose of better presentation and comparison.
- 12.2 Figures for the quarters ended 30 June 2015 and 30 June 2014 have not been subject to limited scope review by the statutory auditors.
- 12.3 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



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