

FINANCIAL STATEMENTS
KASB CORPORATION LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2015

KASB Corporation Limited

Company Information

Board of Directors	Mr. Nasir Ali Shah Bukhari	Chairman
	Mr. Muzaffar Ali Shah Bukhari	Chief Executive Officer
	Mr. Tariq Riaz Malik	Director
	Syed Waseem ul Haq Haqqie	Director
	Mr. Farrukh Shauket Ansari	Director
	Mr. Yao Naxin	Director
	Mr. Wu Qian	Director
	Mr. Liu Wie	Director
CFO & Company Secretary	Mr. Zia-ul-Haq	
Auditors	M/s Ernst & Young Ford Rhodes Sidat Hayder & Co. Chartered Accountants	
Legal Advisor	Ahmed & Qazi Advocates and Legal Consultants	
Audit Committee	Mr. Tariq Riaz Malik	Chairman
	Syed Waseem ul Haq Haqqie	Member
	Mr. Farrukh Shauket Ansari	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.net
	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

KASB Corporation Limited

Board of Directors

Mr. Nasir Ali Shah Bukhari Chairman

Mr. Nasir Ali Shah Bukhari joined KASB, his family business in 1979 at Karachi Stock Exchange. Since then he has built KASB into a full scale financial services group including banking, asset management, brokerage, Islamic finance and investment banking.

Mr. Bukhari has served as Chairman of privatization commission province of Sindh. He was a member of public procurement regulatory authority Pakistan. ("PPRA"). He has also served on various other economic committees in the Government.

Mr. Bukhari has served as Pakistan Chapter Chair of the Young Presidents' Organization. ("YPO") and is an active member of Chief Executive Organization (C.E.O), USA. He is also a member of the Banking Commission of International Chamber of Commerce ("ICC").

He is an MBA from Karachi and has attended various professional courses at leading institutions including The Wharton School at University of Pennsylvania, Yale School of Management, MIT -Massachusetts Institute of Technology, USA, and Aspen Institute U.S.A. Currently he is a PhD candidate at Peking University.

Mr. Muzaffar Ali Shah Bukhari Chief Executive Officer

Mr. Muzaffar Ali Shah Bukhari comes from an investment banking background and possesses good understanding of local and international capital markets. Mr. Muzaffar is also the Managing Director of KASB Group and has been instrumental in some major transactions and regional expansions for the Group. He has also worked with UBS Investment Bank, New York and Amaranth Advisors, Singapore.

Mr. Bukhari graduated Magna Cum laude from Northwestern University with a Bachelor's Degree in Economics and has attended various courses at prestigious institutions including Harvard Business School, Kellogg School of Management and Babson College. He is also a CFA level III candidate.

Mr. Tariq Riaz Malik Director

Mr. Tariq Riaz Malik is an experienced senior executive with a solid foundation in the financial industry. He has successfully originated and implemented strategies to help businesses and advised on the formulation of government financial policy. His experiences include a working knowledge in financial products, power development, IT and government policy implementation.

Since 2008, Mr. Malik has led an independent consulting firm; T.Rock Capital Inc. which provides strategic advice to Global clients. Prior to this, Mr. Malik was a Principal at Morgan Stanley in New York. At Morgan Stanley, he was part of the Investment Banking team responsible for coverage of the Middle East and Pakistan.

Mr. Malik received a Masters in International Economics from the University of Warwick in England and prior to that he received his B.A (HONS) in Economics from the University of Essex in England.

Syed Waseem ul Haq Haqqie
Director

Mr. Waseem ul Haq Haqqie is a qualified Chartered Accountant having diversified experience in Pakistan and Middle East in public and private sectors, including senior management positions in the automobile industry as Chairman, CEO, COO and CFO, and as Chairman of several Government Organizations. As a chairman of Board of Investment Pakistan, Mr. Haqqi was actively involved in framing investments and economic policies of Pakistan: focused on increasing foreign direct investments.

Mr. Haqqie has also been a member of several Government Cabinet Committees, including Economic Coordination Committee of the Cabinet, Cabinet Committee on Privatization and Cabinet Committee of Investment.

He is a fellow member of Institute of Chartered Accountants of Pakistan.

Mr. Farrukh Shauket Ansari
Director

Mr. Farrukh Shauket Ansari is an MBA from IBA Karachi and has over twenty eight years of rich and diversified experience in corporate sector, investment banking and commercial banking. Currently he is acting as financial advisor to some leading companies. He has also been part of various advisory committees of Government of Pakistan for addressing policy issues.

Mr. Lui Wei
Director

Mr. Lui Wei is a seasoned financial expert. He holds Master degree in Business Administration. He has experience in diversified fields. He has worked as a Project Manager in China Resources and as Chief Financial Officer in Wingfat. He is currently serving as Financial Manager in Asia International Finance Limited.

Mr. Wu Qain
Director

Mr. Wu Qain holds Masters degree in Economics. He has worked as Strategy Manager in Eastcom and as a Project Manager in Huawei. He is currently serving as Investment Manager in Purdue Limited.

Mr. Yao Naxin
Director

Mr. Yao Naxin is currently serving as Chief Executive Officer of Focused Photonics in China, for 13 years. He has served as GM in Ali Baba USA, and as a Chairman in Haibang VC Limited. He holds an MBA degree.

NOTICE OF 20th ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of KASB Corporation Limited ("the Company") will be held at its registered office situated at 90-91 Razia Shariff Plaza, Blue Area, Islamabad on Friday July 29, 2016 at 11:00 A.M. to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on May 25, 2016;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2015 together with the Directors' and Auditors' Reports thereon.
3. To appoint M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the auditors for the year ending December 31, 2016 and fix their remuneration.
4. Any other business with the permission of the chair

Karachi
July 08, 2016

By order of the Board
Zia-ul-Haq
Company Secretary

Notes:

- (i) Share transfer books of the Company will remain closed from July 23, 2016 to July 29, 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar, Messrs THK Associates (Private) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road Karachi 75530, Tel: (92-21) 111-000-322, Fax: (92-21) 35655595; by the close of business on July 22, 2016 will be treated in time.
- (ii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy will have the same rights as are available to the member.
- (iii) Proxy must be received at the office of our Share Registrar not later than 48 hours before the time of the meeting. The form of proxy submitted must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers must be mentioned on the form, along with the attested copies of CNIC or the passport of the beneficial owner and the proxy.
- (iv) In case of proxy by a corporate entity, Board of Directors' resolution/power of attorney shall also be submitted along with the form.
- (v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited and/or their proxies are required to produce their original CNIC or Passport for identification purpose at the time of attending the meeting.
- (vi) Members are requested to promptly notify any change in their address to the office of our Share Registrar.

FORM OF PROXY
FOR ANNUAL GENERAL MEETING

The Company Secretary
KASB Corporation Limited.
8-C, Block-6, PECHS, Off Shahra-e-Faisal
Karachi.

I/We _____ of _____ being member(s) of KASB Corporation Limited. ("the Company") holding _____ ordinary share(s) hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, July 29, 2016 at 11:00 am., at 90-91, Razia Shariff Plaza, Jinnah Avenue, Blue Area, Islamabad and/or any adjournment thereof.

As witness my/our hand this _____ day of _____ 2016

Shareholder's Signatures _____

Shareholder's Folio No. _____

Number of Shares held _____

Please affix Rs. 5/-
Revenue Stamp

NOTES:

1. This proxy form, duly completed and signed, must be received at the office of our share Registrar M/s. THK Associates (Private) Limited, 3rd Floor, State Life Building No. 2, Dr. Ziauddin Ahmed Road, Karachi, or at the Registered Office of the Company, 8-C, Block-6, PECHS, Karachi., before the time of holding the meeting.
2. If a member appoints more than one proxy, and more than one instruments of proxy are deposited by a member with the Company, all such instruments of Proxy shall be rendered invalid.

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.

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **KASB Corporation Limited** (the Company) for the year ended 31 December 2015 to comply with the Listing Regulations of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

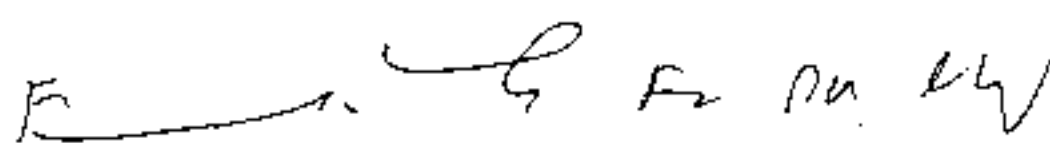
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

Further, we draw attention to the following non-compliances :

- i. Clause 8 of the Statement of Compliance which states that the meetings of the Board of directors were not held in the first and second quarters of the year 2015, which is a non-compliance of clause (xxvii) of the Code.
- ii. Clause 9 of the Statement of Compliance which states that the Company has not arranged for the Directors training program during the year, which is a non-compliance of clause (xi) of the Code.
- iii. Clause 16 of the Statement of Compliance which states that the Audit Committee meetings were not held in the first and second quarters of the year 2015, which is a non-compliance of clause (xxvii) of the Code.
- iv. Clause 17 of the Statement of Compliance, which describes that the Company does not have a Human Resource and Remuneration Committee, which is a non-compliance of clause (xxv) of the Code; and
- v. Clause 18 of the Statement of Compliance, which states that the Company has not appointed / designated any person as the head of internal audit, which is a non-compliance of clause (xiii) of the Code.



Chartered Accountants

Date: 04 July 2016

Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. At present the board includes:

Category	Names
Independent Directors	<ul style="list-style-type: none"> • Tariq Riaz Malik
Executive Directors	<ul style="list-style-type: none"> • Muzaffar Ali Shah Bukhari
Non-Executive Directors	<ul style="list-style-type: none"> • Nasir Ali Shah Bukhari • Syed Waseem ul Haq Haqqie • Farrukh Shauket Ansari • Liu Wei • Wu Qian • Yao Naxin

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on August 26, 2016 was duly filled up by the directors within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the board were presided over by the Chairman and the Board met at least once in every quarter. However, the meetings due in first and second quarters of the year 2015, were



held on July 07, 2015 and August 26, 2015 respectively due to delay in finalization of the financial statements for the year ended December 31, 2014, for which extension of time was granted by the Securities & Exchange Commission of Pakistan. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board is well aware of the training requirements of the directors under the CCG. Mr. Nasir Ali Shah Bukhari, Syed Waseem ul Haq Haqqie and Mr. Tariq Riaz Malik have over 15 years of experience of directorship on the Board of listed companies and have acquired at least 14 years of education. One director (Mr Farrukh Shauket Ansari) has done the training in the previous years. During the year, no such training has been conducted for the remaining directors as the Company has applied for de-listing from Pakistan Stock Exchange and expects that the process of delisting will be culminated soon and as a result the Company will no longer require complying with the requirements of the CCG.
10. During the period the change in the office of Chief Financial Officer of the Company was approved by the Board.
11. The directors' report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members. The Chairman of the Committee is an independent director. Rests of the members are non-executive directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. However, the meetings due in first and second quarters of the year 2015 were held on July 07, 2015 and August 26, 2015 respectively due to delay in finalization of the financial statements for the year ended December 31, 2014, for which extension of time was granted by the Securities & Exchange Commission of Pakistan. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Company has requested to the Commission for granting exemption to form a Human Resource & Remuneration Committee.
18. The Board has outsourced the internal audit function of the Company to a Chartered Accountant firm having satisfactory rating under the quality control review program of the ICAP. The firm presents the Internal Audit report before the Audit Committee every quarter. The Company has



not appointed / designated any person as the head of internal audit. The Company has requested to the Securities & Exchange Commission of Pakistan to grant exemption to the appointment of Head of Internal Audit.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the audits have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.

On behalf of Board of Directors

Dated: July 04, 2016

Karachi


Nasir Ali Shah Bukhari
Chairman

DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the Directors' Report and audited financial statements of KASB Corporation Limited for the year ended December 31, 2015.

1. Financial Performance

Profit and Loss Account Dec 31, 2015

-----Rupees in Million-----

Revenue	3
Expenses	(14)
Provision for impairment in value of investment	(70)
Loss before tax	(81)
Taxation	(1)
Net loss	(82)
Loss per share (Rupee)	(0.15)

The loss is mainly due to provision for impairment in the value amounting to PKR. 70 million in the investments in subsidiary and associated companies.

On November 14, 2014, the State Bank of Pakistan imposed a moratorium on KASB Bank Limited (a major subsidiary of the Company), causing all deposits over Rs. 300,000 to be frozen. The Board of Directors of the Company considers that the said moratorium was unlawful, however, during this unlawful moratorium, the Company succeeded in getting one of the largest investment houses in China, namely Cybernaut Group to acquire majority stake in KASB Bank through new equity cash injection of up to USD 100 million (Rs. 10 billion).

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

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 illegal, mala fide and unjust. Further, the valuation of Bank's assets had to be done on market value basis according to global standards. However, the valuation was never shared with the board of the bank. It is a clear abuse of section 47 of the Banking Companies Ordinance, 1962 as the property rights of shareholder were deprived. The Company has therefore filed a constitutional petition in the Honorable High Court of Sind 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.

In addition to the foregoing, the Company paid PKR. 981.40 million to KASB Bank Limited (now Bank Islami Pakistan Limited) for further issuance of shares (refer Note No. 7.1 to the financial statements for details regarding advance paid against further issuance of shares).

The Company has therefore filed a suit of recovery against BankIslami Pakistan Limited and based on the legal advisor's opinion considers that the matter will be decided in its favor and accordingly, no provision against this advance has been made in these financial statements. The auditors have included an emphasis of matter paragraph in their audit report, highlighting the above.

The tax effects of aggregate losses of PKR. 6.674 billion have not been taken into account till the time the aforementioned cases are decided.

2. Going concern status of the Company

While the Company has faced significant erosion of its balance sheet due to the unconstitutional act of the State Bank of Pakistan and Federation of Pakistan (explained above), resulting in unprecedented loss; the sponsors and directors are committed to their philosophy of diversified investments and will continue to operate the Company as a going concern. Such plans include exploring and exploiting opportunities in the e-Commerce, e-Payments facilities, Logistics, warehousing/ storage and transportation businesses with the cooperation of Companies local and foreign business partners. Further, 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 financial statements have been prepared on a going concern basis.

The auditors have included an emphasis of matter paragraph in their audit report, highlighting the above.

3. Consolidated Financial Statements

As at December 31, 2015, KASB Corporation Limited has one subsidiary i.e. KASB Capital Limited. The Securities & Exchange Commission of Pakistan has exempted the Company from consolidating its aforementioned subsidiary company in its financial statements for the year ended December 31, 2015 subject to certain conditions. The matter has been fully explained in note 2.1.2 of the financial statements.

4. Voluntary Delisting of the Company

The Board of Directors of the Company in its meeting held on October 08, 2015 approved the Voluntary Delisting of the Company from the Pakistan Stock Exchange because the free float of shares of the Company in the general public is quite negligible i.e. 7,593 shares out of total paid up capital of 557,773,090 shares. Right now issuance of new shares to the General public is not feasible. Further, there are liquidity issues in the Company. Being a holding company, it does not carry on its own revenue generating activities. To invite fresh equity from the general public does not appear feasible. Due to these reasons, meeting excessive regulatory and reporting requirements, being a listed company, serve no purpose anymore.

The buy-back price of shares for the purpose of delisting by the sponsors was proposed to be PKR. 21/- per share by the Company, being the market price on the date of application to the Exchange dated December 01, 2015. However, the Voluntary Delisting Committee of the Exchange determined the price according to their formula to be PKR. 40/- per share which the sponsors accepted.

5. Corporate Governance

The directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance for the following:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission have been followed in the preparation of the financial statements and any departure there-from has been adequately disclosed;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- Key operating and financial data of the preceding years has been included in this annual report;
- For going concern status of the Company please refer section 2 of this report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2015 except for those disclosed in the financial statements;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations. The external auditors have emphasized on certain matters in their review report on statement of compliance with the Code of Corporate Governance included in this annual report.

6. Employee Benefits Scheme

The Company operates a recognized Funded Employees' Provident Fund (The Fund). The value of investments of the Fund based on financial statements for the period ended December 31, 2015 was PKR. 650,105/-

7. Election of Directors

During the year, below persons were elected/ re-elected as the directors of the Company for the next term of 3 year:

- 1- Mr. Nasir Ali Shah Bukhari- Chairman;
- 2- Mr. Waseem ul Haq Haqqie- Director;
- 3- Mr. Farrukh S. Ansari- Director;
- 4- Mr. Tariq Riaz Malik- Director;
- 5- Mr. Liu Wei- Director;
- 6- Mr. Wu Qian- Director; and
- 7- Mr. Yao Naxin- Director.

Pursuant to the reconstitution of the Board as above, Mr. Muzaffar Ali Shah Bukhari has been appointed as the Chief Executive Officer of the Company for a term of three years.

8. Meetings of Board of Directors

The attendance of Directors at the Board meetings during the period from 01 January 2015 to 31 December 2015 was as follows:

Name of Director	Meetings held	Meetings attended
Nasir Ali Shah Bukhari	Four	Four
Tariq Riaz Malik	Four	Two
Syed Waseem ul Haq Haqqie	Four	Four
Irshad Ali Shaban Ali Kassim	*Two	Two
Farrukh Shauket Ansari	Four	Four
Rashid K. Siddiqui	*One	One
Liu Wei	Four	None
Wu Qian	Four	None
Yao Naxin	One	None

* Mr. Irshad Ali Shaban Ali Kassim & Mr. Rashid K. Siddiqui resigned during the period.

Against all absences, leave of absence was granted by the Board.

9. Appointment of External Auditors

The external auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants stand retired after expiry of their tenor. As per the recommendations of the Audit Committee, the Board endorses the re-appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the external auditors for the financial year ending 2016. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting.

10. Shareholding

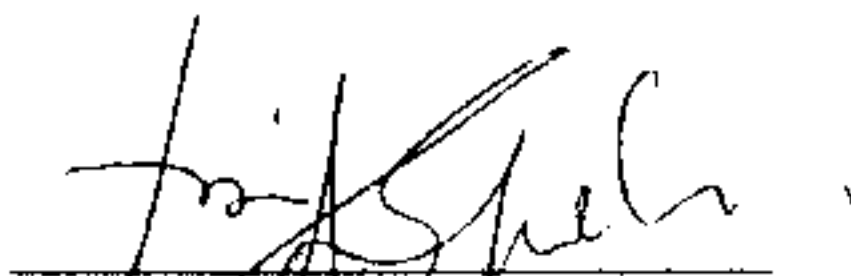
The pattern of shareholding as on December 31, 2015 is annexed to the financial statements. Transactions in the shares of the Company as reported by the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company on their own account and on account of their spouses and minor children, where applicable are also reported therein.

11. 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: July 04, 2016
Karachi


Nasir Ali Shah Bukhari
Chairman

KASB Corporation Limited
Summary of financial performance

Rupees in '000'

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Jun 30, 2013	Jun 30, 2012	Jun 30, 2011	Jun 30, 2010
	Six months						
Authorized share capital	12,500,000	12,500,000	12,500,000	12,500,000	1,000,000	1,000,000	1,000,000
Equity							
Paidup share capital	5,577,731	5,577,731	5,577,731	5,577,731	300,000	300,000	300,000
Reserve fund	-	-	-	-	-	67,424	63,209
Reserve on amalgamation	1,123,403	1,123,403	1,123,403	1,123,403	-	-	-
Unappropriated profit / (loss)	(6,674,633)	(6,592,368)	(608,211)	3,404	24,942	(32,900)	(49,889)
Unrealized gain / (loss) on revaluation of investments	2,676	-	-	-	-	(1,511)	12
Surplus on revaluation of fixed assets	1,842	-	-	-	45,126	45,334	54,941
	31,019	108,766	6,092,923	6,704,538	370,068	378,347	368,273
Liabilities							
Deferred tax	6,517	6,263	-	6,186	6,263	20,981	31,070
Long term deposits	-	-	-	-	-	57,882	39,048
Finance lease liabilities	-	-	-	-	-	-	397
Advance against further issue of shares	1,045,051	1,045,051	1,045,051	1,045,051	-	-	-
Current liabilities	26,315	21,331	302,589	299,946	13,574	54,367	92,703
	1,108,902	1,181,411	7,440,563	8,055,721	389,905	511,577	531,491
Assets							
Property and equipment	62,890	61,832	62,652	63,104	63,132	67,720	81,885
Net investment in finance lease	-	-	-	-	-	108,608	119,243
Investments	58,147	1,106,972	7,290,586	7,964,188	253,444	213,618	60,118
Long term deposits	240	240	239	232	232	232	599
Deferred tax	-	-	68,169	-	-	-	-
Current assets	987,625	12,367	18,917	28,197	73,097	121,399	269,646
	1,108,902	1,181,411	7,440,563	8,055,721	389,905	511,577	531,491
Income							
Markup on deposits / placement / Lease	233	947	1,016	4,692	14,656	28,893	49,900
Return on Investment	33	9,742	13,208	19,303	21,193	15,839	-
Gain on amalgamation	-	-	-	9,787	-	-	-
Other operating Income	3,275	1,950	-	2,392	1,877	1,669	25,299
	3,541	12,639	14,224	36,175	37,726	46,401	75,199
Expenses							
Administrative expenses	13,540	16,528	44,450	30,147	18,853	20,611	24,326
Provision for impairment in the value of investments	70,089	5,894,678	641,554	-	-	-	10,912
Other provision / bad debts written off	838	-	-	-	-	-	20,666
Financial charges	802	10,781	14,117	28,693	147	190	19,781
	85,269	5,921,987	700,121	58,840	19,000	20,801	75,685
(Loss)/ Profit before taxation	(81,728)	(5,909,348)	(685,897)	(22,665)	18,726	25,600	(486)
Provision for taxation							
Current	283	376	74	296	20,266	17,446	8,229
Prior	-	-	-	(1,370)	467	(2,834)	(3,688)
Deferred	254	74,433	(74,356)	(53)	(14,717)	(10,089)	(11,763)
	537	74,809	(74,282)	(1,127)	6,016	4,523	(7,222)
(Loss)/ Profit after taxation	(82,265)	(5,984,157)	(611,615)	(21,538)	12,710	21,077	6,736
Unappropriated profit / (loss)	(6,592,368)	(608,211)	3,404	24,942	(32,900)	(49,888)	(55,404)
Transfer from surplus on revaluation	-	-	-	-	208	126	126
	(6,674,633)	(6,592,368)	(608,211)	3,404	(19,982)	(28,685)	(48,542)
Appropriation							
Transfer to statutory reserve	-	-	-	-	(67,424)	4,215	1,347
Dividend	-	-	-	-	22,500	-	-
	-	-	-	-	(44,924)	4,215	1,347
Unappropriated (loss) / profit	(6,674,633)	(6,592,368)	(608,211)	3,404	24,942	(32,900)	(49,889)

* the accounting year of the company was changed from June 30 to Dec 31



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Chartered Accountants
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Pakistan

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Fax: +9221 3568 1965
ayfrsn.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KASB Corporation Limited ("the Company") as at 31 December 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as disclosed in note 3.1, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the period then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



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-:2:-

We draw attention to:

- i. note 1.3 to the financial statements, which states that the Company has incurred loss for the year of Rs. 82.265 million and its accumulated losses as of 31 December 2015 amounted to Rs. 6,674 million which are primarily caused by impairment in one of its major subsidiary company. Consequently, the equity of the Company declined from Rs. 6,092 million as at 31 December 2013 to Rs. 29.176 million as at 31 December 2015. 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 7.1 to the 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 financial statements.

our opinion is not qualified in respect of the above matters:

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 04 July 2016

Karachi

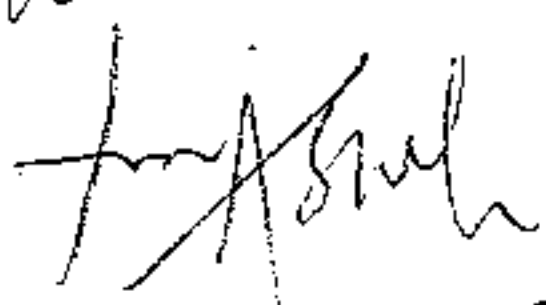
KASB CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
ASSETS			
Current assets			
Cash and bank balances	6	189,494	4,705,408
Advance, prepayments and other receivables	7	984,160,223	4,637,186
Advance taxation - net		3,275,468	3,024,702
Total current assets		987,625,185	12,367,296
Non-current assets			
Long term investments	8	58,147,385	1,106,971,632
Long term deposits	9	240,400	240,400
Property and equipment	10	62,889,734	61,831,576
Total non-current assets		121,277,519	1,169,043,608
TOTAL ASSETS		1,108,902,704	1,181,410,904
LIABILITIES			
Current liabilities			
Accrued expenses, advances and other liabilities	11	16,315,685	11,330,113
Loan from sponsor / Director - unsecured	12	10,000,000	10,000,000
Total current liabilities		26,315,685	21,330,113
Non-current liabilities			
Advance against further issue of shares	13	1,045,051,000	1,045,051,000
Deferred tax liability	14	6,517,613	6,263,602
TOTAL LIABILITIES		1,077,884,297	1,072,644,715
NET ASSETS		31,018,407	108,766,189
REPRESENTED BY:			
Issued, subscribed and paid-up capital	15	5,577,730,900	5,577,730,900
Reserve on amalgamation		1,123,402,769	1,123,402,769
Unrealized gain on remeasurement of 'available for sale' investments to fair value - net		2,675,808	-
Accumulated losses		(6,674,632,932)	(6,592,367,480)
		29,176,545	108,766,189
Surplus on revaluation of fixed assets - net of deferred tax		1,841,862	-
		31,018,407	108,766,189
Contingencies and commitments	16		

The annexed notes from 1 to 28 form an integral part of these financial statements.



 Chief Executive Officer

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 Director

KASB CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015

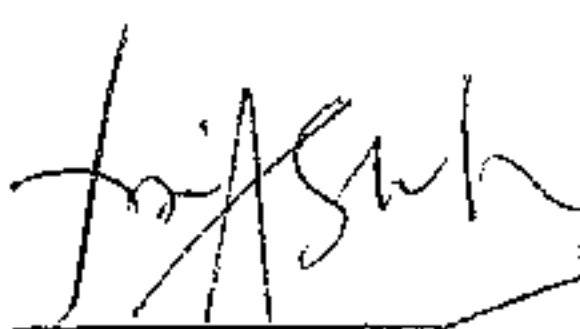
		December 31, 2015	December 31, 2014
----- (Rupees) -----			
INCOME			
Mark-up on bank balances and short term loans		232,815	947,073
Realised gain on sale of investments		-	9,318,705
Dividend income		33,483	423,053
Other operating income	17	<u>3,275,000</u>	<u>1,950,000</u>
		3,541,298	12,638,831
EXPENSES			
Administrative and operating expenses	18	<u>13,540,251</u>	<u>16,527,552</u>
Provision for impairment in the value of investments	8.4	<u>70,089,218</u>	<u>5,894,678,309</u>
Other provision	7	<u>837,832</u>	<u>-</u>
Financial charges	19	<u>802,136</u>	<u>10,780,691</u>
		85,269,437	5,921,986,552
Loss before taxation		(81,728,139)	(5,909,347,721)
Taxation			
-Current		<u>283,304</u>	<u>375,521</u>
-Deferred		<u>254,010</u>	<u>74,433,090</u>
	20	537,313	74,808,611
NET LOSS FOR THE YEAR		<u>(82,265,452)</u>	<u>(5,984,156,332)</u>
Loss per share - basic and diluted	24	<u>(0.15)</u>	<u>(10.73)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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 Chief Executive Officer



 Director
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KASB CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

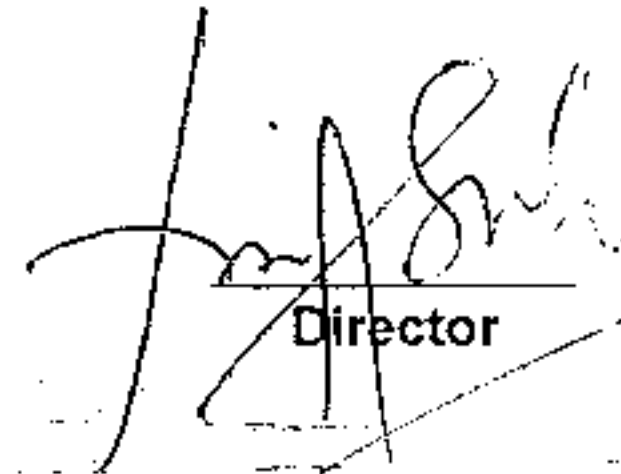
	December 31, 2015	December 31, 2014
	------(Rupees)-----	
Loss for the year	(82,265,452)	(5,984,156,332)
Other comprehensive income	-	-
Total comprehensive loss for the year	(82,265,452)	(5,984,156,332)

The annexed notes from 1 to 28 form an integral part of these financial statements.

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Chief Executive Officer

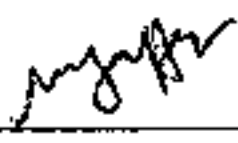


Director

KASB CORPORATION LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	December 31, 2015	December 31, 2014
------(Rupees)-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation for the year	(81,728,139)	(5,909,347,721)
Adjustments for:		
Depreciation	783,704	820,875
Financial charges	802,136	10,780,691
Provision for impairment in the value of investments	70,089,218	5,894,678,309
Other provision	837,832	-
Realised gain on sale of investments	-	(9,318,705)
	(9,215,249)	(12,386,551)
Changes in operating assets / liabilities		
Prepayments and other receivables	1,049,968	89,422
Accrued expenses and other liabilities	4,985,572	(11,258,867)
	6,035,540	(11,169,445)
Cash used in operations	(3,179,709)	(23,555,996)
Financial charges paid	(802,136)	(10,780,691)
Taxes paid	(534,070)	(667,463)
	(1,336,206)	(11,448,154)
Net cash used in operating activities	(4,515,914)	(35,004,150)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(25,000,000)
Proceeds on disposal of investments	-	323,255,184
Short term loans - net	-	(260,000,000)
Deposits	-	(1,365)
Net cash generated from investing activities	-	38,253,819
Net (decrease) / increase in cash and cash equivalents during the year	(4,515,914)	3,249,669
Cash and cash equivalents at the beginning of the year	4,705,408	1,455,739
Cash and cash equivalents at the end of the year	189,494	4,705,408

The annexed notes from 1 to 28 form an integral part of these financial statements.



 Chief Executive Officer

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 Director

KASE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid-up capital	Reserve for amalgamation	Unrealized gain on remeasurmen t of 'available for sale' investments to fair value -net (Rupees)	Accumulated losses	Total
Balance as at Janaury 1, 2014	5,577,730,900	1,123,402,769	-	(608,211,148)	6,092,922,521
Total comprehensive loss for the year ended December 31, 2014	-	-	-	(5,984,156,332)	(5,984,156,332)
Balance as at December 31, 2014	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>-</u>	<u>(6,592,367,480)</u>	<u>108,766,189</u>
Total comprehensive loss for the year ended December 31, 2015	-	-	-	(82,265,452)	(82,265,452)
Net unrealized gain on remeasurement of 'available for sale' investments	-	-	2,675,808	-	2,675,808
Balance as at December 31, 2015	<u>5,577,730,900</u>	<u>1,123,402,769</u>	<u>2,675,808</u>	<u>(6,674,632,932)</u>	<u>29,176,545</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.


Chief Executive Officer


Director

KASB CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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 Pakistan Stock Exchange Limited (PSX) [formerly Karachi Stock Exchange Limited] since 1997 as at the year end. During the year, the Company applied to the PSX for the delisting and the process of delisting was not finalised as at the end of the year. 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 the previous year, the Company's core business is now to undertake portfolio investment management and investment in other financial instruments.
- 1.3 During the year, 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 8.1.2). As a consequence, the cumulative holding of the Company in its various subsidiary companies has changed from December 31, 2014 as follows:

	December 31 2015	December 31 2014
KASB Bank Limited (now BankIslami Pakistan Limited)	-	83.62
KASB Funds Limited	46.14	90.03
KASB Capital Limited	78.22	100.00
KASB Securities Limited	0.63	77.82
KASB Modaraba	0.70	72.15
My Solutions Corporation Limited	-	-
Structured Venture (Private) Limited	-	-

The above event has resulted in decline of equity of million as at December 31, 2015. There is no going concern. However, the Company is diversified.

- 2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.
- 2.1.2 Exercising the powers conferred under Section 237(8) of the Companies Ordinance, 1984, the Company has consolidated its financial statements for the year ended December 31, 2015 and exempted the Company from consolidating its subsidiary company (as mentioned in note 1.3) in its financial statements for the year ended December 31, 2015 subject to disclosure of financial highlights (balance sheet and profit and loss account) of the subsidiary company, disclosure of nature of auditor's opinion on the financial statements of such subsidiary company and availability of the audited financial statements of the subsidiary company to the members at the registered office of the Company without any cost. The said financial highlights of subsidiary company and nature of auditor's opinion on respective financial statements are included in note 26 of these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments are carried at fair value and leasehold land and building on leasehold land are stated at revalued amounts as stated in note 3.2 and 3.3 respectively.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

3.1 New and amended standards

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

IFRS 10 – Consolidated Financial Statements

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 revision and amendments of the standards did not have any effect on the financial statements.

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 2 - Share-based Payment - Definitions of vesting conditions

IFRS 3 - Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 - Business Combinations - Scope exceptions for joint ventures

IFRS 8 - Operating Segments – Aggregation of operating segments

IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 - Related Party Disclosures - Key management personnel.

IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

3.2 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase and classifies its investment at fair value through profit or loss account, held to maturity and available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss account where transaction costs are charged to profit and loss account when incurred.

a) Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. These securities are either acquired for generating a profit from short-term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists, and related transaction costs are expensed out. These investments are measured at subsequent reporting dates at fair value and resulting gains and losses are included in the profit and loss account for the year.

b) Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken to comprehensive income until the investment is disposed or impaired, at which time the respective surplus or deficit is transferred to profit and loss account.

Unquoted investments where active market does not exist and whose fair value cannot be reliably measured are stated at cost.

c) **Held to maturity investments**

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently.

d) **Investments in subsidiaries and associates**

Investments in subsidiaries and associates are stated at cost less provision for impairment, if any.

e) **Impairment of financial assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

3.3 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any except leasehold land and building on leasehold land which is stated at revalued amount less accumulated depreciation and impairment loss, if any. The revaluation of leasehold land and building on leasehold land is carried out every five years.

Depreciation

Depreciation is charged to profit and loss account applying the straight line method whereby the cost / revalued amount of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Surplus on revaluation of property and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs

These are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to income during the financial period in which they are incurred.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and are recognised net within other operating income in profit or loss account.

Impairment of non financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.4 Revenue recognition

Dividend income

Dividend income from investment is recognised when the Company's right to receive dividend is established.

Gain on sale of investments

Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.

Mark-up income

Interest income on bank deposits and debt securities is recognised on time proportion basis using the effective interest method.

3.5 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or applicable turnover tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account except deferred tax, if any, on revaluation of property and equipment, which is recognised as an adjustment to surplus / deficit on revaluation.

3.6 Staff retirement benefit

The Company operates an approved provident fund for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 8.33 percent of basic salary.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are setoff and the net amount is reported in the balance sheet, when and only when, the Company has a enforceable legal right to set off the amounts and it intends either to settle on net basis or to realize the asset and to settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the approved accounting standards, or for gains and losses arising from a group of similar transactions.

3.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand.

3.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention of the market place.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

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The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Classification of investments and impairment thereon (notes 3.2, 8.1 and 8.1.1);
- Residual values and useful lives of property and equipment (notes 3.3 and 10);
- Recognition of taxation and deferred taxation (notes 3.5, 14 and 19); and
- Going concern assessment (note 1.3)

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

5.1 Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets.- Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment IAS 41-Agriculture-Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

5.2 The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

5.3 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

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	Note	December 31, 2015	December 31, 2014
----- (Rupees) -----			
6. CASH AND BANK BALANCES			
In hand		630	7,433
In current accounts	6.1	67,210	68,002
In PLS accounts	6.2	121,654	4,629,973
		<u>189,494</u>	<u>4,705,408</u>

6.1 This includes deposit of Rs. 9,739 (2014: Rs. 10,531) with the State Bank of Pakistan.

6.2 Interest on PLS saving accounts ranges from 4.00% to 6.50% (2014: 6.50% to 7.00%) per annum.

7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Prepaid insurance		44,857	45,471
Interest accrued on deposits		-	404
Advance against further issue of shares	7.1	981,410,000	-
Receivables from related party - KASB Invest (Private) Limited		1,609,459	3,218,919
Due on account of Scheme of Amalgamation of KASB Bank Limited (now Bank Islami Pakistan Limited)	8.1.1	837	-
Receivable from related parties		1,617,832	837,832
Other receivables		315,070	534,560
		<u>984,998,055</u>	<u>4,637,186</u>
Provision against receivable from a related party		<u>(837,832)</u>	<u>-</u>
		<u>984,160,223</u>	<u>4,637,186</u>

7.1 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 financial statements, as the management is confident about the favorable outcome of the legal proceedings.

	Note	December 31, 2015	December 31, 2014
----- (Rupees) -----			
8. LONG TERM INVESTMENTS			
Subsidiary companies	8.1	45,258,168	1,106,971,632
Investment in associate	8.2	6,802,138	-
Available for sale' investments	8.3	6,087,079	-
		<u>58,147,385</u>	<u>1,106,971,632</u>

EU

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
8.1 Subsidiary Companies			
KASB Bank Limited (now BankIslami Pakistan Limited)		-	6,460,001,505
1,631,302,898 shares (31 December 2014: 1,631,302,898 shares)		-	(6,460,000,668)
of Rs.10/- each Less: Provision for impairment	8.1.1	-	837
Advance against further issue of shares	7.1	-	981,410,000
		-	981,410,837
KASB Funds Limited (unquoted)		-	111,666,670
14,848,484 shares (31 December 2014: 14,848,484 shares)		-	(74,903,146)
of Rs. 10/- each Less: Provision for impairment	8.2.1	-	36,763,524
KASB Securities Limited (quoted)	8.3.2	-	2,525,932
700,000 shares (31 December 2014: 700,000 shares) of Rs.10/- each		-	-
KASB Capital Limited [unquoted]		85,386,000	85,386,000
1,016,500 shares (31 December 2014: 1,016,500 shares) of USD 1/- each		(40,127,832)	-
Less: Provision for impairment		45,258,168	85,386,000
KASB Modaraba (quoted)		-	-
304,389 shares (31 December 2014: 304,389 shares) of Rs. 10/- each		-	-
- cumulative holding (31 December 2014: 72.15%)	8.3.1	-	885,339
		45,258,168	1,106,971,632

8.1.1 As referred to in note 1.3 of the 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 thereagainst.

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 Bukhari 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.

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December 31, 2015 December 31, 2014

------(Rupees)-----

8.2 INVESTMENT IN ASSOCIATE

KASB Funds Limited (unquoted)

[31 December 2015: 14,848,484 shares of Rs. 10/- each]

(Break-up value as at 31 December 2015: Rs. 0.46 per share)

Percentage holding: [31 December 2015: 46.14%]

Less: Provision for impairment

111,666,670

(104,864,532)6,802,138

8.2.1 As referred to in note 1.3 of the 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'.

8.2.2 Provision for impairment as at the period ended includes impairment of Rs 29.961 million for the year ended 31 December 2015.

8.3 AVAILABLE FOR SALE INVESTMENTS

December 31, 2015	December 31, 2014	Name of Company	Note	December 31, 2015		December 31, 2014	
Number of Shares	Number of Shares			Cost	Market Value	Cost	Market Value
		Quoted shares					
304,389	-	KASB Modaraba - a related party	8.3.1	885,339	907,079	-	-
700,000	-	KASB Securites Limited - a related party	8.3.2	2,525,932	5,180,000	-	-
		Unquoted shares					
150,000	150,000	KASB Invest (Private) Limited - a related party		1,500,000	-	1,500,000	-
				<u>4,911,271</u>	<u>6,087,079</u>	<u>1,500,000</u>	<u>-</u>

8.3.1 As referred to in note 1.3 of these 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.

8.3.2 As referred to in note 1.3 of these 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.

8.4 Provision for impairment in the value of investments represents provision made against Company's investment in KASB Capital Limited of Rs. 40.127 million (2014: Nil), KASB Funds Limited of Rs. 29.961 million (2014: Rs. 31.755 million) and KASB Bank Limited of Nil (2014: Rs. 5,863 million).


December 31, 2015 December 31, 2014
------(Rupees)-----

9. LONG TERM DEPOSITS

9.1

240,400240,400

9.1 This represents security deposits with Central Depository Company of Pakistan Limited, The K- Electric and others.



10. PROPERTY AND EQUIPMENT

	Note	December 31, 2015		Rate %	December 31, 2014		Rate %	December 31, 2014		Written down value as at 'Dec 31, 2015
		As at Jan 01, 2015	As at Dec 31, 2015		As at Jan 01, 2014	As at Dec 31, 2014		Charge For the year	Revaluation Adjustment	
Property and equipment Owned										
Leasehold land	10.1	39,000,000	39,000,000	-	-	-	-	-	-	39,000,000
Building on leaseholds land	10.1	23,572,909	22,827,500	2	2,012,324	574,947	(2,587,271)	-	-	22,827,500
Furniture and fixtures		3,376,839	3,376,839	10	2,758,080	83,668	-	-	-	535,091
Vehicles		112,298	112,298	10	97,100	4,932	-	-	-	10,266
Computer, office equipments and generators		4,007,665	4,007,665	10-33.3	3,370,631	120,157	-	-	-	3,490,788
		<u>70,069,711</u>	<u>69,324,302</u>		<u>8,238,135</u>	<u>783,704</u>	<u>(2,587,271)</u>			<u>62,889,734</u>
Property and equipment Owned										
Leasehold land	10.1	39,000,000	39,000,000	-	-	-	-	-	-	39,000,000
Building on leaseholds land	10.1	23,572,909	23,572,909	2	1,437,374	574,950	-	-	-	21,560,585
Furniture and fixtures		3,376,839	3,376,839	10	2,656,738	101,342	-	-	-	618,759
Vehicles		112,298	112,298	10	92,170	4,930	-	-	-	15,198
Computer, office equipments and generators		4,007,665	4,007,665	10-33.3	3,230,978	139,653	-	-	-	637,034
		<u>70,069,711</u>	<u>70,069,711</u>		<u>7,417,260</u>	<u>820,875</u>				<u>61,831,576</u>

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10.1 In accordance with the Company's accounting policy, leasehold land and building on leasehold land were revalued, which resulted in surplus of Rs. 16.20 million and Rs. 2.436 million respectively as on 30 June 2001, Rs. 33.90 million and Rs. 7.284 million as on 30 June 2006 and deficit of Rs. 12.90 million and surplus of Rs. 3.419 million respectively as on 30 June 2011 and surplus of Rs. 1.84 million as on December 31, 2015 on valuation of building on leasehold land. The revaluations were carried out by independent valuers, M/s Surval Engineering Surveyors & Technical Consultants on 30 June 2001 and Credit and Commerce Consultants (Private) Limited on 30 June 2006, 30 June 2011 and Akbari & Javed as on December 31, 2015.

10.2 Had there been no revaluation, the net book value of the revalued leasehold land and building would amount to:

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
Leasehold land		1,800,000	1,800,000
Building on leasehold land		10,484,221	10,769,592
		<u>12,284,221</u>	<u>12,569,592</u>

10.3 Cost of fully depreciated assets included in the property & equipments are as follows:

Vehicles		62,988	62,988
Computer and office equipment		2,782,657	2,779,457
Furniture and fixtures		2,554,839	2,393,847
		<u>5,400,484</u>	<u>5,236,292</u>

11. ACCRUED EXPENSES, ADVANCES AND OTHER LIABILITIES

Accrued expenses		2,963,554	2,101,692
Provision against Workers' Welfare Fund (WWF)	16.3	3,580,629	3,580,629
Others	11.1	9,771,502	5,647,792
		<u>16,315,685</u>	<u>11,330,113</u>

11.1 Others include loan from director amounting to Rs. 9.30 million (2014 : Rs. 5.30 million).

12. LOAN FROM SPONSOR / DIRECTOR - UNSECURED

The said loan carries interest at the rate of 8% payable annually and principal is payable on demand.

13. ADVANCE AGAINST FURTHER ISSUE OF SHARES

Advance against further issue of shares as at December 31, 2015 represents advance received from following sponsors:

Mr. Nasir Ali Shah Bukhari		1,001,407,000	1,001,407,000
Asia International Finance Limited (AIFL)		43,644,000	43,644,000
		<u>1,045,051,000</u>	<u>1,045,051,000</u>

14. DEFERRED TAX LIABILITY

Taxable temporary differences arising on;

- difference between accounting book value of fixed assets and tax base

	<u>6,517,613</u>	<u>6,263,602</u>
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14.1 As of 31 December 2015, the Company has accumulated tax losses of Rs. 6,674.633 million on which deferred tax asset has not been recognised, as the Company currently cannot ascertain with sufficient level of certainty that whether taxable profits will be available in the foreseeable future against which the deferred tax asset can be utilized.

15. SHARE CAPITAL

15.1 Authorized capital

December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
(Number of shares)			------(Rupees)-----	
1,240,000,000	1,240,000,000	Ordinary shares of Rs.10/- each	12,400,000,000	12,400,000,000
10,000,000	10,000,000	Preference shares of Rs.10/- each	100,000,000	100,000,000
<u>1,250,000,000</u>	<u>1,250,000,000</u>		<u>12,500,000,000</u>	<u>12,500,000,000</u>

15.2 Issued, subscribed and paid up capital

		Fully paid ordinary shares of Rs.10/- each for consideration in cash	<u>5,577,730,900</u>	<u>5,577,730,900</u>
<u>557,773,090</u>	<u>557,773,090</u>			

16. CONTINGENCIES AND COMMITMENTS

Contingencies

- 16.1 The tax authorities have issued order / notice to leasing companies for the payment of Federal Excise Duty (FED) on their interest / mark-up income and classified lease finance facility as "Non-funded Banking Service". Therefore, leasing companies are not considered exempt from FED exemption available under Rule 40A of the Federal Excise Rules 2005. The Deputy Commissioner Inland Revenue (DCIR) passed an Order dated September 27, 2011 against the Company imposing FED amounting to Rs. 22.84 million on leasing transactions of the Company. The Company filed an appeal on December 14, 2011 against the above mentioned Order before Commissioner Inland Revenue (Appeals-II), Regional Tax Office, Karachi (CIR Appeals). CIR Appeals upheld the order issued by DCIR against the Company through Order No. CIR/A-IV/21 dated November 30, 2012, and the Company had filed an appeal to Appellate Tribunal Inland Revenue on February 22, 2013. As per the Company's tax advisor, based on the available facts and legal aspects of the case, favorable outcome is anticipated and hence no provision is required to be made as on December 31, 2015.
- 16.2 During the year 2008, an assessment order was issued in respect of tax year 2004 which raised an additional tax demand for Rs. 23.5 million on account of capital gain, tax gain on termination of lease and disallowance of initial depreciation on property and machinery. The Company filed an appeal with the Appellate Tribunal Inland Revenue of Pakistan (ATIR) who deleted all the matters on May 09, 2011 except for the taxability of capital gain on sale of listed securities which was remanded back to the taxation officer. As per the Company's tax advisor, based on the available facts and legal aspects of the case, favorable outcome is anticipated and hence no provision is required to be made as on December 31, 2015.
- 16.3 During the year 2014, the Deputy Commissioner Inland Revenue, E & C Unit-01, Zone-II, RTO, Karachi raised demand of Rs. 12.6 million against Workers' Welfare Fund (WWF) liability for the tax years 2009, 2010, 2011, 2012 and 2013 based on incorrect profit amounts. The Company has already held a provision of Rs. 3.6 million in this regard. The Company preferred appeals to the Commissioner Inland Revenue (Appeals) against the above orders. The appeals were rejected on the grounds that the matter has already been decided in favour of the tax department by the Honourable Sindh High Court. Aggrieved by the treatment, the Company is going to prefer appeals to the Honourable Appellate Tribunal Inland Revenue, Karachi.

The Company also filed applications for the revision of income tax returns for the tax years 2009, 2010, 2011 and 2012 before the Commissioner Inland Revenue, Zone-II, RTO, Karachi. The Commissioner rejected the revision for tax years 2009, 2010 and 2012 without assigning any reason while allowing the revision for tax year 2011. Against the rejection, the Company is going to prefer appeals to the Commissioner Inland Revenue (Appeals). Based on the view of the the tax advisor, the management is confident about the favourable outcome of the above matter and hence no provision has been made in these financial statements.

Commitments

There are no commitments outstanding at as the year end.

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
17. OTHER OPERATING INCOME			
Rental income		<u>3,275,000</u>	<u>1,950,000</u>
17.1 The represents rental income charged by the Company from othe related			
18. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits		318,139	7,973,957
Contribution to provident fund	18.1	13,332	56,994
Security services		-	92,400
Utilities and communication expenses		53,737	137,232
Printing and stationery		190,387	354,550
Vehicle running and maintenance		-	5,645
Insurance		91,071	95,142
Travelling and conveyance		234,988	1,799,605
Auditors' remuneration	18.2	708,613	729,891
Legal and professional charges		11,005,624	4,365,382
Depreciation	10	783,704	820,875
Others		140,656	95,879
		<u>13,540,251</u>	<u>16,527,552</u>

		December 2015 Un-audited	December 2014 Un-audited
------(Rupees)-----			
18.1	Provident fund related information		
	Size of the fund	653,175	912,253
	Cost of investments made	18.1.1 -	400,000
	Percentage of investments made	0.00%	43.85%
	Fair value of investments	-	670,412

18.1.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	December 31, 2015		December 31, 2014	
	Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
Defence savings certificates	-	0.00%	400,000	43.85%

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
18.2	Auditors' remuneration		
	Annual audit	400,000	400,000
	Fee for half yearly review	150,000	150,000
	Fee for review of compliance with code of corporate governance	50,000	50,000
	Other certifications	20,000	20,000
	Out of pocket expenses	88,613	109,891
		<u>708,613</u>	<u>729,891</u>

19. FINANCIAL CHARGES

Markup on loan	19.1	799,997	10,777,592
Bank charges		2,139	3,099
		<u>802,136</u>	<u>10,780,691</u>

19.1 This represents interest on loan from director as disclosed in note 12 to the financial statement.

20. TAXATION

- current	20.1	283,304	375,521
- deferred		254,010	74,433,090
		<u>537,313</u>	<u>74,808,611</u>

20.1 Provision for current tax has been made on the basis of minimum taxation under section 113 of the Income Tax Ordinance, 2001.

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21. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

- 21.1 No remuneration was paid to the CEO of the Company during the year and the previous year. Further, no remuneration to any directors of the Company during the year (2014: Rs. 5 million).
- 21.2 As at the year end , there is one Chief Executive Officer (2014: one) and seven directors (2014: seven) of the Company.

22. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. For management's going concern assessment refer note 1.3.

23. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing it.

23.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

23.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company and arises principally from the Company's bank balances, other receivables and long term deposits.

23.2.1 Management of credit risk

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

23.2.2 Exposure to credit risk

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the financial assets in the balance sheet. Credit risk mainly relates to deposits with banks and investment in mutual fund units. Carrying amount of these financial assets are as follows:

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	December 31, 2015	December 31, 2014
	------(Rupees)-----	
Bank balances	188,864	4,697,975
Other receivables	984,115,366	4,591,715
Long term deposits	240,400	240,400
	<u>984,544,630</u>	<u>9,530,090</u>

The aging of other receivables past due but not impaired at the reporting date was:

	December 31, 2015	
	Gross	Impairment
	------(Rupees)-----	
Over 90 days	<u>984,693,128</u>	-

The management believes that no impairment allowance is necessary in respect of receivables.

The credit quality of balances with bank can be assessed with reference to external credit ratings as follows:

23.2.3 Credit ratings

Below mentioned ratings are on the basis of available ratings assigned by PACRA and JCR-VIS as of December 31, 2015.

The analysis below summarizes the credit quality of the Company's bank balances as at December 31, 2015 and December 31, 2014:

AAA	9,739	10,531
AA	108,686	2,418,923
A	70,439	-
BBB	-	2,268,521
	<u>188,864</u>	<u>4,697,975</u>

23.2.4 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Sector wise analysis of bank balances, investments, long term deposits and other receivables are

	December 31, 2015		December 31, 2014	
	(Rupees)	%	(Rupees)	%
Banking and financial institutions	188,864	0.02	4,697,975	49.30
Others	984,355,766	99.98	4,832,115	50.70
	<u>984,544,630</u>	<u>100</u>	<u>9,530,090</u>	<u>100</u>

23.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

23.3.1 Management of liquidity risk

The Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of its assets in highly liquid financial assets.

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23.3.2 Maturity analysis for financial assets and liabilities

The table below summarizes the maturity profile of the Company's assets and liabilities:

	Total	Contractual cash flows	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
(Rupees)						
As at December 31, 2015						
Assets						
Cash and bank balances	189,494	189,494	189,494	-	-	-
Advances, prepayments and other receivables	984,160,223	984,160,223	2,750,223	981,410,000	-	-
Long term deposits	240,400	240,400	-	-	240,400	-
	984,590,117	984,590,117	2,939,717	981,410,000	240,400	-
Liabilities						
Accrued expenses and other liabilities	12,735,056	12,735,056	12,735,056	-	-	-
Advance against further issue of shares	1,045,051,000	-	-	-	1,045,051,000	-
Loan from sponsor / Director - unsecured	10,000,000	10,000,000	-	10,000,000	-	-
	1,067,786,056	22,735,056	12,735,056	10,000,000	1,045,051,000	-
As at December 31, 2014						
Assets						
Cash and bank balances	4,705,408	4,705,408	4,705,408	-	-	-
Advances, prepayments and other receivables	4,637,186	4,637,186	4,637,186	-	-	-
Long term investment - Advance for further issue of shares	981,410,000	-	-	981,410,000	-	-
Long term deposits	240,400	240,400	-	-	240,400	-
	990,992,994	9,582,994	9,342,594	981,410,000	240,400	-
Liabilities						
Accrued expenses and other liabilities	7,749,484	7,749,484	7,749,484	-	-	-
Advance against further issue of shares	1,045,051,000	-	-	-	1,045,051,000	-
Loan from sponsor / Director - unsecured	10,000,000	10,000,000	-	-	-	-
	1,062,800,484	17,749,484	7,749,484	-	1,045,051,000	-

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23.4 Market risk

Market risk is the risk that changes in market prices, such interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

23.4.1 Management of market risks

The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies developed and updated by the Board of Directors. The Company is exposed to interest rate and price risk only.

23.4.2 Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As at year end, Company does not have any financial asset or financial liability denominated in foreign currency.

23.4.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the year, the Company mainly exposed to mark-up / interest rate risk on its investments. At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	December 31, 2015	December 31, 2014
	------(Rupees)-----	
Fixed rate instruments		
Financial assets		
Financial liabilities	10,000,000	10,000,000
Variable rate instruments		
Financial assets	121,654	4,629,973
Financial liabilities	-	-

Cash flow sensitivity analysis for variable rate instruments

The Company holds profit earning accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 6).

For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit and equity for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit or loss		Equity (100 bp)	
	before tax (100 bp)		Increase	(Decrease)
	Increase	(Decrease)	Increase	(Decrease)
	----- (Rupees) -----		----- (Rupees) -----	
As at December 31, 2015				
Cash flow sensitivity - Variable rate instruments*	1,217	(1,217)	803	(803)
As at December 31, 2014				
Cash flow sensitivity - Variable rate instruments*	46,300	(46,300)	30,095	(30,095)

*net of financial liabilities.

23.4.4 The information about Company's exposures to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	As at December 31, 2015					Not exposed to interest rate risk
	Effective rate of mark-up / return %	Amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	
Financial Assets						
Bank balances	4.00 - 6.50	189,494	121,654	-	-	67,840
Other receivables	-	984,998,055	-	-	-	984,998,055
Long term deposits	-	240,400	-	-	-	240,400
		985,427,949	121,654	-	-	985,306,295
Financial Liabilities						
Accrued expenses and other liabilities	-	16,315,685	-	-	-	16,315,685
Advance against further issue of shares	-	1,045,051,000	-	-	-	1,045,051,000
Loan from sponsor / Director - unsecured	-	10,000,000	-	-	-	10,000,000
On balance sheet gap		(85,938,735)	121,654	-	-	(85,060,390)
	As at December 31, 2014					Not exposed to interest rate risk
Effective rate of mark-up / return %	Amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	over 5 years	
Financial Assets						
Bank balances	6.00 - 7.00	4,705,408	4,629,973	-	-	75,436
Other receivables	-	4,637,186	-	-	-	4,637,186
Long term investment	-	-	-	-	-	-
- Advance for further issue of shares	-	-	-	-	-	981,410,000
Long term deposits	-	240,400	-	-	-	240,400
		9,582,994	4,629,973	-	-	986,363,022
Financial Liabilities						
Accrued expenses and other liabilities	-	11,330,113	-	-	-	11,330,113
Advance against further issue of shares	-	1,045,051,000	-	-	-	1,045,051,000
Loan from sponsor / Director - unsecured	-	10,000,000	-	-	-	10,000,000
On balance sheet gap		(1,056,798,119)	4,629,973	-	-	(80,018,091)

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23.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plan;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

23.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Leasehold land and building on leasehold land are revalued by professional valuer (see note 10.1). The valuation is based on their assessment of market value of the underlying properties and is categorised under Level 2.

Quoted available-for-sale investments are valued at the year end market price available at the Pakistan Stock Exchange (see note 8.3) and is categorised under Level 1.

The fair value of all other assets and liabilities approximate the corresponding carrying amount in the statement of financial position of the Company.

	Note	December 31, 2015	December 31, 2014
------(Rupees)-----			
24. LOSS PER SHARE - basic and diluted			
Net loss after tax for the year attributable to the ordinary shareholders'		(82,265,452)	(5,984,156,332)
Weighted average number of ordinary share outstanding during the year		557,773,090	557,773,090
Loss per share - basic and diluted	24.1	<u>(0.15)</u>	<u>(10.73)</u>

24.1 Basic loss per share has no dilution effect.

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25. TRANSACTIONS WITH RELATED PARTIES

25.1 Related parties of the Company comprise companies with common directorship, group companies, staff retirement fund, directors and key management personnel. The following are the details of balances and transactions with related parties as at and during the year ended December 31, 2015.

	December 31, 2015	December 31, 2014
	------(Rupees)-----	
Balances as at the year end		
Bank Balances	-	2,268,520
Investment in subsidiary companies	45,258,168	1,106,971,632
Loan payable to sponsor / director	19,300,000	15,300,000
Markup receivable on deposits	-	404
Markup payable on loan from sponsor / director	1,896,766	1,096,769
Dividend receivable	-	73,053
Rent receivable	805,000	-
Other receivable	1,609,459	3,218,919
Transactions for the year		
Income		
Markup on deposits and short term loans	41,967	901,816
Return on investments	106,536	9,096,682
Service Income	1,609,460	600,000
Rent received	2,470,000	1,350,000
Expenses		
Financial charges	-	1,614
Markup on loan from sponsor / director	-	14,115,068
Custody charges	28,098	98,255
Key management personnel		
Remuneration paid to key management personnel	-	5,000,000
Others		
Contribution paid to employees provident fund	13,332	56,994
Reimbursements	56,810	216,960
Sale of investments	-	297,683,162
Short term loans repayment - net	-	270,000,000
Short term loans - recovered	-	10,000,000

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26. DISCLOSURE RELATING TO SUBSIDIARY COMPANY

KASB Capital Limited - incorporated in Mauritius
Statement of financial position

	December 31, 2015 USD
Non-current assets	
Plant and equipment	1,455
Financial assets at fair value through profit and loss	626,116
Deferred income tax assets	4,799
	632,370
Current assets	
Other receivable	4,605
Cash and cash equivalent	36,205
	40,810
Total Assets	673,180
Equity and Liabilities	
Share Capital	1,299,500
Revenue deficit	(682,823)
Other components of equity	(64,857)
	551,820
Non-current liabilities	
Borrowings	116,860
Current liabilities	
Trade and other payables	4,500
Total Equity and Liabilities	673,180
KASB Capital Limited - Profit and Loss Account	
Revenue	
Administrative expense	(695,284)
Operating loss	(695,284)
Finance income	7
Finance cost	(74,682)
Loss before tax	(769,959)
Tax	2,793
Loss for the year	(767,166)
Other comprehensive income	
Accretion reserve	(9,700)
Total comprehensive loss for the year	(776,867)

The financial statements of KASB Capital Limited are audited M/s Comprehensive Financial Services, Chartered Certified Accountants who expressed an unmodified audit opinion on the same.

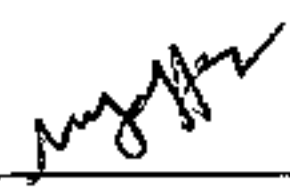
27. DATE OF AUTHORISATION

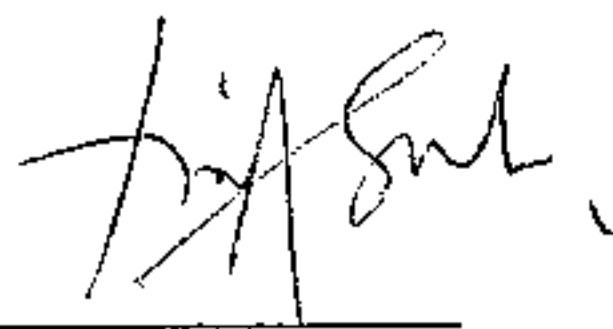
These financial statements were authorized for issue in the Board of Directors meeting held on 04 July, 2016.

28. GENERAL

28.1 The figures of the corresponding period have been re-arranged and re-classified wherever necessary for the purpose of better presentation and comparison. However, there are no material re-classifications to report.

28.2 Figures have been rounded off to the nearest rupee unless otherwise stated.


Chief Executive Officer


Director

KASB Corporation Limited

Pattern of shareholding (as at December 31, 2015)

<i>Shareholding</i>		<i>Number of shareholders</i>	<i>Total shares held</i>	<i>Percentage (%)</i>
<i>From</i>	<i>To</i>			
1	- 100	36	210	0.0000
101	- 500	14	6,990	0.0013
501	- 1,000	1	501	0.0001
1,001	- 5,000	1	2,976	0.0005
7,050,001	- 7,055,000	1	7,055,000	1.2649
10,210,001	- 10,215,000	1	10,214,335	1.8313
12,110,001	- 12,115,000	3	36,337,535	6.5148
225,275,001	- 225,280,000	1	225,275,045	40.3883
278,880,001	- 278,805,000	1	278,880,498	49.9989
		<u>59</u>	<u>557,773,090</u>	<u>100.00</u>

Categories of shareholders

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage (%)</i>
Sponsors, Directors, CEO & Children	12	557,764,496	99.9985
Individuals	46	8,593	0.0015
Joint Stock Company	1	1	0.0000
	<u>59</u>	<u>557,773,090</u>	<u>100.00</u>

KASB Corporation Limited

Pattern of shareholding (as at December 31, 2015)

<i>Category no.</i>	<i>Categories of shareholders</i>	<i>Number of shares held</i>	<i>Category wise no. of shareholders</i>	<i>Category wise shares held</i>	<i>Percentage (%)</i>
1	Individuals		46	8,593	0.0015
2	Joint stock companies		1	1	-
3	Investment companies		-	-	-
4	Sponsors, Directors, Chief Executive Officer and their spouse and minor children		12	557,764,496	99.9985
	Mr. Nasir Ali Shah Bukhari	225,275,045			
	Mr. Muzaffar Ali Shah Bukhari	12,112,706			
	Syeda Mubashara Bukhari	12,112,623			
	Mr. Tariq Riaz Malik	500			
	Syed Waseem ul Haq Haqqi	500			
	Mr. Wu Qian	500			
	Liu Wei	500			
	Mr. Mehmood Ali Shah Bukhari	12,112,206			
	Mrs. Ambreen Bukhari	10,214,335			
	Mr. Muneer Kamal	83			
	TEK Capital	7,055,000			
	Asia International Finance Limited	278,880,498			
5	Executives		-	-	-
6	NIT / ICP		-	-	-
7	Associated companies, undertaking and related parties		-	-	-
8	Public sector companies and corporations		-	-	-
9	Banks, DFIs, NBFCs, insurance companies, modarabas and mutual funds		-	-	-
10	Foreign investors		-	-	-
11	Co-operative societies		-	-	-
12	Charitable trusts		-	-	-
13	Others		-	-	-
	Total		59	557,773,090	100.0000

Shareholders holding five percent or more voting interest in the listed company

<i>Names of shareholders</i>	<i>No. of shares held</i>	<i>Percentage (%)</i>
Asia International Finance Limited	278,880,498	50.00
Nasir Ali Shah Bukhari	225,275,045	40.39
Totals	504,155,543	90.39