

# Condensed Interim Financial Information (Un-Audited)

For the  
Half Year Ended  
June 30, 2018



**BIPL SECURITIES LIMITED**





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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Kamal Uddin Tipu – Chairman  
Sikander Kasim – Director  
Muhammad Hafeezuddin Asif – Director  
Saad Ahmed Madani – Director  
Khawaja Ehrar ul Hassan – Director  
Sohail Sikandar – Director  
Natasha Matin – Director

## AUDIT COMMITTEE

Sikander Kasim - Chairman  
Sohail Sikandar  
Khawaja Ehrar ul Hassan  
Syed Sameer Abbas Ali - Secretary

## HR & R COMMITTEE

Kamal Uddin Tipu - Chairman  
Natasha Matin  
Saad Ahmed Madani  
Jihan Malik Mehboob - Secretary

## CHIEF EXECUTIVE OFFICER

Abdul Aziz Anis - CFA

## COMPANY SECRETARY

Uzma Sheriff

## CHIEF FINANCIAL OFFICER

Zafar Ahmed Khan

## AUDITORS

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

## CREDIT RATING

JCR-VIS Credit Rating Company Limited

## BANKERS

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

## LEGAL ADVISORS

Bawaney and Partners  
Advocates and Investment and Corporate  
Advisor 3rd & 4th Floors, 68-C, Lane 13,  
Bokhari Commercial Area,  
Phase-VI, DHA, Karachi, Pakistan  
**Phones:** (+92-21) 35156191-92-93-94  
**Fax:** (+92-21) 351-56195  
**Email:** bawaney@cyber.net.pk

## TAX ADVISOR

Grant Thornton Anjum Rahman  
Chartered Accountants  
1st Floor, 40-C, Block-6,  
P.E.C.H.S., Karachi, Pakistan.  
**Phone:** (+92-21) 111-000-322  
**Fax:** (+92-21) 34168271

## REGISTERED OFFICE

5th Floor, Trade Centre, I.I.Chundrigar Road,  
Karachi. **Phone:** (+92-21) 111-222-000  
**Fax:** (+92-21) 32630202  
**Email:** info@biplsec.com  
**Website:** www.biplsec.com

## SHARE REGISTRAR

THK Associates (Private) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi  
75400, Pakistan.  
**Phone:** +92 (021) 111-000-322  
**Direct:** +92 (021) 34168270  
**Fax:** +92 (021) 34168271  
**Email:** secretariat@thk.com.pk

# DIRECTORS' REVIEW TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to place before you the unaudited standalone and consolidated condensed interim financial information of BIPL Securities Limited (BIPLS) for half year ended June 30, 2018.

## ECONOMIC REVIEW

Country's macroeconomic outlook continues to look weak with current account deficit (CAD) reaching historic highs of ~USD16.0bn during 11MFY18, primarily driven by trade imbalances which stood at USD27.9bn over the same period. In order to address soaring CAD, the State Bank of Pakistan (SBP) devalued PKR by a cumulative of 10% in 1HCY18. Despite devaluing the currency, imports increased by 16%YoY in 11MFY18 outpacing the rise in exports which increased by 13%YoY during the same period.

On the fiscal front, tax collections of PKR3.8trn registered a growth of 11.4% in FY18, but remained short of target by PKR90bn. The growth in revenue collections can be attributed to the tax amnesty scheme introduced by the government in Apr'18 to provide an opportunity for people to file their local and foreign assets without facing any consequences; approximately PKR100bn have been raised through this scheme so far.

During FY18 inflation clocked in at 4.0%, remaining in line with SBP's forecast of below 6.0%. However, both the demand side and supply side factors are in place to push inflation higher in FY19 which is forecasted to comfortably breach the official inflation target of 6.0%. We expect the inflation to surge to ~6.8% by Dec'18, significantly narrowing the real interest corridor and thus setting grounds for future rate hikes.

## EQUITY MARKET REVIEW

During 2QCY18 PSX witnessed heavy selling as investors responded to the rising political uncertainty coupled with the macroeconomic concerns. The benchmark index shed 8%YoY for the quarter, closing in at 41,998pts. Nonetheless, for the 1HCY18 the PSX showed a 2% gain from 2017 close.

Market participation remained dull during the 1HCY18 as reflected by 34%YoY and 22%YoY decline in All Share Average Daily Traded Value (ADTV) and All Share Average Daily Traded Volume (ADT), respectively, as confidence among local players diminished pulling the index downwards.

Foreign investors pulled out USD178mn during the first half 2018. The decline in foreign participation can be attributed to negative sentiments rising from the earlier mentioned political and economic concerns.

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## DEBT AND CURRENCY MARKET REVIEW

During 1HCY18 the central bank increased the policy rate by 75bps citing pressures on CAD and increasing oil prices as the main reason. More discount rate (DR) hikes may be on the horizon as inflation is likely to pick up significantly in FY19 on the back of i) reversal in commodity cycle, ii) weak currency and iii) significant pressure on external account as the trade imbalances remain at large.

With a view of steep rise in interest rates over the foreseeable future, we expect the investor participation to remain concentrated largely on the shorter end of the maturity profile. Consequently, any maturities occurring in the longer term papers (above 6M) are unlikely to be rolled over and would go towards the settlement of the outstanding OMO position.

As for the currency, State Bank of Pakistan (SBP) allowed market-based adjustment in the exchange rate where the rupee depreciated by 10% to PKR121.55/USD (till end June 2018) in order to curtail the current account deficit. However the move has so far failed to yield desirable results as monthly CAD position



remains elevated at USD2.0bn. Consequently, we expect further weakness in PKR over the remainder of CY18 and expect PKR to stabilize around 135/USD.

## OPERATING AND FINANCIAL PERFORMANCE

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

	Half year ended June 30	
	2018	2017
	----- (Rupees in '000') -----	
Operating revenue	<b>97,486</b>	150,641
Mark-up / profit on bank deposits, investments & other receivables	<b>26,735</b>	25,774
Gain on sale of investments – net	<b>7,378</b>	72,631
Dividend income	<b>84</b>	303
Unrealized loss on investments –net	<b>(443)</b>	(572)
Other income	<b>5,411</b>	41,126
<b>Total income</b>	<b>136,651</b>	289,903
Operating and administrative expenses	<b>(153,747)</b>	(187,631)
Finance cost	<b>(7,141)</b>	(7,027)
<b>Total expenses</b>	<b>(160,888)</b>	(194,658)
<b>Net (loss) / profit (before impairment and taxation)</b>	<b>(24,237)</b>	95,245
Impairment on long term investment- Subsidiary	<b>(83)</b>	(57)
Taxation	<b>11,088</b>	(14,012)
<b>Net (loss) / profit after taxation</b>	<b>(13,232)</b>	81,176
	----- (Rupees) -----	
(Loss) / Earnings per share	<b>(0.13)</b>	0.81

The first half of the current financial year has been a difficult one for the stock market as a whole. During this period average daily volumes were down by 39% YoY while average daily value traded was lower by 49% YoY. As such, your company saw reduction in operating revenues due to lower brokerage income. However, to compensate for the lower business income the management made concerted efforts to reduce operating costs of the company; to this end expenses were lower by 18% YoY during the said period.

## FUTURE OUTLOOK

For the second half of CY18 we expect a DR hike of 100bps and further rupee depreciation of 8-10% as a result of burgeoning current account deficit and high fiscal deficit. This will lead to rising inflation and tightening local liquidity, both of which are negative for overall stock market sentiments. Nonetheless, successful national elections and the induction of a new government can well lead to a short snap rally in the market due to attractive valuations.

Your company will continue to focus on keeping operating costs under control while ensuring that revenues continue to grow in line with overall market volumes and investor sentiments.

ACKNOWLEDGEMENT

The Board of Directors of your company BIPL Securities Limited wishes to recognize the efforts of all the stakeholders and employees of the company who contributed towards the betterment of the company.

On behalf of the Board of Directors

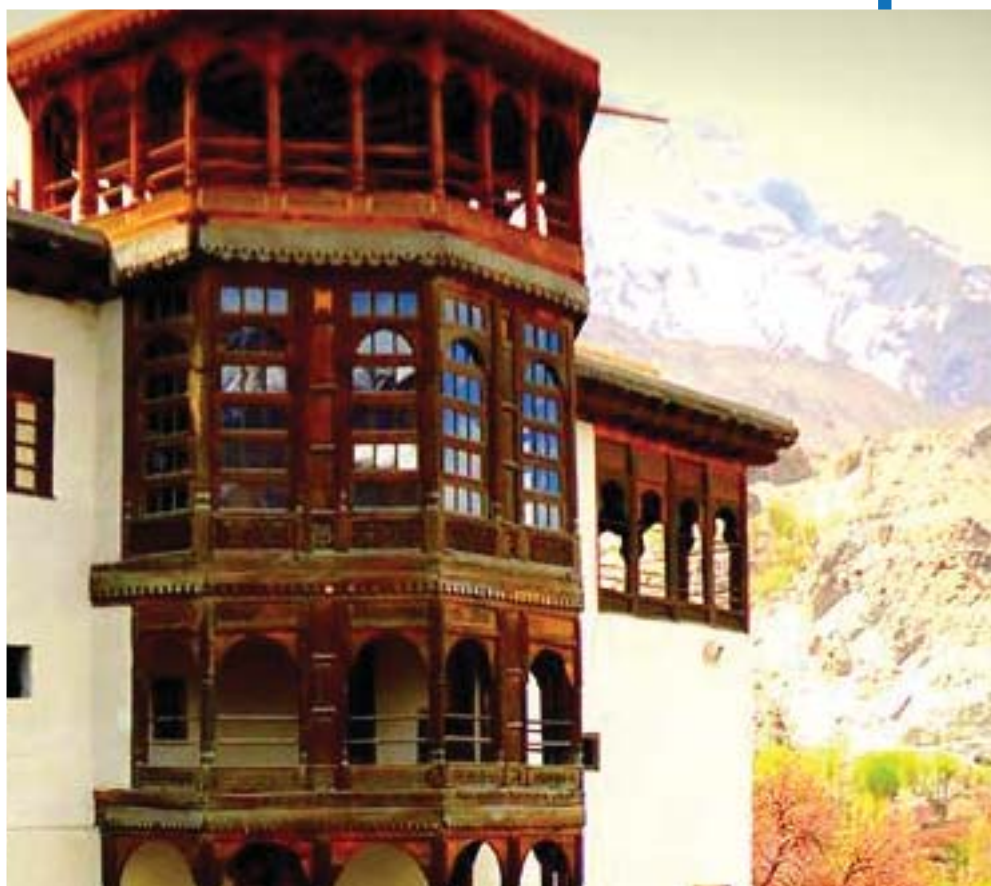


Chief Executive Officer



Director

Karachi, July 27, 2018



# STANDALONE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED, JUNE 30 2018

Auditor's review report to members  
Statement of financial position  
Statement of comprehensive income  
Cash flow statement  
Statement of changes in equity  
Notes to the financial information





# AUDITOR'S REVIEW REPORT TO MEMBERS



## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BIPL SECURITIES LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of BIPL Securities Limited as at June 30, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended June 30, 2018 and June 30, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Adnan Zaman.

  
Chartered Accountants  
Karachi  
Dated **27 JUL 2018**

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

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

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT JUNE 30, 2018

	(Un-audited)	(Audited)
Note	June 30, 2018	December 31, 2017

----- (Rupees in '000') -----

### ASSETS

#### Non-Current Assets

Property and equipment	4	38,612	37,480
Intangible assets		4,997	5,562
Investment properties	4.1	-	5,066
Long-term investments	5	555,524	512,211
Long-term loans and advances		183	481
Long-term deposits and prepayments		19,307	14,843
Deferred tax asset - net		62,719	35,721
		<b>681,342</b>	<b>611,364</b>

#### Current Assets

Short-term investments	6	127,249	152,027
Trade debts	7	102,683	117,271
Advances, deposits, prepayments and other receivables	8	285,002	445,805
Taxation - net		94,531	92,425
Cash and bank balances	9	545,319	496,966
		<b>1,154,784</b>	<b>1,304,494</b>
<b>TOTAL ASSETS</b>		<b>1,836,126</b>	<b>1,915,858</b>

### EQUITY AND LIABILITIES

#### Share Capital and Reserves

Authorized Capital		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,000,000	1,000,000
General reserve		18,752	18,752
Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net		368,461	325,065
Accumulated losses		(432,064)	(418,832)
		<b>955,149</b>	<b>924,985</b>

#### Non-Current Liabilities

Long-term financing	10	150,000	150,000
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#### Current Liabilities

Trade and other payables	11	730,938	840,835
Accrued mark-up		39	38
		<b>730,977</b>	<b>840,873</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,836,126</b>	<b>1,915,858</b>

#### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 19 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

## FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	Note	Half Year Ended		Quarter Ended	
		June 30		June 30	
		2018	2017	2018	2017
----- (Rupees in '000') -----					
Operating revenue	13	97,486	150,641	41,136	67,103
<b>Net gain on investment</b>					
Gain on sale of investments 'at fair value through profit and loss' - net		7,378	7,906	3,712	2,885
Gain on sale of 'available-for-sale' investments - net	5.2.2	-	64,725	-	20,928
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' - net		(443)	(572)	(1,456)	544
		6,935	72,059	2,256	24,357
Dividend income		84	303	-	-
Mark-up / profit on bank deposits and other receivables	14	26,735	25,774	12,727	12,717
		131,240	248,777	56,119	104,177
Operating and administrative expenses		(153,785)	(187,635)	(76,873)	(74,553)
Impairment on long-term investment - Subsidiary	5.1	(83)	(57)	(42)	(44)
Reversal of provision against doubtful debts - net	7.2	38	4	38	4
		(153,830)	(187,688)	(76,877)	(74,593)
<b>Operating (loss) / profit</b>		(22,590)	61,089	(20,758)	29,584
Finance cost		(7,141)	(7,027)	(3,614)	(3,558)
		(29,731)	54,062	(24,372)	26,026
Other income		5,411	41,126	4,928	39,828
<b>(Loss) / profit before taxation</b>		(24,320)	95,188	(19,444)	65,854
<b>Taxation</b>					
Current - for the period		(15,910)	(3,429)	(7,460)	2,790
Deferred	15	26,998	(10,583)	24,512	(11,936)
		11,088	(14,012)	17,052	(9,146)
<b>(Loss) / profit after taxation</b>		(13,232)	81,176	(2,392)	56,708
<b>Other comprehensive income / (loss) for the period:</b>					
Reclassification adjustment on disposal of 'available-for-sale' investment included in profit and loss account - net		-	(58,435)	-	(36,717)
Reversal of deferred tax liability related to component of other comprehensive income		-	21,913	-	21,913
Unrealized gain arising during the period on re-measurement of 'available-for-sale' investments - net		43,396	2,240	15,931	2,840
		43,396	(34,282)	15,931	(11,964)
<b>Total comprehensive income for the period</b>		30,164	46,894	13,539	44,744
----- (Rupees) -----					
(Loss) / Earnings per share - basic and diluted		(0.13)	0.81	(0.02)	0.57

The annexed notes 1 to 19 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2018

Half year ended June 30,	
2018	2017
----- (Rupees in '000') -----	

#### CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation (24,320) 95,188

#### Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:

Depreciation	5,921	6,489
Amortisation	565	452
Gain on sale of investments 'at fair value through profit and loss' - net	(7,378)	(7,906)
Gain on sale of 'available-for-sale' investments - net	-	(64,725)
Gain on sale of property and equipment	(1,370)	(11)
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' - net	443	572
Impairment on long-term investment - Subsidiary	83	57
Reversal of provision against doubtful debts-net	(38)	(4)
Finance cost	7,141	7,027
Dividend income	(84)	(303)
	<b>5,283</b>	<b>(58,352)</b>
	<b>(19,037)</b>	<b>36,836</b>

#### Working capital adjustments:

#### Decrease / (increase) in current assets

Trade debts	14,626	(28,018)
Advances, deposits, prepayments and other receivables	160,803	28,261
	<b>175,429</b>	<b>243</b>

#### Decrease in current liabilities

Trade and other payables	(109,897)	(177,376)
	<b>46,495</b>	<b>(140,297)</b>
Finance cost paid	(7,140)	(7,027)
Income tax paid	(18,016)	(28,666)
	<b>21,339</b>	<b>(175,990)</b>

#### Net cash flows generated from / (used in) operating activities

#### CASH FLOW FROM INVESTING ACTIVITIES

Investments 'at fair value through profit or loss' - net	31,713	69,607
Purchase of property and equipment	(2,489)	(6,279)
Purchase of intangible assets	-	(2,112)
Proceeds from disposal of property and equipment	1,872	119
Dividend received	84	1,344
	<b>31,180</b>	<b>62,679</b>

#### Net cash flow generated from investing activities

#### CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances	298	59
Long-term deposits and prepayments	-	(18,946)
Long-term investment	(4,464)	66,882
Dividend paid	-	(1)
	<b>(4,166)</b>	<b>47,994</b>

#### Net cash flows (used in) / generated from financing activities

#### Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	496,966	644,614
Cash and cash equivalents at the end of the period	<b>545,319</b>	<b>579,297</b>

The annexed notes 1 to 19 form an integral part of these Condensed Interim Financial Information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share Capital	General Reserve	Accumulated (loss) / profit	Unrealised gain / (loss) on re-measurement of 'available-for-sale' investments to fair value - net	Total
----- (Rupees in '000') -----					
<b>Balances as at January 01, 2017</b>	1,000,000	18,752	(456,875)	518,881	1,080,758
Total comprehensive income for the period	-	-	81,176	(34,282)	46,894
<b>Balance as at June 30, 2017</b>	1,000,000	18,752	(375,699)	484,599	1,127,652
Total comprehensive loss for the period	-	-	(43,133)	(159,534)	(202,667)
<b>Balance as at December 31, 2017</b>	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive income for the period	-	-	(13,232)	43,396	30,164
<b>Balance as at June 30, 2018</b>	1,000,000	18,752	(432,064)	368,461	955,149

The annexed notes 1 to 19 form an integral part of these Condensed Interim Financial Information.



Chief Executive Officer



Director



Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

### 1. STATUS AND NATURE OF BUSINESS

- 1.1** BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2** The Company is a subsidiary of BankIslami Pakistan Limited (BIPL) - (the Parent Company), which holds 77.12% shares of the Company.
- 1.3** The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance services.
- 1.4** These are separate condensed Interim Financial Information of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

### 2. STATEMENT OF COMPLIANCE

- 2.1** These condensed Interim Financial Information of the Company for the period ended June 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Act, 2017 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Act, 2017 and the said directives have been followed.
- 2.2** These condensed Interim Financial Information do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Company's Annual Financial Statements for the year ended December 31, 2017.
- 2.3** These condensed Interim Financial Information are un-audited.

### 3. ACCOUNTING POLICIES

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

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

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

**IFRS 2:** Share - based Payments - Classification and Measurement of Share - based Payments Transactions (Amendments)

**IAS 40:** Investment Property - Amendments to clarify transfers or property to, or from, investment property

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed Interim Financial Information.

### 4. PROPERTY AND EQUIPMENT

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

	Note	Half Year Ended (Un-audited)		Year Ended (Audited)	
		June 30, 2018		December 31, 2017	
		Additions / Transfers Cost	Disposals Cost	Additions Cost	Disposals Cost
----- (Rupees in '000) -----					
Office premises-leasehold	4.1	5,804	-	511	-
Furniture and fixtures		243	-	916	(178)
Computers and office equipment		2,246	(750)	18,710	(672)
Vehicles		-	(2,509)	-	-
		8,293	(3,259)	20,137	(850)

- 4.1** As at March 31, 2018, company had transferred it's investment property having net book value of Rs.4.99 million.

## 5. LONG-TERM INVESTMENTS

5.

LONG-TERM INVESTMENTS

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000') -----			
Subsidiary company- Structured Venture (Private) Limited (SVPL)	5.1	1,428	1,511
'Available-for-sale' investments	5.2	554,096	510,700
		555,524	512,211
5.1 Subsidiary Company			
Cost		488,581	488,581
Less: Provision for impairment		(487,153)	(487,070)
		1,428	1,511

The net assets of the subsidiary company have reduced due to full impairment of investment of Rs. 81.567 million in an associated company New Horizon Exploration and Production Limited (NHEPL), and provision against advance for purchase of land of Rs. 375 million.

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

During the year 2015, the Developer cancelled provisional booking vide its letter dated June 15, 2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

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

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

On request of the Company for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation / approval of SECP, NAB has initiated inquiry into the matter.

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

### 5.2 'Available-for-sale' investments

#### Name of the Investee Company

##### Quoted shares

Pakistan Stock Exchange Limited	5.2.1 & 5.2.2	31,658	35,906
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##### Unquoted shares

Al Jomaih Power Limited	5.2.3	522,438	474,794
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New Horizon Exploration and Production Limited - (Related Party)

- Class 'A' ordinary shares

Less: impairment

	<b>31,629</b>	31,629
	<b>(31,629)</b>	(31,629)
	-	-
5.2.4	<b>554,096</b>	<b>510,700</b>

- 5.2.1** This represents 1,602,953 shares having a market value of Rs. 19.75 per share as at June 30, 2018 (December 31, 2017:Rs. 22.40 per share).

The Company's entitlement in respect of PSX's shares was determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and 4,007,383 shares of the face value of Rs 10/- each were allotted to the Company, out of which 2,404,430 shares were kept in the blocked account and the divestment of the same was to be made in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 [the Act] within two years from the date of promulgation of the Act. On December 22, 2016, the Divestment Committee of PSX accepted the highest bid price of Rs. 28 per share from Chinese Consortium to divest 40% equity stake held by the existing shareholders of PSX, which were kept in the blocked account as mentioned above, under the Act and regulation framed thereunder. Subsequent to above, PSX intimated vide letter dated December 29, 2016 that bidding process for the sale of PSX shares has been concluded. Further, consideration for the above sale was received by PSX after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement executed among Anchor investor, Divestment Committee and PSX, which was retained for a period of one year to settle any outstanding liabilities of PSX, the amount has been subsequently received.

- 5.2.2** During the quarter ended March 31, 2017, the company received sale proceed of Rs 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement mentioned above. During the quarter ended June 30 2017, the company received sale proceed of Rs. 21.99 million against disposal of 801,477 shares representing 20% holding to general public.

Further, PSX notified vide letter dated June 23, 2017 that SECP has approved the application for formal listing and quotation of shares of PSX pursuant to the Act. The shares of PSX was listed on June 29, 2017 on its Ready Counter, and currently it is measured at mark to market due to availability of active market. These shares are required to be blocked with CDC in-house / investor accounts under sub-regulation (1), (2) & (3) of Regulation 5 of Public offering Regulations, 2017. However CDC has kept these shares as frozen instead of blocked. On June 13, 3018, PSX has released 521,759 blocked shares as were required under above mentioend regulations and had kept remianing 1,081,194 shares as blocked which will be released in June 2020.

Further, the company has pledged 1,081,194 shares with PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulations in PSX Rule Book.

- 5.2.3** The Company's investment in unquoted shares of Al Jomaih Power Limited are valued at its fair value based on the net assets value of the investee company as at December 31, 2017. The changes in fair value is due to upward valuation of foreign currency.

- 5.2.4** In year 2015, the management carried out impairment testing of its investment in New Horizon Exploration and Production Limited (NHEPL), as required by relevant accounting standards as applicable in Pakistan. Based on such analysis, the Company fully impaired it's investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised up to year 2016. As of reporting date, there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

## 6. 'SHORT-TERM INVESTMENTS

### At fair value through profit or loss

Note

	(Un-audited)	(Audited)
	June 30, 2018	December 31, 2017
----- (Rupees in '000') -----		
Listed Shares	127,249	152,027
Term Finance Certificates	-	-
	127,249	152,027

- 6.1** This includes shares with carrying value of Rs. 127.24 million (December 31, 2017: Rs. 127.35 million) which have been pledged with NCCPL against exposure margin.

### 6.2 Term Finance Certificates

'Pace Pakistan Limited (Face value of 10,000 certificates at Rs. 5,000/- each)

Cost

Less: impairment

6.2.1

45,369	45,369
(45,369)	(45,369)
-	-

- 6.2.1** The above TFCs are secured and carry mark-up at the rate of 6 months KIBOR +2% and was to be mature in February 15, 2017. These TFCs are currently rated as 'non-performing' by the Mutual Funds Association of Pakistan. The purchase cost of TFCs amounts to Rs. 45.37 million (2017: Rs. 45.37 million) and during the previous years, the Company on the basis of prudence, has fully impaired the investment of Rs. 45.37 million.

## 7. TRADE DEBTS

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000') -----			
Receivable against purchase of marketable securities - net of provisions	7.2	65,850	113,459
Receivable from NCCPL		32,324	75
Inter-bank brokerage		4,098	2,790
Fees		411	947
		<b>102,683</b>	<b>117,271</b>

- 7.1** Trade debts are recognized at fair value and subsequently measured at carrying value. A provision for impairment in trade debts is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables whereas debts deemed uncollectible are written off.

### 7.2 Considered Good

Secured		18,940	59,661
Unsecured		3,732	10,655
		<b>22,672</b>	<b>70,316</b>
<b>Considered doubtful</b>		<b>137,535</b>	<b>137,538</b>
Less: provision for doubtful debts	7.3	(94,357)	(94,395)
		<b>65,850</b>	<b>113,459</b>

### 7.3 Reconciliation of provisions against trade debts

Opening balance		94,395	118,026
Provision for the period / year		-	1,771
Reversal of provision during the period / year		(38)	(25,402)
		<b>(38)</b>	<b>(23,631)</b>
	7.3.1	<b>94,357</b>	<b>94,395</b>

- 7.3.1** Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 43.18 million (December 31, 2017: Rs. 43.14 million) held in custody by company against respective customer accounts.

### 7.4 The aging analysis of trade debts are as follows:

Not past due	47,587	64,287
Past due 15 day - 30 days	883	474
Past due 31 days - 180 days	6,506	4,371
Past due 181 days - 1 year	1,038	2,457
More than one year-net of provision	46,669	45,682
	<b>102,683</b>	<b>117,271</b>

## 8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### Advances to:

- Suppliers
- Current portion of long-term loans and advances to employees and executives

### Deposits:

- Exposure deposit with -NCCPL
- Exposure deposit with -PMEX
- Others

### Prepayments:

- Rent
- Insurance
- Software development and maintenance
- Others

### Other receivables:

- Profit on bank deposits
- Profit on exposure deposit with - NCCPL
- Receivable against margin finance
- Receivable from PSX against sale of shares
- Others

Note

(Un-audited)	(Audited)
June 30, 2018	December 31, 2017

----- (Rupees in '000')-----

2,823	2,086
952	1,261
3,775	3,347

193,389	330,814
4,011	5,400
2,100	2,200
199,500	338,414

2,151	1,748
1,331	1
504	702
370	2,072
4,356	4,523

3,087	4,129
988	533
67,965	87,300
-	4,488
5,331	3,071
77,371	99,521
285,002	445,805

5.2.2

## 9. CASH AND BANK BALANCES

### Cash at bank in:

#### Company accounts

- Current accounts
- Saving accounts

#### Client accounts

- Current accounts
- Saving accounts

Cash in hand

Stamps in hand

9.1

9.1

9.2

2,048	2,896
1,228	79,863
3,276	82,759

9	12
541,824	414,182
541,833	414,194

545,109	496,953
205	-
5	13
545,319	496,966



**9.1** These carry profit at the rates ranging from 2.6% to 5.85% (December 31, 2017: 1.4% to 5.6%) per annum.

**9.2** This includes Rs. 42.68 million (December 31, 2017: Rs. 103.59 million) with BankIslami Pakistan Limited, the Parent Company.

## 10. LONG TERM FINANCING

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000') -----			
Loan from financial institution	10.1	150,000	150,000

**10.1** This represents long-term financing obtained from the Parent Company (BIPL). The financing is secured by way of Exclusive Charge over all commercial properties of the Company (Musharakah assets). The financing is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 to December 2020.

## 11. TRADE AND OTHER PAYABLES

Trade creditors	693,593	739,644
Payable to NCCPL	110	51,959
Accrued expenses	30,643	42,664
Withholding tax	2,988	3,070
Unclaimed dividend	1,404	1,404
Others	2,200	2,094
	<b>730,938</b>	<b>840,835</b>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There is no change in the status of contingencies as disclosed in the published annual financial statements for the year ended December 31, 2017.

### 12.2 Commitments

Net-future sale transactions of equity securities entered into by the Company in respect of which the settlement is outstanding

128,701	125,503
---------	---------

The Company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited. The aggregate amount of commitments against these arrangements are as follows:

Not later than one year	3,796	3,895
Later than one year but not later than five years	8,091	9,988
	<b>11,887</b>	<b>13,883</b>

## 13. OPERATING REVENUE

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30		June 30	
	2018	2017	2018	2017
----- (Rupees in '000') -----				
Brokerage	92,403	144,936	40,222	65,723
Subscription research income	3,429	2,688	102	594
Financial advisory fee	-	1,443	-	-
Custody services	1,654	1,574	812	786
	<b>97,486</b>	<b>150,641</b>	<b>41,136</b>	<b>67,103</b>

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

Profit on bank deposits	20,064	17,983	9,535	8,915
Margin finance income	6,589	7,715	3,151	3,764
Others	82	76	41	38
	<b>26,735</b>	<b>25,774</b>	<b>12,727</b>	<b>12,717</b>

## 15. TAXATION

Pursuant to the amendment in Income Tax laws through Finance Act 2018, company's equity brokerage income which was previously taxable under FTR will now be taxable under NTR. As a result the company had recorded deferred tax asset on deductible differences which were previously not adjustable under FTR.

## 16. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of Bank Islami Pakistan Limited (the Parent Company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2018 and December 31, 2017 and transactions with related parties during the period ended June 30, 2018 and June 30, 2017 are as follows:

-----As at June 30, 2018 (Un-audited)-----					
	Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----					
<b>BALANCES</b>					
Accrued mark-up	39	-	-	-	39
Bank balances	42,684	-	-	-	42,684
Ijarah deposits	2,107	-	-	-	2,107
Ijarah rental payable	604	-	-	-	604
Long-term financing	150,000	-	-	-	150,000
Profit receivable on bank deposit	424	-	-	-	424
Prepaid rent	105	-	-	-	105
Loans and advances	-	-	300	-	300
Trade debts	180	-	1	-	181
Trade payables	-	5	133	-	138

-----As at December 31, 2017 (Audited)-----					
	Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----					
<b>BALANCES</b>					
Accrued mark-up	38	-	-	-	38
Bank balances	103,585	-	-	-	103,585
Ijarah deposits	2,107	-	-	-	2,107
Ijarah rental payable	542	-	-	-	542
Long-term financing	150,000	-	-	-	150,000
Profit receivable on bank deposit	605	-	-	-	605
Prepaid rent	106	-	-	-	106
Loan / Advance Receivable	-	-	26	-	26
Receivable against financial advisory	500	-	-	-	500
Trade debts	23	26	5	-	54
Trade payables	-	-	1,059	-	1,059

-----Half year ended June 30, 2018 (Un-audited)-----				
Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----				

**TRANSACTIONS****Income**

Brokerage income earned	585	11	31	-	627
Custody services-net	3	1	2	-	6
Markup income	-	-	4	-	4
Profit on bank deposits	4,477	-	-	-	4,477

**Expenses**

Bank charges	63	-	-	-	63
Charge in respect of contributory plan	-	-	-	3,023	3,023
Mark-up expense	6,942	-	-	-	6,942
Financial advisory fee	500	-	-	-	500
Remuneration to key management personnel	-	-	10,915	-	10,915
Reimbursement of expenses	-	2	-	-	2
Ijarah expense	1,863	-	-	-	1,863
Rent expense	631	-	-	-	631

-----Half year ended June 30, 2017 (Un-audited)-----				
Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----				

**TRANSACTIONS****Income**

Brokerage income earned	704	-	144	-	848
Custody services-net	3	4	-	-	7
Profit on bank deposits	7,099	-	-	-	7,099
Financial advisory income	442	-	-	-	442

**Expenses**

Bank charges	72	-	-	-	72
Charge in respect of contributory plan	-	-	-	3,126	3,126
Mark-up expense	6,854	-	-	-	6,854
Remuneration to key management personnel	-	-	12,030	-	12,030
Ijarah expense	195	-	-	-	195
Rent expense	648	-	-	-	648

**Other transactions**

Purchase of property and equipment	3,224	-	-	-	3,224
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## 17. OTHER DISCLOSURES UNDER REGULATION 34(2) OF SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these condensed financial information are as follows:

17.1	Persons holding more than 5% of shares	% of holding		Number of shares	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
	Mrs. Noor Jehan Bano	6.53%	6.53%	6,532,500	6,532,500
	Mr. Mohammad Aslam Motiwala	7.31%	7.31%	7,314,500	7,314,500

17.2 There were no changes in the shareholding of persons holding more than 5% shares of the Company.

17.3 As at June 30, 2018 the value of customer shares maintained with the Company pledged with financial institutions is Rs 88.19 million (December 31, 2017: Rs 71.72 million).

17.4 As at June 30, 2018 value of customers shares maintained in the Company's Sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs 13,842 million (December 31, 2017: Rs 13,169 million).

## 18. DATE OF AUTHORISATION

These condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Company on July 27, 2018.

## 19. GENERAL

19.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison except for the following:

December 31, 2017

---- (Rupees in '000) ----

### Transfer from Component

Trade Debts (Secured)

### Transfer to Component

Trade Debts (Considered Doubtful)

42,920

19.2 Figures have been rounded off to the nearest thousand of rupees.



Chief Executive Officer



Director



Chief Financial Officer



# CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2018

Statement of financial position

Statement of comprehensive income

Cash flow statement

Statement of changes in equity

Notes to the financial information



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT JUNE 30, 2018

(Un-audited)	(Audited)
June 30, 2018	June 30, 2017

----- (Rupees in '000') -----

### ASSETS

#### Non-Current Assets

Property and equipment	38,612	37,480
Intangible assets	4,997	5,562
Investment properties	-	5,066
Advance against purchase of property	-	-
Long-term investments	554,096	510,700
Long-term loans and advances	183	481
Long-term deposits and prepayments	19,307	14,843
Deferred tax asset - net	62,719	35,721
	<b>679,914</b>	<b>609,853</b>

#### Current Assets

Short-term investments	127,249	152,027
Trade debts	102,683	117,271
Advances, deposits, prepayments and other receivables	285,005	445,808
Taxation - net	94,746	92,639
Cash and bank balances	546,689	498,382
	<b>1,156,372</b>	<b>1,306,127</b>
	<b>1,836,286</b>	<b>1,915,980</b>

### TOTAL ASSETS

### EQUITY AND LIABILITIES

#### Share Capital and Reserves

Authorized Capital	2,000,000	2,000,000
Issued, subscribed and paid-up capital	1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net	368,461	325,065
Accumulated losses	(432,064)	(418,832)
	<b>955,149</b>	<b>924,985</b>

#### Non-Current Liabilities

Long-term financing	150,000	150,000
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#### Current Liabilities

Trade and other payables	731,098	840,957
Accrued mark-up	39	38
	<b>731,137</b>	<b>840,995</b>
	<b>1,836,286</b>	<b>1,915,980</b>

### TOTAL EQUITY AND LIABILITIES

### CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 8 form an integral part of these Condensed Interim Financial Information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)** **FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018**

	Half Year Ended		Quarter Ended	
	June 30		June 30	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
Operating revenue	97,486	150,641	41,136	67,103
<b>Net gain on investment</b>				
Gain on sale of investments 'at fair value through profit and loss' - net	7,378	7,906	3,712	2,885
Gain on sale of 'available-for-sale' investments - net	-	64,725	-	20,928
Unrealised (loss) / gain on re-measurement of investments 'at fair value through profit or loss' - net	(443)	(572)	(1,456)	544
	6,935	72,059	2,256	24,357
Dividend income	84	303	-	-
Mark-up / profit on bank deposits and other receivables	26,753	25,795	12,736	12,727
	131,258	248,798	56,128	104,187
Operating and administrative expenses	(153,886)	(187,713)	(76,924)	(74,607)
Reversal of provision against doubtful debts-net	38	4	38	4
	(153,848)	(187,709)	(76,886)	(74,603)
<b>Operating (loss) / profit</b>	(22,590)	61,089	(20,758)	29,584
Finance cost	(7,141)	(7,027)	(3,614)	(3,558)
	(29,731)	54,062	(24,372)	26,026
Other income	5,411	41,126	4,928	39,828
<b>(Loss) / profit before taxation</b>	(24,320)	95,188	(19,444)	65,854
<b>Taxation</b>				
Current - for the period	(15,910)	(3,429)	(7,460)	2,790
Deferred	26,998	(10,583)	24,512	(11,936)
	11,088	(14,012)	17,052	(9,146)
<b>(Loss) / profit after taxation</b>	(13,232)	81,176	(2,392)	56,708
<b>Other comprehensive income / (loss) for the period:</b>				
Reclassification adjustment on disposal of 'available-for-sale' investment included in profit and loss account - net	-	(58,435)	-	(36,717)
Reversal of deferred tax liability related to component of other comprehensive income	-	21,913	-	21,913
Unrealized gain arising during the period on re-measurement of 'available-for-sale' investments - net	43,396	2,240	15,931	2,840
	43,396	(34,282)	15,931	(11,964)
<b>Total comprehensive income for the period</b>	30,164	46,894	13,539	44,744
	----- (Rupees) -----			
(Loss) / Earnings per share - basic and diluted	(0.13)	0.81	(0.02)	0.57

The annexed notes 1 to 8 form an integral part of these Consolidated Condensed Interim Financial Information.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2018

Half year ended June 30	
2018	2017
----- (Rupees in '000') -----	

#### CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation (24,320) 95,188

#### Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:

Depreciation	5,921	6,489
Amortisation	565	452
Gain on sale of investments 'at fair value through profit and loss' - net	(7,378)	(7,906)
Gain on sale of 'available-for-sale' investments - net	-	(64,725)
Gain on sale of property and equipment	(1,370)	(11)
Unrealised loss on re-measurement of investments 'at fair value through profit or loss' - net	443	572
Reversal of provision against doubtful debts-net	(38)	(4)
Finance cost	7,141	7,027
Dividend income	(84)	(303)
	5,200	(58,409)
	(19,120)	36,779

#### Working capital adjustments:

##### Decrease / (increase) in current assets

Trade debts	14,626	(28,018)
Advances, deposits, prepayments and other receivables	160,803	28,261
	175,429	243

##### Decrease in current liabilities

Trade and other payables	(109,858)	(177,405)
	46,451	(140,383)
Finance cost paid	(7,140)	(7,027)
Income tax paid	(18,018)	(28,668)
	21,293	(176,078)

#### Net cash flows generated from / (used in) operating activities

#### CASH FLOW FROM INVESTING ACTIVITIES

Investments 'at fair value through profit or loss' - net	31,713	69,607
Purchase of property and equipment	(2,489)	(6,279)
Purchase of intangible assets	-	(2,112)
Proceeds from disposal of property and equipment	1,872	119
Dividend received	84	1,344
	31,180	62,679

#### Net cash flows generated from investing activities

#### CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances	298	59
Long-term deposits and prepayments	-	(18,946)
Long-term investment	(4,464)	66,882
Dividend paid	-	(1)
	(4,166)	47,994

#### Net cash flows (used in) / generated from financing activities

#### Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	498,382	646,311
Cash and cash equivalents at the end of the period	546,689	580,906

The annexed notes 1 to 8 form an integral part of these Consolidated Condensed Interim Financial Information.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share Capital	General Reserve	Accumulated (loss) / profit	Unrealised gain / (loss) on re-measurement of 'available-for-sale' investments to fair value - net	Total
----- (Rupees in '000') -----					
<b>Balances as at January 01, 2017</b>	1,000,000	18,752	(456,875)	518,881	1,080,758
Total comprehensive income for the period	-	-	81,176	(34,282)	46,894
<b>Balance as at June 30, 2017</b>	1,000,000	18,752	(375,699)	484,599	1,127,652
Total comprehensive loss for the period	-	-	(43,133)	(159,534)	(202,667)
<b>Balance as at December 31, 2017</b>	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive income for the period	-	-	(13,232)	43,396	30,164
<b>Balance as at June 30, 2018</b>	1,000,000	18,752	(432,064)	368,461	955,149

The annexed notes 1 to 8 form an integral part of these Consolidated Condensed Interim Financial Information



Chief Executive Officer



Director



Chief Financial Officer

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

### 1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

#### **Holding Company**

- BIPL Securities Limited

#### **Subsidiary Company**

- Structured Venture (Private) Limited

- 1.1 BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Holding Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.2 The Holding Company is a subsidiary of BankIslami Pakistan Limited (the Ultimate Parent Company) which holds 77.12% of the shares of the Holding Company.
- 1.3 The Holding Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance services.
- 1.4 Structured Venture (Private) Limited (the subsidiary) was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.
- 1.5 The subsidiary is wholly owned by BIPL Securities Limited.
- 1.6 The subsidiary's core objective is to capitalize on opportunities across different asset classes, including but not limited to commodities, structured products, real estate etc. In addition, the subsidiary can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

### 2. BASIS OF PREPARATION

These consolidated condensed Interim Financial Information have been prepared under the historical cost convention except for investments which are carried at fair value.

### 3. STATEMENT OF COMPLIANCE

These consolidated condensed Interim Financial Information of the Group for the half year ended June 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of the Companies Act, 2017 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements differ, the provisions of the Companies Act, 2017 and the said directives have been followed.

These consolidated condensed Interim Financial Information do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the annual published financial statements for the year ended December 31, 2017.

These consolidated condensed Interim Financial Information are un-audited.

### 4. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed Interim Financial Information are consistent with those of the previous financial year except as follows:

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

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

IFRS 2 Share - based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)

IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the consolidated condensed Interim Financial Information.



## 5. BASIS OF CONSOLIDATION

The Financial Information of the subsidiary are included in the consolidated condensed Interim Financial Information from the date the control commences until the date the control ceases. In preparing consolidated condensed Interim Financial Information, the Financial Information of the Holding Company and Subsidiary are consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

## 6. RELATED PARTY TRANSACTIONS

The related parties of the Group comprise of Bank Islami Pakistan Limited (the Ultimate Parent Company), associated undertakings (including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at June 30, 2018 and December 31, 2017 and transactions with related parties during the period ended June 30, 2018 and June 30, 2017 are as follows:

-----As at June 30, 2018 (Un-audited)-----					
	Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----					
<b>BALANCES</b>					
Accrued mark-up	39	-	-	-	39
Bank balances	44,029	-	-	-	44,029
Ijarah deposits	2,107	-	-	-	2,107
Ijarah rental payable	604	-	-	-	604
Long-term financing	150,000	-	-	-	150,000
Profit receivable on bank deposit	427	-	-	-	427
Prepaid rent	105	-	-	-	105
Loans and advances	-	-	300	-	300
Trade debts	180	-	1	-	181
Trade payables	-	5	133	-	138

-----As at December 31, 2017 (Audited)-----					
	Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----					
<b>BALANCES</b>					
Accrued mark-up	38	-	-	-	38
Bank balances	105,001	-	-	-	105,001
Ijarah deposits	2,107	-	-	-	2,107
Ijarah rental payable	542	-	-	-	542
Long-term financing	150,000	-	-	-	150,000
Profit receivable on bank deposit	608	-	-	-	608
Prepaid rent	106	-	-	-	106
Loan / Advance Receivable	-	-	26	-	26
Receivable against financial advisory	500	-	-	-	500
Trade debts	23	26	5	-	54
Trade payables	-	-	1,059	-	1,059

-----Half year ended June 30, 2018 (Un-audited)-----				
Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----				

**TRANSACTIONS****Income**

Brokerage income earned	585	11	31	-	627
Custody services-net	3	1	2	-	6
Markup Income	-	-	4	-	4
Profit on bank deposits	4,495	-	-	-	4,495

**Expenses**

Bank charges	63	-	-	-	63
Charge in respect of contributory plan	-	-	-	3,023	3,023
Mark-up expense	6,942	-	-	-	6,942
Financial advisory fee	500	-	-	-	500
Remuneration to key management personnel	-	-	10,915	-	10,915
Reimbursement of expenses	-	2	-	-	2
Ijarah expense	1,863	-	-	-	1,863
Rent expense	631	-	-	-	631

-----Half year ended June 30, 2017 (Un-audited)-----				
Parent Company	Subsidiary/ Associates	Key Management Personnel	Others	Total
----- (Rupees in '000') -----				

**TRANSACTIONS****Income**

Brokerage income earned	704	-	144	-	848
Custody services-net	3	4	-	-	7
Profit on bank deposits	7,120	-	-	-	7,120
Financial advisory income	442	-	-	-	442

**Expenses**

Bank charges	72	-	-	-	72
Charge in respect of contributory plan	-	-	-	3,126	3,126
Mark-up expense	6,854	-	-	-	6,854
Remuneration to key management personnel	-	-	12,030	-	12,030
Ijarah expense	195	-	-	-	195
Rent expense	648	-	-	-	648

**Other transactions**

Purchase of property and equipment	3,224	-	-	-	3,224
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7. DATE OF AUTHORISATION

These Consolidated Condensed Interim Financial Information have been authorised for issue by the Board of Directors of the Holding Company on July 27, 2018.

8. GENERAL

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



Chief Executive Officer



Director



Chief Financial Officer

## BRANCH NETWORK

### ISLAMABAD

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