ANNUAL REPORT 2016

BIPL Securities Limited

(formerly KASB Securities Ltd.)

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Vision

To invest in Quality Human Resource ensuring sustained growth enabling provision of par excellence financial services fuelled with innovation.

Mission

Building a team of professionals, managing relationships with all stakeholders their families and businesses on the principles of integrity and accountability with a tradition of trust.

Vision — *Customer Oriented, Innovative*

Attitude — *Proactive, Based on Commitment & Respect*

Leadership — *Based on Integrity, Trust & Teamwork*

Upright — *Credible & Reliable*

Excellence — *In Customer Services with Quality*

Synergy — *In Team Results*

COMPANY INFORMATION

Board of Directors

Mansur-ur-Rehman Khan	Chairman
Sikander Kasim	Director
Kamal uddin Tipu	Director
Saad Ahmed Madani	Director
Khawaja Ehrar-ul-Hassan	Director
Sohail Sikandar	Director
Ms. Natasha Matin	Director

Audit Committee

Sohail Sikandar	Chairman
Mansur-ur-Rehman Khan	
Khawaja Ehrar-ul-Hassan	
Syed Sameer Abbas Ali	Secretary

HR & R Committee

Mansur-ur-Rehman Khan	Chairman
Saad Ahmed Madani	
Ms. Natasha Matin	
Ms. Jihan Malik Mehboob	Secretary

Chief Executive Officer

Anwer Ahmed Sheikh

Company Secretary

Kashif Shahzad

Chief Financial Officer

Zafar Ahmed Khan

Auditors

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

Bankers

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

Legal Advisor

Bawaney & Partners
Advocates and Investment & Corporate Adviser
3rd & 4th Floors, 68-C, Lane 13,
Bokhari Commercial Area, Phase -VI,
DHA, Karachi, Pakistan
Ph : (92-21) 351-56191-4, Fax 351-56195
E-mail: bawaney@cyber.net.pk

Registered and Head Office

5th Floor, Trade Centre, I.I. Chundrigar
Road, Karachi, Pakistan
Ph : (92-21) 111-222-000
Fax: (92-21) 326-30202
E-mail: biplho@biplsec.com

Website

www.biplsec.com

Share Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi Pakistan.
Ph: (92-21) 111-000-322
Fax: (92-21) 341-68271

BRANCHES

Gujranwala

Office No. 81, O Block, Trust Plaza,
Ph : (92-55) 3822501-04
Fax: (92-55) 382-2505
E-mail: biplgrw@biplsec.com

Gulshan-e-Iqbal - Karachi

Friends Paradise, 1st floor, SB-36, Block No. 13-B
KDA Scheme # 24, Main University Road,
Ph : (92-21) 34980763-64 & 66
Fax: (92-21) 349-80761
E-mail: biplgul@biplsec.com

Islamabad

90, 1st Floor, Razia Sharif Plaza,
Fazle Haq Road, Blue Area,
UAN : (92-51) 111-222-000
Fax: (92-51) 234-4565
E-mail: biplisb@biplsec.com

Lahore

2nd Floor, Fountain Avenue Building,
64-A, Main Boulevard, Main Gulberg,
UAN : (92-42) 111-222-000
Fax: (92-42) 357-87545
E-mail: bipllhr@biplsec.com

Multan

Ground Floor, State Life Building,
Abdaali Road,
Ph : (92-61) 4780300-02
Fax: (92-61) 450-0274
E-mail: biplmul@biplsec.com

Peshawar Cantt

1st Floor, State life Building,
34- The Mall,
Ph: (92-91) 5276025-28
Fax:(92-91) 527-3683
E-mail: biplpsh@biplsec.com

Pakistan Stock Exchange - Karachi

Room No. 139, 3rd Floor,
Stock Exchange Building,
Stock Exchange Road
Ph: (92-21) 32412910-14
Fax: (92-21) 324-12911

Rahim Yar Khan

Plot No. 24, Model Town,
Ph: (92-68) 5873252-54
Fax: (92-68) 587-3251
E-mail: biplryk@biplsec.com

Sialkot

Ground Floor, City Tower
Shahab Pura Road,
Ph: (92-52) 3256035-37
Fax: (92-52) 325-6038
E-mail: biplskt@biplsec.com

CODE OF CONDUCT

BIPL Securities is a strong supporter of corporate decorum and ensures that its employees endeavor to maintain highest ethical standards during the discharge of their duties. The Company has adopted a Code of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. A summary of the Code is as follows:

Conflict of Interest

Employees must act at all times in the Company's best interests and are expected to avoid situations in which their financial or other personal interests or dealings are in conflict with the interests of the Company. Matters involving conflict of interest are prohibited as a matter of policy and any conflict that arises in a specific situation or transaction must be disclosed and resolved.

Gifts or Entertainment

Offering or acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any existing or potential customer, supplier or business associate of the Company, other than occasional gifts of a modest value and entertainment on a modest scale as part of customary business practice.

Bribery

The making or receiving of facilitation payments or inducements such as bribes and similar acts in cash or kind are prohibited and the resources of the Company are not utilized for any such purpose.

Accounting Standards

Compliance with applicable accounting standards and procedures is always necessary. The information supplied to the external auditors, shareholders and other third parties must be complete and not misleading.

Human Resources

Human Resource policies are consistent, transparent and fair and staff members are encouraged to make suggestions or raise business concerns. Selection for employment and promotion is based on objective assessment of ability, qualification and experience, free from discrimination on any grounds. Discrimination on the basis of caste, culture, religion, disability or sex is intolerable.

Compliance with Regulatory Requirements

BIPL Securities transacts its business in accordance with the applicable laws, rules and regulations and cooperates fully with the government and regulatory bodies.

Confidentiality

Employees are bound to protect the confidentiality of information and are obliged to keep delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

Community Responsibility

BIPL aims to operate as a responsible corporate citizen, supporting the communities locally and globally and recognizes its responsibilities towards these communities.

Environmental Responsibility

BIPL is concerned with the conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and it aims to limit its use of all finite resources.

BOARD OF DIRECTORS

Mansur-ur-Rehman Khan - Chairman

Mr. Mansur-ur-Rehman Khan is a Central Banker with over 44 years of experience in different positions including 5 years as Deputy Governor and three years as Banking Mohtasib. He has served on the boards of House Building Finance Corporation, Small Business Finance Corporation, Pak-Kuwait Investment Company, Trade Development Authority as also on the Policy Board of Securities and Exchange Commission of Pakistan (SECP). He has also been actively associated as Chairman/Deputy Chairman of various working group of Islamic Financial services Board during his association as member of its Technical Committee. He is MA (Mathematics), LLB, and DAIBP. He has attended a number of seminars workshop, conferences, and courses related to Banking, Finance, Trade, and Public Administration within the country and abroad.

Anwer Ahmed Sheikh - Chief Executive Officer

Mr. Sheikh holds Master degree in Business Administration from Institute of Business Administration, Karachi. He brings over twenty seven years of experience in Financial Consulting & Corporate Finance and has held senior positions in different companies. He has also served on the Boards of different private and listed companies and possesses extensive skills in dealing with Financial Institutions, Regulators, Ministry of Finance and Privatization Commission. Prior to joining KASB Securities he was associated with AKD REIT Management Company Ltd. as Chief Executive.

Sikander Kasim - Director

SikanderKasim is a Fellow member of Institute of Chartered Accountants of Pakistan with over 30 years of experience in cross sector of listed companies. He joined Ford Rhodes Robson Morrow to pursue Accounting Certification after his B.Com from University of Karachi. He was admitted as an Associate Member of ICAP in the year 1991. His work experience revolves around financial and corporate affairs, including the office of Chief Financial Officer. He has major insight of public offering, treasury function and mobilization of funds for the enterprise. Majority of his experience pertains to refinery sector.

Kamal Uddin Tipu - Director

Mr. Kamal Uddin Tipu holds a Ph. D. in International Relations & Politics, Masters in Conflict Transformation, International Human Rights Law Postgraduate Diploma, M. Sc. Civil Engineering and B. Sc., Civil Engineering. He has to his credit much local and foreign training, reports and studies. He has worked with National Counter Terrorism Authority, PEMRA and United Nations Office to the African Union and in different offices of police including Deputy Inspector General.

Saad Ahmed Madani - Director

Saad Ahmed Madani is the Regional General Manager for Corporate South for BankIslami Pakistan Limited and has been associated with them since 2007. A Chartered Accountant by qualification he has 15 years post-qualification experience in the fields of corporate banking, investment banking and credit analysis.

Khawaja Ehrar ul Hassan - Director

KhawajaEhrar ul Hassan is currently working as Company Secretary in BankIslami Pakistan Limited (BIPL). He has also worked as Acting Chief Financial Officer, Country Head of Compliance & legal and Head of Fraud Control in BIPL. Prior to this, he was associated with two leading banks of Pakistan i.e. Allied Bank Limited and United Bank Limited. He has more than fifteen years diversified experience in regulatory compliance, legal, internal control, accounts, finance, corporate matters, fraud investigation, corporate governance and internal audit in Pakistan and Middle East. He is voluntarily working as Member National Counsel/Honorary Secretary of ICMAP.

He has various academic and professional qualifications as mentioned below:

1. Fellow Cost and Management Accountants of Pakistan.
2. Advance Diploma in Management Accounting from CIMA, UK.
3. Certified Internal Auditor (CIA) from the Institute of Internal Auditors (IIA), Florida, USA.
4. Qualified Corporate Secretary from the Institute of Corporate Secretaries of Pakistan (ICSP).
5. Diplomaed Associate of the Institute of Bankers (DAIBP).
6. Masters in Economics from the Karachi University.

Sohail Sikandar - Director

Sohail Sikandar, a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), started his career with Deloitte Yousuf Adil Saleem & Co. Chartered Accountants (A member firm of Deloitte Touche Tohmatsu) where he gained versatile experience of auditing Banks and Non-Banking Financial Institutions and facilitating Mergers and Acquisitions of financial institutions. He is currently serving as Chief Financial Officer of BankIslami Pakistan Limited. Prior to joining BankIslami, he has served as CFO at Burj Bank and Dawood Family Takaful Limited.

Mr. Sikandar has certificate courses in Islamic Finance and Takaful to his credit. In addition to his superior knowledge of finance and accounting, he also has considerable knowledge and strength in the areas of Business Process Re-engineering, Business & Strategic Planning, Corporate Affairs and Information

Natasha Matin - Director

Ms. Natasha Matin is an MBA having over 16 years of diversified banking experience in corporate finance, investment banking and risk management. She has been working with Bankislami since 2007 and is presently heading the consumer and corporate credit division of the bank. Prior to her current assignment she worked with Pak Oman Investment Co. as Vice president / Team leader credit & marketing where she was instrumental in forming the advances portfolio comprising of blue chip corporates. She started off her career at ORIX Group in 1999 where she was part of credit & marketing team there.

DIRECTORS REPORT TO THE MEMBERS

On behalf of the Board of Directors of BIPL Securities Limited (formerly KASB Securities Ltd.), I am pleased to present the audited financial statements of the Company, and commentary for the year ended December 31, 2016

Change of Company Name

During the year, name of the Company has been changed from KASB Securities Limited to BIPL Securities Limited through a Certificate (Change of Name) issued by the Securities and Exchange Commission of Pakistan (SECP) dated Novenber 03, 2016.

Economic Review

The economy continued to grow in the year 2016, with GDP growth advancing to 4.7% in FY16 compared to 4.2% in FY15. The manufacturing and services sector grew substantially, reflecting improved business climate and domestic demand despite weak agriculture sector performance. The year saw some key feats which include successful completion of the IMF program in September, launch of a US$1bnSukuk bond as well as S&P's credit rating upgrade of Pakistan's sovereign bond. Foreign exchange reserves position remained strong during the year, increasing by US$ 2.3 bn to close the year at US$ 23.1 bn. Inflation has remained under comfortable levels, though has started to creep upwards from the low of 1.3% in Sep-15 to 3.8% in Dec-16. This is mainly reflection of the low base last year, as well as growing aggregate demand. The central bank maintained a cautious stance throughout the year following a 25bp rate cut in May-16 to 5.75% and kept the policy rate unchanged since then. Inflationary expectations remain upward bound in the medium term on the back of potential recovery in oil prices due to developments on the international front as well as pick up in aggregate demand domestically. This has also reflected in increase in import bill by 10% YoY in 1HFY17, while exports and remittances have slowed down by 4% and 2% respectively during the period. As a result, trade deficit in 1HFY17 is up 22% YoY to US$ 14.5 bn. The government managed to restrict fiscal deficit to 4.6% of GDP in FY16, however in 1HFY17, tax collection has reportedly seen shortfall of PKR 127 bn, due to slow growth of 6.9% YoY during the period. As a result, the target of reducing fiscal deficit to 3.8% of GDP in FY17 appears challenging.

Equity Market Review

The exuberance in the equity market in the year 2016, which witnessed a total return of 46%, is clearly a reflection of improved domestic liquidity, Pakistan's imminent upgrade to MSCI Emerging Markets (EM) from Frontier Markets, and expectations of economic growth attached to progress on CPEC projects. Despite some hiccups on the political front, the KSE-100 advanced well particularly in the last quarter, up by 18% QoQ to close the year at 47,806 pts, and emerged as best performing market amongst its Asian EM peers. Since then the index has elevated further to cross 50,000 pts in January 2017.

In terms of activity in 2016, volumes increased by 14% to 281mn per day while value traded is up 2% YoY to US$ 116 mn per day. FIPI registered a higher net outflow US$ 339 mn from US$ 313 mn last year. Overall, the recovery in commodity prices, progress on CPEC, coupled with the economic backdrop led by government commitment to reform agenda under IMF program, remained supportive for equity returns.

A successful divestment of stake in Pakistan Stock Exchange to a consortium of three Chinese companies, led by China Financial Futures Exchange Company, also offers opportunity for increased investor access and capital flows, introduction of new products, and enhancement in technological platform.

Debt and Currency Market Review

The money market saw substantial improvement in liquidity in 2016, mainly driven by PKR 1.4 trn worth maturities of Pakistan Investment Bonds in 1QFY17. The size of open market operations decreased to under PKR 1 trn as a result, fromover PKR 1.3 trn last year. Money market rates though volatile, declined slightly in line with the reduction in policy rate by 25bp in May-16.

SBP conducted fortnightly T-bill auctions worth PKR 5.4 trn and monthly PIB auctions cumulatively worth PKR 1.2 trn during the year.

The currency parity (PKR/USD) has shown remarkable strength and remained relatively stable at 104.8 during the year. While defying global hiccups such as Brexit and OPEC deal, the exchange rate has gained support from a positive balance of payments, smooth completion of IMF program and credit rating upgrade by S&P.

Operating and Financial Performance

Profit after tax for CY16 amounted to PKR 19.12 million as compared to a loss after tax of PKR (580.78) million for CY15. The Company focused on rebuilding its market share across its key business functions. Monetary impact of key P&L items on the Company's bottom-line are highlighted as under:

- Operating revenue decreased 0.98% from PKR 246.04 million in CY15 to PKR 243.63 million in CY16, reflecting the decrease in brokerage fees / income during the year;
- Operating and administrative costs decreased by 24.18% from PKR 394.78 million in CY15 to PKR 299.31 million in CY16;
- The Company posted an operating profit before impairment of PKR. 29.55 million in CY16, as against an operating loss before impairment of PKR (7.63) million in CY15;
- The Company posted an operating profit after impairment of PKR 29.33 million in CY16 as against an operating loss after impairment of PKR (547.61) million in CY15;
- The Company posted an operating profit before tax of PKR 17.40 million in CY16 as against an operating loss before tax of PKR (559.03) million in CY15;

After necessary taxation adjustments, the Company's profit after tax was PKR 19.12 million (EPS of 0.19) in CY16 as compared to loss after tax of PKR (580.78) million (Loss per share of 5.81) in CY15.

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:

- Proper books of account of the Company have been maintained;
- 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;
- Appropriate accounting policies, as more fully explained in notes 4.2 to 4.17 of the financial statements have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- Approved Accounting Standards, as applicable in Pakistan, Companies Ordinance, 1984 and the directives issued by the Commission as also stated in note 4.1 to the financial statements, have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- The Company maintains a balance of executive and non-executive directors in the Board of Directors, with three directors meeting the criteria for independent directors as laid out in the listing regulations.
- Executive Directors do not number more than one third of the elected directors. Details of the composition of the Board of Directors have been provided on page 6.
- The Board of Directors has ensured that all regulations concerning responsibilities, powers and functions of the Directors have been carefully considered and acted upon. In addition, Company Secretary, CFO and Head of Internal Audit who meet the requirements laid out in the Code have been appointed;
- Key operating and financial data of the preceding years is appearing on page 24.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2016 except for those disclosed in the financial statements;
- Related-party transactions have been placed before the Audit Committee and their recommendations placed;
- The Company operates an approved contributory provident fund for its eligible employees. The value of investments as per the un-audited financial statements for the year ended December 31, 2016 amounts to approximately PKR 62 million;
- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet date and the date of the Directors Report.

Corporate Social Responsibility

Responsibility towards the Community: BIPL Scontinues tobe a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. BIPLS will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

Responsibility towards the Environment: BIPLS is concerned with conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and aims to limit its use of all finite resources, with specific focus on usage of energy.

BIPLS has integrated Corporate Social Responsibility (CSR) into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives.

Summary of CSR activities during 2016 are as follows:

- **Adherence to regulatory requirements:** The Company and its employees contributed an amount of PKR 47.87million to the national exchequer in the form of taxes.
- **People/Human Resources:** The Company follows a policy of contributing to employees' professional development and promoting physical, mental and emotional health. To this end:
  - Few in-house and external training programs have been conducted and arranged to improve HR quality

The Board

The Board was elected on January 20, 2017 and comprised of three independent directors and four non-executive directors. The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices and the Chairman has been elected from among the Non-Executive Directors. The Board has established a separate Audit Committee and HR & Remuneration Committee to assist the Board in the performance of its functions. The Chairman of Board and Audit Committee are not same person, in line with best practices. Further, none of the Directors is elected or nominated in more than seven listed companies, including unlisted subsidiaries of listed companies.

Eight meetings of the Board of Directors were held during the year 2016. As per the requirements of the Code of Corporate Governance, written notices were circulated at least 7 days in advance except for emergent meetings and significant issues as detailed in the Code were placed for the information, consideration and decision of the Board and the Audit Committee. Minutes were appropriately recorded, including any dissenting views.

The attendance of Directors at the Board meetings was as follows:

Name of Directors	Invited for Meetings held during 2016	Meetings attended during 2016*
CURRENT BOARD MEMBERS		
Mansur-ur-Rehman Khan - Chairman	8	8
Khawaja Ehrar-ul-Hassan	8	7
Saad Ahmed Madani	8	7
Natasha Matin	8	7
Sohail Sikandar	1	1
Sikander Kasim**	0	0
Kamal uddin Tipu	1	1
Anwer Ahmed Sheikh - Chief Executive officer	5	5

Name of Directors	Invited for Meetings held during 2016	Meetings attended during 2016*
Board Members retired/resigned during 2016		
Saaed Yousuf Chinoy-Director	5	5
Muhammad Fahad Asad Khan - Director	4	4
Irfan Nadeem Sayeed - Director	8	6
Teizoon Kisat	0	0
Shahid Ali- CEO	3	3

**Against all absences, leave of absence was duly granted by the Board.*
***Elected on January 20, 2017.*

The directors wish to report the following changes during 2016 in the composition of the Board of Directors:

- Election of Directors took place on January 20, 2017. Mr. Irfan Nadeem Sayeed withdrew his consent to contest election of Directors on January 18, 2017.Mr. Sikander Kasim was elected as Director in place of Mr. Irfan Nadeem Sayeed.
- Mr. Anwer Ahmed Sheikh was appointed as CEO on April 07, 2016 in place of Mr. Shahid Ali, who resigned on April 06, 2016.
- Mr. Anwer Sheikh has been re-appointed as CEO for a term of three years, under Section 199(1) of Companies Ordinance, 1984 with effect from January 31, 2017. There was no change in his remuneration and fringe benefits. An abstract under Section 218 has been sent to shareholders on February 08, 2017. No director of the Company had any direct or indirect interest in the re-appointment of the CEO.

The Board welcomes the new directors on the Board and places on record its sincere appreciation for the services rendered by the outgoing director.

Audit Committee

As per the requirements of the Code of Corporate Governance, the Audit Committee consists entirely of non-executive directors.The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Meetings held during 2016	Meetings attended during 2016*
Current Members of Audit Committee		
Sohail Sikandar- Chairman**	0	0
Mansur-ur-Rehman Khan	4	4
Khawaja Ehrar-ul-Hassan	4	4

Name of Committee Members	Meetings held during 2016	Meetings attended during 2016*
Committee Members resigned/retired during 2016		
Saeed Yousuf Chinoy***	3	3
Saad Ahmed Madani	5	5

Against all absences, leave of absence was duly granted by the Committee.
** Elected and nominated subsequent to year end*
** Resigned during the year*

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee consists entirely of non-executive directors. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee members	Invited for Meetings held during 2016	Meetings attended during 2016*
Current Members of HR&R Committee		
Mansur-ur-Rehman Khan - Chairman	3	3
Saad Ahmed Madani	2	2
Natasha Matin	4	3

Name of Committee members	Invited for Meetings held during 2016	Meetings attended during 2016*
Committee Members resigned/retired during 2016		
Irfan Nadeem Sayeed	2	2
Muhammad Fahad Asad Khan	4	4

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

Financial Responsibility

The management of the Company is responsible for the preparation of financial statements and the related notes contained therein.These financial statements are reviewed by the Audit Committee before being approved by the Board of Directors.

The Audit Committee assists the Board in monitoring and managing risks associated with the business and the internal controls put in place to mitigate these risks.The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance and the terms of reference approved by the Board. The Committee comprises of three Non-Executive Directors and held four meetings during the year.

The Human Resource & Remuneration committee assists the Board in the Human Resources management including selection, evaluation and compensation of key management personnel.

Appointment of External Auditors

The external auditors Messrs. Avais Hyder Liaquat Nauman, Chartered Accountants stand retired following expiry of their tenor. As per the recommendations of the Audit Committee, the Board endorses the re-appointment of Messrs. Avais Hyder Liaquat Nauman, Chartered Accountants as external auditors for the financial year ended 2017, based on the recommendation of Audit Committee.

Shareholding

The pattern of shareholding as on December 31, 2016 appears on page 96. 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 are also reported therein.

Dividends

In order to accumulate liquidity for expansion and growth prospects, the Board has decided to retain the profits and no dividend has been paid during the year.

Future Outlook

We continue to remain bullish on the prospects for the Pakistan equity market for 2017 due to the following reasons:

1. Strong domestic liquidity Continued Inflows into direct equity investments and mutual funds as Corporates and High Net Worth Individuals are increasing their exposure to the stock market due to the superior returns. Additionally, Real Estate which has traditionally been used to park surplus funds is now being taxed and documented, thus inflows that would have gone there are finding their way to the stock market.
2. Effective June 01, 2017, Pakistan will beupgraded to the MSCI Emerging Market Index. This reclassification can potentially lead to new inflows of USD 400 mn to USD 800 mn into the market due to the larger pool of Emerging Market funds. These potential inflows are expected to keep prices firm and provide support to the market.
3. China-Pakistan Economic Corridor (CPEC) investment into infrastructure and energy to strengthen economy and improve investor perception. The full scope of CPEC has not yet been fully exposed as the number of projects are still increasing (currently above USD 51 billion) and in addition to China and Pakistan, Russia, Iran and Turkey have also shown a strong interest in participating in this economic corridor. CPEC is expected to induce further direct investment (project, industry) from domestic and international investors. CPEC will reduce the risk profile of the country, and will give long term direction to the country's economic vision.

Acknowledgement

The Directors wish to record their gratitude to the Company's valued clients, shareholders, business partners and other stakeholders for their continued trust that they have reposed in the Company. The Board would also like to record their appreciation to the employees of the Company for their commitment and dedication.

On behalf of the Board of Directors

———— Sd ————
Chairman
Karachi: February 16, 2017

ڈائریکٹرز رپورٹ برائے اراکین

میں بی آئی پی ایل (BIPL) سیکیوریٹیز لمیٹڈ (سابقہ کے اے ایس بی سیکیوریٹیز لمیٹڈ) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2016 کو اختتام پذیر سال کےتصدیق شدہ (Audited) مالیاتی گوشوارے آپ کی خدمت میں پیش کر رہا ہوں۔

کمپنی کے نام کی تبدیلی

سال کے دوران سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے 3 نومبر 2016 کو جاری کردہ سرٹیفکیٹ (**نام کی تبدیلی**)کے ذریعے کمپنی کا نام KASBسیکیوریٹیز لمیٹڈ سے BIPLسیکیوریٹیز لمیٹڈ تبدیل کیا جا چکا ہے ۔

معاشی جائزہ

ملکی مجموعی قومی پیداوار(GDP) میں سال 2016 میں اضافے کا رجحان رہا ۔ ملکی مجموعی قومی پیداوار سال 2015 میں 4.2 فیصد جبکہ سال 2016 میں 4.7 فیصدرہی۔ زراعت کی کمزور کارکردگی کے باوجود ، پیداواری اور خدمات کے شعبوں میں کافی حد تک اضافہ ہوا جس کا اظہار بہتر کاروباری ماحول اور اندرونی مانگ میں اضافے سے ہوتا ہے۔ سال رواں میں کئی اہم پیش رفت دیکھی گئیں جن میں ستمبر میں آئی ایم ایف (IMF) پروگرام کی کامیاب تکمیل، ایک بلین امریکی ڈالر کے سکوک بانڈ کےاجراء کے ساتھ ساتھ S&P کی پاکستان کے sovereign bond کی کریڈٹ ریٹنگ میں اضافہ شامل ہیں۔ غیر ملکی زر مبادلہ کے محفوظ ذخائر میں 2.3بلین امریکی ڈالر کے اضافے کے ساتھ تقریباً 23.1بلین امریکی ڈالر پہنچنے سے صورتحال مستحکم رہی۔

افراطِ زر ستمبر 2015 میں1.3فیصد کی کم ترین سطح سے بڑھ کر دسمبر 2016 میں 3.8فیصد تک پہنچ گیا ۔ یہ گذشتہ سال کم بنیاد کے ساتھ ساتھ مجموعی بڑھتی ہو ئی طلب کا مظہر ہے۔ مرکزی بینک نے سال کے دوران،مئی 2016 میں شرح سود کے نرخ میں (25bp) کٹوتی کرکے 5.75فیصد کا نرخ رکھ کر محتاط موقف برقرار رکھا ۔ ملکی طلب میں مجموعی اور بین الاقوامی محاذ پر پیش رفت کی وجہ سے ممکنہ تیل کی قیمتوں میں اضافے کے پس منظر میں وسطی مدت میں افراطِ زر سے متعلق توقعات میں اضافہ دیکھا گیا۔ 2017 کی پہلی ششماہی (1HFY17) میں سال بہ سال درآمدی بل میں 10 فیصد اضافہ اس کا مظہر ہے جبکہ اس مدت میں برآمدات اور ترسیلِ زر میں کمی بالترتیب 4 فیصد اور 2 فیصد رہی۔اس کے نتیجے میں 2017 کی پہلی ششماہی (1HFY17) میں تجارتی خسارہ 22 فیصد اضافے کے ساتھ 14.5بلین امریکی ڈالر تک پہنچ گیا۔

سال 2016 میں حکومت نے مالیاتی خسارے کو ملکی مجموعی پیداوار (GDP) کے 4.6فیصد تک محدود رکھا، تاہم 2017 کی پہلی ششماہی (1HFY17) میں سال بہ سال 6.9فیصد کی کم ترقی کی رفتار کی

وجہ سے محصولاتکی وصولی میں 127 بلین روپوں کی کمی ہوئی۔ جس کی وجہ سے سال رواں کے مالیاتی خسارہ کی 3.8فیصد تک کمی کے ہدف کا حصول مشکل نظر اتا ہے۔

ایکوٹی مارکیٹ کا جائزہ

سال 2016 میں ایکوٹی مارکیٹ میں جوش و خروش نے کل 46 فیصد منافع دکھایا، جو ملکی سالیت (Liquidity) میں بہتری کی نشاندہی کرتا ہے، پاکستان کی گذشتہ فرنٹئر مارکیٹ سے ایم ایس سی آئی (MSCI) ابھرتی ہوئی مارکیٹ کے درجے میں ترقی، اور معاشی ترقی کی توقعات سی پیک (CPEC) کے منصوبوں میں پیش رفت سے منسلک ہیں۔ کچھ سیاسی ہلچل کے باوجود کے اسی ای-100 (KSE-100)انڈیکس میں سہ ماہی تا سہ ماہی 18 فیصد کا اضافہ ہوا، خاص طور پر آخری سہ ماہی میں اورسال کا اختتام 47, 806پوائنٹس پر ہوا ۔ PSX اپنی ہم عصر ایشیائی مارکیٹوں بہترین کارکردگی دکھانے والی مارکیٹ کے طور پر ابھرا۔ جنوری2017 میں انڈیکس مزید بڑھ کر 50,000پوائنٹس سے تجاوز کر گیاتھا۔

2016 میں کاروباری سرگرمیوں کے حوالے سے ، حجم 14 فیصد کے اضافے کے ساتھ 281 ملین روپے روزانہ رہا جبکہ سال بہ سال تجارت کی مالیت 2 فیصد اضافے کے ساتھ 116 امریکی ڈالر روزانہ رہی۔ ایف آئی پی آئی (FIPI) نے گذشتہ سال کے 313 ملین امریکی ڈالر کے مقابلے میں 339 ملین امریکی ڈالر کے اخراج کا اندارج کیا۔ مجموعی طور پر، اجناس کی قیمتوں میں بہتری، سی پی ای سی (CPEC) میں پیش قدمی، اس سے پیوستہ آئی ایم ایف (IMF)پروگرام کے تناظر حکومت کی اصلاحی لائحہ عمل سے وابستگی ایکوٹی مارکیٹ کے منافع کے لیے مددگار رہی۔

پاکستان اسٹاک ایکسچینج کے حصص کی کامیاب فروخت جو کہ تین چینی کمپنیوں کے کنسورشیم ، جس کے قیادت چائینا فنانشل فیوچرز ایکسچینج کمپنی کر رہی ہے، سرمایہ کاروں کی بڑھتی ہوئی رسائی اور سرمایہ کے بہاؤ، نئی پروڈکٹس کا تعارف اور ٹیکنالوجی سے متعلق پلیٹ فارم میں اضافے کے لیے مواقع پیدا کرتی ہے۔

قرضہ اور کرنسی مارکیٹ کا جائزہ

2016 میں مالیاتی مارکیٹ میں لیکویڈٹی میں کافی بہتری دیکھی گئی جس کی اصل وجہ2017 کی پہلی ششماہی (1HFY17) میں 1.4ٹریلین روپے مالیت کے انویسٹمنٹ بونڈز کی تاریخ ادائیگی۔ کھلی مارکیٹ کے آپریشن کا حجم گذشتہ سال کے 1.3ٹریلین روپے سے گھٹ کر 1 ٹریلین روپے سے کم رہا۔ اگرچہ مالیاتی مارکیٹ نرخ تیزی سے تغیر پذیر تھے لیکن مئی 2016 میں (25bp) کے پالیسی نرخ کے ساتھ اس میں بھی معمولی کمی آئی۔

سال کے دوران ،بینک دولت پاکستان نے پندھواڑ کی بنیاد پر 5.4ٹریلین روپے کے (T-bill)کی نیلامیاں اور ماہانہ کی بنیاد پر1.2ٹریلین روپےکی (PIB)نیلامیاں کیں۔

سال کے دوران کرنسی کی مساوات(PKR/USD) نے غیر معمولی استحکام دکھایا اور نسبتاً 104.8پر قائم رہا۔ جبکہ بین الاقوامی ہلچل مثلاً بریکسٹ (Brexit)اور اوپیک (OPEC)معاہدہ سے کی مزاحمت کرکے اور مثبت ادائیگیوں کے توازن اور آئی ایم ایف (IMF)پروگرام کی بلا رکاوٹ تکمیل اور ایس اینڈ پی (S&P)کی اونچے درجے کی ریٹنگ کی وجہ سے مبادلہ کے نرخ کو مستحکم رکھنے میں مدد ملی۔

آپریٹنگ اور مالیاتی کار کردگی

سال 2015 کے نقصان بعد از ٹیکس 580.78ملین روپے کے مقابلے میں سال 2016 میں منافع بعد از ٹیکس 19.12ملین روپے رہا۔ کمپنی کی توجہ اپنے تمام اہم کاروباری شعبہ جات کا مارکیٹ میں حصہ بڑھانے پر رہا۔ اہم پی اینڈ ایل (P&L) آئٹمز کی مالیاتی اثر کی تفصیلات خاص تفصیلات درج ذیل ہیں؛

- سال 2015 کی آپریٹنگ آمدنی 246.04ملین روپے میں 0.98فیصد کمی کے ساتھ سال 2016 میں 243.63رہی جو سال میں دلالی فیس/آمدنی میں کمی دکھاتی ہے
- آپریٹنگ اور انتظامی لاگتیں سال 2015 کی 394.78 ملین روپے میں 24.18فیصد کمی کے ساتھ سال 2016 میں 299.31 ملین روپے رہیں۔
- کمپنی نے سال 2015 قبل از impairment آپریٹنگ نقصان (7.63) ملین روپے کے مقابلے میں سال 2016 میں قبل از impairmentآپریٹنگ منافع 29.55 ملین روپے دکھایا۔
- کمپنی نے سال 2015 میں بعد از impairmentآپریٹنگ نقصان (547.61)ملین روپے کے مقابلے میں سال 2016 میں بعد از impairmentآپریٹنگ منافع 29.33ملین روپے دکھایا۔
- کمپنی نے سال 2015 میں آپریٹنگ نقصان قبل از ٹیکس (559.03)ملین روپے کے مقابلے میں سال 2016 میں آپریٹنگ منافع قبل از ٹیکس 17.40ملین روپے دکھایا۔
- کمپنی نے سال 2015 میں آپریٹنگ نقصان بعد از ٹیکس(580.78)ملین روپے (نقصان فی حصص 5.81)کے مقابلے میں سال 2016 میں آپریٹنگ منافع بعد از ٹیکس 19.12ملین روپے (آمدنی فی حصص0.19)دکھایا۔

اداراتی حسن کارکردگی(corporate governance)

ڈائریکٹرز کے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے اداراتی اور ما لیاتی رپورٹنگ ڈھانچے کے تحت کیں درج اداراتی حسن ِ کارکردگی کے ضوابط کی تعمیل کی تصدیق کرتے ہیں، جس کی تفصیل درج ذیل ہے:

- کمپنی نے درست اور مکمل اکاؤنٹس کی کتابیں قائم رکھی ہیں
- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت ، عملی امور کے نتائج، کیش فلو اور ملکیت (ایکوٹی) میں تبدیلی بہتر طور پر پیش کرتے ہیں۔

- مناسب اکاؤنٹنگ پالیسیوں کی ، مالیاتی گوشواروں کے نوٹس4.2تا 4.17 میں زیادہ تفصیل سے وضاحت کی گئیں اور ان کو تسلسل سے مالیاتی گوشواروں اور اکاؤنٹنگ کے تخمینوں کی تیاری میں مناسب حد تک محفوظ اندازوں کے مطابق استعمال کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں کمپنیز آرڈیننس 1984 میں درج منظور شدہ اکاؤنٹنگ معیار اور کمیشن کی جاری کردہ ہدایات کو مالیاتی گوشواروں کے نوٹ 4.1 میں بیان کیا گیا ہے۔
- اندرونی کنٹرول (internal control) کا نظام کا ڈیزائن مضبوط بنیادوں پر قائم ہے اور اسکا موثرنفاذ کیا جا چکا ہے اور اس کا مسلسل جائزہ لیا جا رہا ہے اور نگرانی کی جا رہی ہے۔
- کمپنی مالیاتی طور پر مستحکم ہےاور اس کےبطور ایک گوئنگ کنسرن کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- اداراتی حسن کارکردگی کی درج شدہ ضوابط برائے بہترین پرکٹسز پر عملدرآمد سے کوئی انحراف نہیں کیا گیا ہے
- لسٹنگ کے ضوابط میں درج معیار کے مطابق، جس میں تین آزاد ڈائریکٹرز جو اس پر پورے اترتے ہیں ، کمپنی بورڈ کے ایکزیکٹیو اور نان ایکزیکٹیو ڈائریکٹرز کے میں توازن برقرار رکھتی ہے ۔
- ایکزیکٹیو ڈائریکٹرز کی تعداد منتخب ڈائریکٹرز کی ایک تہائی تعداد سے زیادہ نہیں ہونی چاہیے۔
- بورڈ آف ڈائریکٹرز کی ساخت کی تفصیلات صفحہ نمبر 6 پر فراہم کی گئی ہیں،
- بورڈ آف ڈائریکٹرز نے اس بات کو یقینی بنایا ہے کی ان کی ذمہ داریوں، اختیارات اور کاموں سے متعلق ضوابط پر کافی غورو خوص کے بعد ان پر عملدرآمد کیا جا چکا ہے۔ کوڈ میں دی گئی شرائط کے مطابق کمپنی سیکریٹری، سی ایف او(CFO)اور انٹرنل آڈٹ (Internal Audit) کے سربراہ کا انتخاب کیا جا چکا ہے
- گذشتہ سال کے اہم آپریٹنگ اور ما لیاتی اعداد وشامل(data) صفحہ نمبر 24 پر پیش کیے گئے ہیں
- 31 دسمبر 2016 پرٹیکسس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی دستوری ادائیگیاں نہیں ہیں ما سوائے ان کے جو مالیاتی اسٹیٹمنٹس میں ظاہر کیے گئے ہیں
- متعلقہ فریق کے لین دین کو آڈٹ کمیٹی کے سامنے پیش کیا گیا اور ان کی سفارشات پیش ہیں
- کمپنی اپنے قانونی طور پر مستحق ملازمین کے لیے منظور شدہ شراکتی پراویڈینٹ فند کا انتظام کرتی ہے۔ 31 دسمبر 2016 کو اختتام پذیر سال پر غیر آڈٹ شدہ(unaudited)مالیاتی گوشواروں کے مطابق اس کی مالیت تقریباً 62 ملین روپے رہی۔

کمپنی کی مالیاتی گوشوارے اور ڈائریکٹرز کی کی تاریخوں کے درمیان کوئ خاص مادی تبدیلیاں اور وعدے نہیں کئے گئے جس سے آپ کی کمپنی کی مالیاتی صورتحال متاثر ہو۔

اداراتی سماجی ذمہ داری

بی آئی پی ایل ایس (BIPLS) ایک اچھا اداراتی (corporate) شہری رہنا جاری رکھے گا، اوروہ اس بات کا ادراک رکھتا ہے کہ جن سے وہ کاروبار حاصل کرتا ہے ان سماجی طبقوں کی مدد کرتا رہے۔ بی آئی پی ایل ایس (BIPLS) اپنے ادارے میں ایسے سماجی کاموں کی سرپرستی کرے گا جو کسی انفرادی سماجی طبقے کے لیے انتہائی مناسب ہو گا۔

<u>ماحولیات کی جانب ذمہ داری:</u> بی آئی پی ایل ایس (BIPLS) ماحول کے تحفظ کے وسیع تر احساس کے سلسلے میں فکر مند ہے، اور اس سلسلے میں اپنے کردار کو جانتے ہوئے اور اپنی ذمہ داری کو پورا کرتے ہوئے وہ اپنی عمارت جسے وہ استعمال کرتا ہے اور توانائی کے استعمال میں بہتری اور کفائت شعاری کے لیے کوشاں ہے۔

بی آئی پی ایل ایس (BIPLS) نے اداراتی (corporate) سماجی ذمہ داری (CSR) کو اپنی کاروباری اخلاقیات کی پریکٹسز کا لازمی حصہ بنا لیا ہے۔ اس سلسلے میں ، سماجی اور شریکِ مفاد (stakeholder) کی ضروریات کو بغور اندازہ لگایا جاتا ہے اور کمپنی کی پالیسیوں، ضابطہِ اخلاق اور کاروباری مقاصد کو مدِ نظر رکھ کر مدد فراہم کی جاتی ہے۔

سال 2016 میں سی ایس آر (CSR) سرگرمیوں کا خلاصہ درج ذیل ہے؛

- <u>قانونی ضروریات کی پیروی:</u> کمپنی اور اس کے ملازمین نے ٹیکس کی مد میں قومی خزانے میں 47.87 ملین روپے جمع کروائے

<u>افراد اور انسانی وسائل :</u> کمپنی اپنے ملازمین کی پیشہ ورانہ ارتقاء اور ان کی جسمانی ، ذہنی اور جذباتی صحت کو فروغ دینے کی پالیسی پر عمل کرتی ہے۔

اس سمت میں انسانی وسائل کے معیار کو بہتر کرنے کے لیے کمپنی میں اور کمپنی کے باہر متعدد تربیتی پروگرام مکمل کئے گئے۔

بورڈ (Board)

20 جنوری 2017 کو بورڈ کا انتخاب ہوا جو تین آزاد ڈائریکٹرز اور چار نان –ایکزیکیوٹیو ڈائریکٹرز پر مشتعمل ہے۔بہتر حسن کارکردگی کی پریکٹسز کو مدِ نظر رکھتے ہوئے چیرمین اور چیف ایکزکیو ٹیو آفیسر کے عہدے علحدہ رکھے گئے ہیں، اور چیرمین کا نان ایکز یکیو ٹیو ڈائریکٹرز میں سے انتخاب کیا جا چکا ہے۔ بورڈ نے اپنے کارکردگی میں معاونت کے لیے علحدہ آڈٹ کمیٹی اور ایچ آر (HR) اور مشاہرہ کمیٹی تشکیل دے دی ہیں۔ بہترین پریکٹسز کو مدِ نظر رکھتے ہوئے بورڈ کے اور آڈٹ کمیٹی کے

چیر مین ایک ہی شخص نہیں ہے۔مزید یہ کہ کوئی بھی ڈائریکٹر سات سے زیادہ لسٹڈ کمپنیوں میں منتخب یا نامزد نہیں ہے بشمول لسٹڈ کمپنیوں کے غیر لسٹڈ ذیلی کمپنیوں کے۔

سال 2016 میں بورڈ آف ڈائریکٹرز کے آٹھ اجلاس ہوئے۔ کارپوریٹ گورننس کے ضابطہِ اخلاق کے مطابق، تحریری نوٹسز 7 دن پہلے جاری کئے گئے ماسوائے فوری توجہ طلب اجلاسوں کے، اور ضابطے میں دی گئی تفصیلات کے مطابق،بورڈ اور آڈٹ کمیٹی کے سامنے اہم معملات اطلاع، غورو خوص اور فیصلے کے لیے پیش کئے گئے۔ منٹس آف میٹنگ مناسب طور سے رکارڈ کیا گیا بشمول اختلافی آراء کے۔

بورڈ آف ڈائریکٹرز کی اجلاس میں حاضری کی تفصیل درج ذیل ہیں؛

ڈائریکٹر کا نام	2016 میں منعقد اجلاس میں شرکت کی دعوت دی	2016 میں اجلاس میں شرکت کی
بورڈ کے موجودہ ارکان		
محترم منصورالرحمان خان چیئر مین	8	8
محترم خواجہ احرار الحسن	8	7
محترم سعد احمد مدنی	8	7
محترمہ نتاشہ متین	8	7
محترم سہیل سکندر	1	1
**محترم سکندر قاسم	0	0
محترمکمال الدین ٹیپو	1	1
محترم انور احمد شیخ- چیف ایکزیکیوٹیو آفیسر	5	5
ڈائریکٹر کا نام	2016 میں منعقد اجلاس میں شرکت کی دعوت دی	2016 میں اجلاس میں شرکت کی
سال 2016 کے دوران بورڈ کےریٹائرڈ/مستعفی ارکان		
محترم سعید یوسف چنائے ڈائریکٹر	5	5
محترم محمد فہد اسد خان ڈائریکٹر	4	4

محترم عرفان ندیم سعید ڈائریکٹر	8	6
محترم طیزون کسات	0	0
محترم شاہد علی، سی ای او	3	3

*تمام غیر حاضری میں ، بورڈ نے رخصت کی با ضابطہ منظوری دی۔

** 20 جنوری 2017 کو منتخب ہوئے

ڈائریکٹرز چاہتے ہیں کہ 2016 میں بورڈ آف ڈائریکٹرز کی تنظیمی ساخت میں تبدیلیوں کو رپورٹ کیا جائے:

- 20 جنوری 2017 کو ڈائریکٹرز کا انتخاب ہوا۔ جناب عرفان ندیم سعید نے بطور ڈائریکٹر اپنی نامزدگی سے 18 جنوری 2017 کو دستبردار ہو گئے۔ جناب سکندر قاسم، بطور ڈائریکٹر جناب عرفان ندیم سعید کی جگہ پر منتخب ہو گئے ۔
- 7 اپریل 2016 کو جناب انور احمد شیخ کا بطور چیف ایکزیکیوٹیو آفیسر انتخاب جناب شاہد علی کی جگہ پر کیا گیا جو 6 اپریل 2016 کو مستعفی ہو گئے تھے۔
- کمپنیز آرڈیننس 1984 کی شق نمبر 199(1)کے تحت جناب انور شیخ کو 31 جنوری 2017 کو دوبارہ تین سال کے لیے سی ای او (CEO) منتخب کر لیا گیا ہے۔ ان کے مشاہرے اور مراعات میں کوئی تبدیلی نہیں کی گئی ہے۔سیکشن 218 کے تحت اس بات کا خلاصہ8 فروری 2017 کو حصص یافتگان کو بھی دیا گیا ہے۔کمپنی کے کسی بھی ڈائریکٹر کا بلواسطہ یا بلا واسطہ ان کے انتخاب میں کوئی دلچسپی نہیں ہے ۔

بورڈ نئے ڈائریکٹرز کو بورڈ میں شمولیت پر خوش آمدید کرتا ہے اور جانے والے ڈائریکٹر کی مخلصانہ خدمات کو سراہتا ہے۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہِ اخلاق کے تحت، آڈٹ کمیٹی مکمل طور نان ایکزیکیوٹیو ڈائریکٹرز پر مشتعمل ہے۔ ڈائریکٹرز کی کمیٹی میٹنگس میں حاضری درج ذیل ہے؛

کمیٹی کے ارکان کے نام	2016 میں منعقد اجلاس	*2016 میں اجلاس میں شرکت کی
آڈٹ کمیٹی کے موجودہ ارکان		
محترم سہیل سکندر، چیر مین**	0	0
محترم منصور الرحمان خان	4	4
محترم خواجہ احرار الحسن	4	4
کمیٹی کے ارکان کے نام	2016 میں منعقد اجلاس	*2016 میں اجلاس میں شرکت کی
سال 2016 میں کمیٹی کے مستعفی/ریٹائرڈ ارکان		
محترم سعید یوسف چنائے	3	3
محترم سعد احمد مدنی	5	5

*تمام غیر حاضری میں ، بورڈ نے رخصت کی با ضابطہ منظوری دی۔

** منتخب اور نامزد ہوئے اختتام سال کے بعد

** 20 جنوری 2017 کو منتخب ہوئے

انسانی وسائل اور مشاہرہ کمیٹی

انسانی وسائل اور مشاہرہ کمیٹی مکمل طور نان ایکزیکیوٹیو ڈائریکٹرز پر مشتعمل ہے۔ ڈائریکٹرز کی کمیٹی میٹنگس میں حاضری درج ذیل ہے؛

کمیٹی کے ارکان کے نام	2016 میں منعقد اجلاس میں شرکت کی دعوت دی	*2016 میں اجلاس میں شرکت کی
موجودہ انسانی وسائی اور مشاہرہ کمیٹی کے ارکان		
محترم منصور الرحمان خان چیر مین	3	3
محترم سعد احمد مدنی	2	2
محترمہ نتاشہ متین	4	3

ڈ ائریکٹر کا نام	2016 میں منعقد اجلاس میں شرکت کی دعوت کی	*2016 میں اجلاس میں شرکت کی
سال 2016 کے دوران بورڈ کےریٹائرڈ/مستعفی ارکان		
محترم عرفان ندیم سعید	2	2
محترم محمد فہد اسد خان	4	4

*تمام غیر حاضری میں ، کمیٹی نے رخصت کی با ضابطہ منظوری دی۔

مالیاتی ذمہ داری

مالیاتی گوشواروں کی تیاری اور اس سے متعلق نوٹس کے اندارج کی ذمہ داری کمپنی کی انتظامیہ کی ہے۔ ان مالیاتی گوشواروں کی بورڈ آف ڈائریکٹرز کی منظوری سے پہلے آڈٹ کمیٹی اس کا جائزہ لیتی ہے۔

آڈٹ کمیٹی کاروبار سے متعلق ممکنہ نقصان (risks)کی نگرانی اور اس کا انتظام کرنے میں بورڈ کی معاونت کرتی ہے اوران خطرات کو کم رکھنے کے لیے انٹرنل کنٹرولز موجود ہیں۔ کمیٹی کارپوریٹ گورننس کے ضابطہِ اخلاق میں درج ہدایات کے مطابق اور اس کے لیے شرائط و ضوابط کی بورڈ سے منظوری کے بعد ان پر عمل کرتی ہے۔ کمیٹی تین نان ایکزیکیوٹیو ڈائریکٹرز پر مشتعمل ہے اورسال میں اس کی چار اجلاس ہو چکے ہیں

انسانی وسائی اور مشاہرہ کمیٹی، انسانی وسائل کی مینجمنٹ بشمول انتظامیہ کے اہم عملے کے انتخاب، اس جانچ پڑتال اورمحنتانے کے سلسلے میں بورڈ کی معاونت کرتی ہے۔

بیرونی آڈیٹرز کا انتخاب

بیرونی آڈیٹرز میسسرز اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس، ان کے مدت اختتام کے بعد ریٹائرڈ ہوچکے۔ آڈٹ کمیٹی کی سفارشات کے بعد، بورڈ میسسرز اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کے سال 2017 کے اختتام تک ان کی دوبارہ بطور بیرونی آڈیٹرز انتخاب کی توثیق کرتا ہے۔

حصص کی ملکیت(Shareholding)

31 دسمبر 2016 کو حصص رکھے جانے کا رجحانصفحہ نمبر 96 پر دستیاب ہے۔ کمپنی کے ڈائریکٹرز، چیف ایکزیکیوٹیو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکریٹری کے حصص کے لین دین ان کے اپنے نام پر اور ان کے شریکِ حیات اور ان کے کم سن بچوں کی تفصیلات بھی پیش کی گئی ہیں۔

منافع(Dividends)

کاروبار کے پھیلاؤ اور اضافے کے پیش نظر بورڈ نے یہ فیصلہ کیا ہے اس مالی سال میں کوئی ڈیویڈینڈ (Dividend) ادا نہیں کیا جائے ۔

مستقبل کا منظر نامہ

ہم مندرجہ ذیل وجوہات کئ وجہ سے ایکوٹی مارکیٹ میں تیزی کے امکانات سے پر امید ہیں؛

1. مضبوط ملکی سالیت (liquidity)

بڑے کاروباری ادارے اور بہت ہی صاحب ِ حیثیت افراد کی بہترین منافع کے لیے اسٹاک ایکسچینج میں شمولیت بڑھ رہی ہے اس وجہ سے ملک میں براہِ راست ایکوٹی سرمایہ کاری کے اور میوچل فنڈز کا ملک میں بہاؤ جاری ہے۔

2. پہلی جون 2017 سے پاکستان ایم ایس سی آئی (MSCI) ابھرتی ہوئی مارکیٹ انڈیکس کے درجے پر پہنچ جائے گا۔اس درجہ بندی کی وجہ سے ابھرتی ہوئی مارکیٹ کے بڑے فنڈز کا پُول (pool) امکانی طور پر 400 ملین امریکی ڈالر سے 800 ملین امریکی ڈالر مارکیٹ میں لا نےکی وجہ ہو گا۔ ان امکانی اندرونی بہاؤ سے توقع کی جارہی ہے کہ وہ قیمتوں کو مستحکم رکھیں گی اور مارکیٹ کو مدد فراہم کریں گی۔

3. پاک چائنا اقتصادی راہداری (CPEC) میں انفرا اسٹرکچر اور توانائی میں سرمایہ کاری معیشت کو مضبوط اور سرمایہ کاروں کی سوچ کو تبدیل کرے گی۔

سی پیک (CPEC)کی وسعت ابھی مکمل طور پر واضح نہیں ہوئی ہے کیونکہ منصوبوں کی تعداد بڑھ رہی ہے (موجودہ مالیت 51 بلین امریکی ڈالر سے زیادہ) اور چین اور پاکستان کے علاوہ ، روس، ایران اور ترکی نے بھی اقتصادی راہداری میں شمولیت کے لیے گہری دلچسپی ظاہر کی ہے۔ سی پیک (CPEC) سے توقع ہے کہ مزید ملکی اور غیر ملکی سرمایہ کاروں کی جانب سے براہِ راست سرمایہ کاری (منصوبے، صنعت) کا باعث ہوگا۔ سی پیک (CPEC) ملکی کاروباری خطرے کے پروفائل کو کم کرے گا اور ملک کی معاشی نصب العین طویل المدت سمت متعین کرے گا۔

تسلیم و تحسین

ڈائریکٹرز اپنے معزز صارفین، حصص یافتگان، کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کے کمپنی پر کئے گئے مسلسل بھروسے پر ان کے مشکور ہیں۔ بورڈ اپنے تمام ملازمین کی لگن اور جانفشانی کو بھی تہہ دل سے سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

منصورالرحمان خان،

صدر نشین

کراچی، 16 فروری 2017

FINANCIAL HIGHLIGHTS

	Year ended December 31,					
	2016	2015	2014	2013	2012	2011
Operating Performance (Rupees in '000)						
Revenue	**328,845**	386,073	609,305	517,717	385,856	267,937
Operating and administrative expenses	**(299,309)**	(394,783)	(466,292)	(400,656)	(323,617)	(281,319)
Reversal of provision / (provision) / impairment	**(207)**	(538,903)	1,070	9,695	33,454	(61,521)
Finance cost	**(14,771)**	(16,266)	(21,040)	(8,942)	(18,439)	(69,774)
Other income	**2,846**	4,847	6,669	7,263	8,770	10,813
Profit / (loss) before taxation	**17,404**	(559,032)	129,712)	125,077	86,024	(133,864)
Profit / (loss) after taxation	**19,115**	(580,781)	108,658)	81,454	131,396	(146,226)
Per Ordinary Share (Rupees)						
Earning / (loss) per share	**0.19**	(5.81)	1.09	0.81	1.31	(1.46)
Break-up value per share	**10.81**	9.37	12.57	12.18	11.74	9.90
Dividends (Percentage)						
Cash	**-**	-	-	5%	5%	-
Assets and Liabilities (Rupees in '000)						
Total assets	**2,377,337**	1,628,703	1,986,947	2,257,847	2,007,012	1,665,708
Current assets	**1,552,186**	933,409	1,014,969	1,272,453	1,002,555	747,216
Current liabilities	**1,146,579**	541,700	571,991	939,432	833,337	675,444
Financial Position (Rupees in '000)						
Shareholders equity	**1,080,758**	937,003	1,256,956	1,218,415	1,173,552	990,264
Share capital	**1,000,000**	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	**80,758**	(62,997)	256,956	218,415	173,552	(9,736)
Share outstanding (Number in '000)	**100,000**	100,000	100,000	100,000	100,000	100,000
Return on capital employed - (%)	**1.61**	(59.66)	10.32	10.27	7.33	(13.52)
Return on total assets - (%)	**1.35**	(33.33)	7.59	5.94	5.20	(3.85)
Current ratio-times	**1.35**	1.72	1.75	1.35	1.20	1.11
Interest cover ratio-times	**2.18**	(33.37)	7.17	14.99	5.67	(0.92)

Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given for the Seventeenth Annual General Meeting (AGM) of the members of BIPL Securities Limited (formerly KASB Securities Limited) (the "Company") to be held on Monday, March 20, 2017 at 09:00 a.m. at Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue Clifton, Karachi to transact the following businesses:

Ordinary Business:

I. To confirm the minutes of the Annual General Meeting held on April 30, 2016.
II. To confirm the minutes of the Extraordinary General Meeting held on January 20, 2017.
III. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2016 together with the Directors' Report and Auditors' Report thereon.
IV. To appoint RSM Avais Hyder Liaquat Nauman Chartered Accountants as the Auditors of the Company and fix their remuneration for the year ending December 31 2017.

Other Business:

V. Any other business with the permission of the Chairman.

By order of the Board

———— Sd ————
Kashif Shahzad
Company Secretary
Karachi: February 27,2017.

Notes:

1. The Share Transfer books of the Company shall remain closed from March 13, 2017 to March 20, 2017 (both days inclusive) for determining the entitlement of the shareholders for attending the Annual General Meeting. Transfers received in order at the Company's Share Registrar, M/s THK Associates (Private) Limited, THK Associates (Private) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, up to the close of business on March 12, 2017 will be treated as in time for the purpose of attending the Annual General Meeting.
2. A member entitled to attend and vote at the above meeting may appoint a person/ representative as proxy to attend and vote on his behalf at the Meeting. The annexed instrument of proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. Beneficial owners of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or Passports for identification purpose at the time of attending the meeting. The Proxy Form(s) must be submitted with the Company within the time stipulated in para 2 above, duly signed and witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form(s), along with attested copy(ies) of the CNICs or the Passport(s) of the beneficial owners and the proxy(ies). In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy(ies) Form(s) to the Company.

5. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Shareholders are requested to notify any changes in their registered address immediately to the Company's Share Registrar, THK Associates (Pvt) Limited.
7. **Notice to Shareholders who have not provided CNIC:**

   In terms of the directives of the Securities and Exchange Commission of Pakistan the Computerized National Identity Card Numbers (CNICs) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders are required to be mentioned on the dividend warrants and in the annual return required to be filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNICs are advised to provide at earliest the attested copies of their CNICs directly to our Independent Share Registrar at the address given in note 1 above.
8. Placement of Financial Statements: The Company has placed the Audited Financial Statements for the year ended December 31, 2016 along with the Auditors and Directors Reports thereon on its website www.biplsec.com
9. **Consent for Video Conference Facility:**

   Members holding in aggregate 10% or more shareholding residing at a geographical location other than Karachi, may participate in the meeting through video conference by submitting their application to the Company Secretary at least 10 days prior to date of meeting. The Company will arrange video conference facility in the requested city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

   I/We, _____ of _____ being a member of BIPL Securities Limited, holder of _____ Ordinary Shares as per Registered Folio No._____ hereby opt for video conference facility at _____.

   (Signature of Member(s)_____

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

We have reviewed the statement of compliance with best practices ("the statement") contained in the Code of Corporate Governance prepared by the Board of Directors of BIPL Securities Limited (formerly KASB Securities Limited) ("the Company"), to comply with the Listing Regulations of Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statement we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control and effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Pakistan Stock Exchange require the Company to place before the board of directors for their consideration and approval 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 length price recording proper justification for using such alternative price mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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.

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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 of Corporate Governance as applicable to the Company for the year ended December 31, 2016.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S#	Paragraph reference	Description
I.	30 (a)	There are no Significant policies approved by the board as required by the Code. However, the board has subsequently approved by Board of Directors on February 16, 2017.
II.	30 (b)	The board has not approved annual evaluation mechanism for board's own performance. However, it has subsequently approved by board dated February 16, 2017.
III.	30 (c)	The board has not approved the level of materiality recommended by the Audit Committee, however, it has approved by board subsequently dated February 16, 2017.
IV.	30 (d)	No orientation course was conducted during the year. The management is planning to conduct orientation course as required by the Code in the coming quarter for the newly elected Board.
V.	30 (e)	The terms of reference (TOR) of audit committee has not approved by the board. It has subsequently approved by Board dated February 16, 2017.

Chartered Accountants

Karachi.
Dated: 16 FEB 2017

Engagement partner: Adnan Zaman

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. 5.19.of Pakistan Stock Exchange Rulebook 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 and non-executive directors on its Board. Chairman of the Board and Chairman of the Audit Committee during the year were not the same person, in accordance with the Code.

The Board includes:

Category	Names
Independent Directors	• Mansur ur Rehman Khan • Kamal uddin Tipu • Sikander Kasim
Non-Executive Directors	• Saad Ahmed Madani • Khawaja Ehrar ul Hassan • Natasha Matin • Sohail Sikandar
Chief Executive Officer (Deemed Director u/s 200(2))	• Anwer Ahmed Sheikh

*The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company
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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Multiple vacancies occurred on the Board during 2016 and were filled up by new directors within 90 days:

S. No.	Outgoing Directors / CEO	Date	Incoming Director	Date
01	Shahid Ali (CEO)	06-04-2016	Anwer Ahmed Sheikh (as CEO)	07-04-2016
02	Saeed Yousuf Chinoy	25-05-2016	Teizoon Kisat	18-08-2016
03	Teizoon Kisat	29-08-2016	Kamal uddin Tipu	24-10-2016
04	Fahad Asad Khan	24-10-2016	Sohail Sikandar	05-12-2016

5. The election of Directors under section 178 of the Companies Ordinance, 1984 was held on January 20, 2017. Following Directors were elected w.e.f. January 28, 2017.
   a. Mr. Mansur ur Rehman Khan
   b. Khawaja Ehrar ul Hassan.
   c. Ms. Natasha Matin.
   d. Mr. Saad Ahmed Madani.
   e. Mr. Sohail Sikandar.
   f. Mr. Kamal uddinTipu.
   g. Mr. Sikander Kasim.

6. 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.
7. 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.
8. 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.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting except the emergent meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board is well aware of the training requirements of the directors under the code. During 2016 no director obtained the certification.However, the Company had arranged DTP for one of the directors which is pending due to quorum requirement of the trainer authorized to conduct DTP under the Code of Corporate Governance.
11. Mr. Shahid Ali resigned from the post of CEO on 06-04-2016 and Mr. Anwer Ahmed Sheikh was appointed CEO on 07-04-2016.
12. Mr. Ilyas Ahmed resigned from the post of Company Secretary on 18-08-2016 and Mr. Kashif Shahzad was appointed on 18-08-2016.
13. Mr. Ilyas Ahmed resigned from the post of the acting CFO on 23-10-2016 and Mr. Zafar Ahmed Khan was appointed as CFO on 24-10-2016.
14. Head of internal Audit was also replaced during the year. The Board also approved his remuneration and other terms and conditions of employment based on recommendation of HR&R Committee.
15. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
16. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
17. 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.
18. The Company has complied with all the corporate and financial reporting requirements of the CCG.
19. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is non-executive director.
20. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee has been formed and adopted by Board of Directors.
21. Five meetings of the Audit committee were held during the year.
22. The Board has formed a Human Resources& Remuneration Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is non-executive independent director.
23. Five meetings of the HR & Rcommittee were held during the year.
24. The Board has set up an internal audit function. The Head of internal audit is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

25. 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.
26. 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 auditors have confirmed that they have observed IFAC guidelines in this regard.
27. 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.
28. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.
29. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of person from the said list.
30. We confirm that all other material principles enshrined in the CCG have been complied with except for:
    a. No orientation course was conducted during the year. The management is planning to conduct orientation course as required by the Code in the coming quarter for the newly elected Board.
    b. Significant policies, as required by the Code of Corporate Governance were subsequently ratified/approved by Board of Directors on February 16, 2017.
    c. Board evaluation mechanism, including feedback form was approved and filled by Board of Directors on February 16, 2017.
    d. Materiality level as recommended by Audit Committee was approved by Board on February 16, 2017.
    e. TOR of Audit Committee as recommended by Audit Committee was approved by Board on February 16, 2017.

On behalf of the Board of Directors

———— Sd ————
Chairman
Karachi: February 16, 2017

STANDALONE FINANCIAL STATEMENTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BIPL Securities Limited (formerly KASB Securities Limited)** as at December 31, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year 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;

(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;

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(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, 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 December 31, 2016 and the profit, comprehensive income, cash flows and changes in equity for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

RSM Chartered Accountants

Karachi.
Dated: 16 FEB 2017

Engagement partner: Adnan Zaman

BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	28,165	37,217
Intangible assets	8	4,710	4,077
Investment properties	9	5,356	5,646
Long-term investments	10	730,438	584,107
Long-term loans and advances	11	203	448
Long-term deposits and prepayments	12	16,078	12,668
Deferred tax asset - net	13	40,201	51,131
		825,151	695,294
Current assets			
Short-term investments	14	72,499	28,531
Trade debts	15	197,436	121,800
Advances, deposits, prepayments and other receivables	16	573,620	199,331
Taxation - net		64,017	36,573
Cash and bank balances	17	644,614	547,174
		1,552,186	933,409
TOTAL ASSETS		2,377,337	1,628,703
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital:			
200,000,000 (2015: 200,000,000) Ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital	18	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		518,881	394,241
Unappropriated loss		(456,875)	(475,990)
		1,080,758	937,003
Non-current liabilities			
Long-term loan	19	150,000	150,000
Current liabilities			
Trade and other payables	20	1,146,542	541,663
Accrued mark-up	21	37	37
		1,146,579	541,700
TOTAL EQUITY AND LIABILITIES		2,377,337	1,628,703
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd
Chairman

Sd
Chief Executive Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		(Rupees in '000)	
Operating revenue	23	**243,633**	246,041
Net gain on investments 'at fair value through profit or loss'			
Gain on sale of investments - net	24	**25,568**	46,226
Impairment on 'held for trading' investments	14.2	**-**	(7,491)
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' - net	14.3	**7,061**	(464)
		32,629	38,271
Dividend income	25	**3,676**	41,858
Mark-up / profit on bank deposits and other receivables	26	**48,907**	59,903
		328,845	386,073
Operating and administrative expenses	27	**(299,309)**	(394,783)
Impairment on long-term investment - Subsidiary	10.1	**(222)**	(486,507)
Impairment on 'available for sale' investments	28	**-**	(53,473)
Reversal of provision against doubtful debts-net	15.3	**15**	1,077
		(299,516)	(933,686)
Operating profit / (loss)		**29,329**	(547,613)
Finance cost	29	**(14,771)**	(16,266)
		14,558	(563,879)
Other income	30	**2,846**	4,847
Profit / (loss) before taxation		**17,404**	(559,032)
Taxation	31	**1,711**	(21,749)
Profit / (loss) after taxation		**19,115**	(580,781)
Other comprehensive income for the year			
Unrealised gain arising during the year on re-measurement of 'available-for-sale' investments - net	10.2.6	**124,640**	260,828
Total comprehensive income / (loss) for the year		**143,755**	(319,953)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	32	**0.19**	(5.81)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd
Chairman

Sd
Chief Executive Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	(Rupees in '000)	
Cash flow from operating activities		
Profit / (loss) before taxation	17,404	(559,032)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation	14,431	16,415
Amortisation	784	260
Gain on sale of investments - net	(25,568)	(46,226)
(Gain) / loss on sale of property and equipment	(250)	135
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' - net	(7,061)	464
Impairment on long-term investment - Subsidiary	222	486,507
Impairment on 'available for sale' investments	-	53,473
Impairment on 'held for trading' investments	-	7,491
Reversal of provision against doubtful debts - net	(15)	(1,077)
Finance cost	14,771	16,266
Dividend income	(3,676)	(41,858)
	(6,362)	491,850
	11,042	(67,182)
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(75,621)	(52,706)
Advances, deposits, prepayments and other receivables	(373,212)	35,013
	(448,833)	(17,693)
Increase / (decrease) in current liabilities		
Trade and other payables	604,879	(38,271)
	167,088	(123,146)
Finance cost paid	(14,771)	(16,281)
Income tax paid	(36,716)	(30,900)
Net cash flows generated from / (used in) operating activities	115,601	(170,327)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(11,339)	28,387
Purchase of property and equipment	(5,223)	(2,272)
Purchase of intangible assets	(1,417)	(1,287)
Proceeds from disposal of property and equipment	384	668
Dividend received	2,599	41,864
Net cash flows (used in) / generated from operating activities	(14,996)	67,360
CASH FLOW FROM INVESTING ACTIVITIES		
Long-term loans and advances	245	3,791
Long-term deposits and prepayments	(3,410)	(6,225)
Dividend paid	-	(5)
Net cash flows used in financing activities	(3,165)	(2,439)
Net increase / (decrease) in cash and cash equivalents	97,440	(105,406)
Cash and cash equivalents at the beginning of the year	547,174	652,580
Cash and cash equivalents at the end of the year	644,614	547,174

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd

Chairman

Sd

Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital	General reserve	Unappropriated profit /(loss)	Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 01, 2015	1,000,000	18,752	104,791	133,413	1,256,956
Total comprehensive loss for the year	-	-	(580,781)	260,828	(319,953)
Balance as at December 31, 2015	**1,000,000**	**18,752**	**(475,990)**	**394,241**	**937,003**
Total comprehensive income for the year	-	-	19,115	124,640	143,755
Balance as at December 31, 2016	**1,000,000**	**18,752**	**(456,875)**	**518,881**	**1,080,758**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd

Chairman

Sd

Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. STATUS AND NATURE OF BUSINESS

1.1 BIPL Securities Limited (formerly KASB Securities Ltd.) (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited(formerly Karachi Stock Exchange Limited) (PSX). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The Company is a subsidiary of BankIslami Pakistan Limited (the Parent company) which holds 77.12% of the shares of the Company.

The Company is a TREC holder of the Pakistan Stock Exchange Limited (Formerly Karachi 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 listed and unlisted equity and debt securities, economic research and advisory services.

Change of Company Name

During the year, name of the Company has been changed from KASB Securities Limited to BIPL Securities Limited, through a Certificate (Change of Name) issued by the Securities and Exchange Commission of Pakistan (SECP) dated November 03, 2016.

1.2 These are separate financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.5 below.

3. STATEMENT OF COMPLIANCE

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standards, amendments and interpretations 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 28 – Investments in Associates and Joint Ventures

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

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

4.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred.

Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged on the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

4.4 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.5 Financial assets

4.5.1 Investments

Investments in subsidiary company is stated at cost less provision for impairment, if any. Other Investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments 'at fair value through profit or loss'

Investments classified as investments 'at fair value through profit or loss' are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Invesments 'available-for-sale'

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

4.5.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.6 Impairment

The carrying amount 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 recognized in the profit and loss account.

4.7 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. Financial assets are derecognised when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.8 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.9 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occured.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus arising on revaluation.

4.11 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.12 Employees' benefits

Defined contribution plan

The Company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.13 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short-term and form an integral part of the Company's cash management.

4.14 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translations

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.15 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.16 Trade and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at carrying value. A provision for impairment in trade and other receivables 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.

4.17 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying value.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect 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 form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation and impairment	4.2 to 4.4,7, 8 & 9
Classification of investments	4.5.1, 10 & 14
Provision for doubtful debts	4.15 & 15
Deferred taxation and taxation	4.10, 13 & 31

6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following revised relevant 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:

The following 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:

Standard, Interpretation or amendment	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
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 finalized
IFRS 7 – Financial Instruments: Disclosure Initiative (Amendment)	January 01, 2017
IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017

The Company expects that the adoption of the above standards and amendments would not impact 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. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. 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.

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

7. PROPERTY AND EQUIPMENT

	2016				
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	23,842	84,630	5,299	153,551
Accumulated depreciation	(23,975)	(18,161)	(71,207)	(2,991)	(116,334)
Net book value at the beginning of the year	15,805	5,681	13,423	2,308	37,217
Changes during the year					
Additions during the year	-	153	5,070	-	5,223
Disposals during the year					
- Cost	-	(108)	(6,625)	(54)	(6,787)
- Depreciation	-	31	6,579	43	6,653
	-	(77)	(46)	(11)	(134)
Depreciation charge for the year	(1,580)	(2,066)	(10,013)	(482)	(14,141)
	(1,580)	(1,990)	(4,989)	(493)	(9,052)
Net book value at the end of the year	14,225	3,691	8,434	1,815	28,165
Analysis of net book value					
Cost	39,780	23,887	83,075	5,245	151,987
Accumulated depreciation	(25,555)	(20,196)	(74,641)	(3,430)	(123,822)
Net book value as at December 31, 2016	14,225	3,691	8,434	1,815	28,165
Depreciation rate (% per annum)	5	10	33.33	20	

	2015				
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	24,155	84,515	5,299	153,749
Accumulated depreciation	(22,405)	(16,115)	(60,891)	(2,333)	(101,744)
Net book value at the beginning of the year	17,375	8,040	23,624	2,966	52,005
Changes during the year					
Additions during the year	-	-	2,272	-	2,272
Disposals during the year					
- Cost	-	(313)	(2,157)	-	(2,470)
- Depreciation	-	64	1,603	-	1,667
	-	(249)	(554)	-	(803)
Depreciation charge for the year	(1,570)	(2,110)	(11,919)	(658)	(16,257)
	(1,570)	(2,359)	(10,201)	(658)	(14,788)
Net book value at the end of the year	15,805	5,681	13,423	2,308	37,217
Analysis of net book value					
Cost	39,780	23,842	84,630	5,299	153,551
Accumulated depreciation	(23,975)	(18,161)	(71,207)	(2,991)	(116,334)
Net book value as at December 31, 2015	15,805	5,681	13,423	2,308	37,217
Depreciation rate (% per annum)	5	10	33.33	20	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year are as follows:

	Cost	Accum-ulated depre-ciation	Written down value	Sale proce-eds	Gain / (loss)	Particular of Buyers	Mode of disposal
	(Rupees in '000)						
Book value more then Rs. 50,000/=							
Furniture and fixtures	108	31	77	49	(28)	Various	Negotiation
Book value less then Rs. 50,000/=							
Computer and office equipment	6,625	6,579	46	316	270	Various	Negotiation
Motor vehicles	54	43	11	19	8	Arsalan Afzal	Negotiation
2016	**6,787**	**6,653**	**134**	**384**	**250**		
2015	2,470	1,667	803	668	(135)		

BIPL Securities

8. INTANGIBLE ASSETS

	2016					
	Computer software	Membership of PMEX	Rooms at PSX	Booths at PSX	TREC -PSX (Note 8.1 & 8.2)	Total
	(Rupees in '000)					
Cost	9,862	750	-	950	1,350	12,912
Accumulated amortization	(8,835)	-	-	-	-	(8,835)
Net book value at the beginning of the year	1,027	750	-	950	1,350	4,077
Addition during the year	1,417	-	-	-	-	1,417
Amortization for the year	(784)	-	-	-	-	(784)
Net book value at the end of the year	1,660	750	-	950	1,350	4,710
Analysis of Net Book Value						
Cost	11,279	750	-	950	1,350	14,329
Accumulated amortization	(9,619)	-	-	-	-	(9,619)
Net book value as at December 31, 2016	1,660	750	-	950	1,350	4,710
Amortization rate (% per annum)	33.33	-	-	-	-	

	2015					
	Computer software	Membership of PMEX	Rooms at PSX	Booths at PSX	TREC -PSX (Note 8.1 & 8.2)	Total
	(Rupees in '000)					
Cost	8,575)	750	5,804	950	1,350	17,429)
Accumulated amortization	(8,575)	-	-	-	-	(8,575)
Net book value at the beginning of the year	-	750	5,804	950	1,350	8,854
Addition during the year	1,287	-	-	-	-	1,287
Amortization for the year	(260)	-	-	-	-	(260)
Transfer during the year	-	-	(5,804)	-	-	(5,804)
Net book value at the end of the year	1,027	750	-	950	1,350	4,077
Analysis of Net Book Value						
Cost	9,862	750	-	950	1,350	12,912
Accumulated amortization	(8,835)	-	-	-	-	(8,835)
Net book value as at 31 December 2015	1,027	750	-	950	1,350	4,077
Amortization rate (% per annum)	33.33	-	-	-	-	

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the Company has received equity shares of PSX and a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX. The Company's entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares as detailed in Note 10.2.2 to these financial statements.

The cost / book value of the PSX membership card amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the Company on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers.

8.2 The Company has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

9. INVESTMENT PROPERTIES

	Note	2016	2015
		(Rupees in '000)	
Net book value as at the beginning of the year			
Cost		5,804	-
Accumulated amortization		(158)	-
		5,646	-
Depreciation charge for the year		(290)	-
Transfer during the year			
Cost		-	5,804
Depreciation		-	(158)
		-	5,646
Net book value at the end of the year	9.1	5,356	5,646
Cost		5,804	5,804
Accumulated depreciation		(448)	(158)
Net book value at the end of the year		5,356	5,646
Depreciation rate (% per annum)		5	5

9.1 Investment properties comprise of Room No. 93, 94 and 95, First Floor, Pakistan Stock Exchange Building, off I.I. Chundrigar Road, Karachi. The said property was rented out to Bankislami Pakistan Limited (the Parent Company) till August 2015 and subsequently rented out to third party. The fair value of these properties in aggregate amounts to Rs. 24 million on the basis of valuation carried out by M/s. Akbani and Javed Associates on October 15, 2015. The rent income received from Parent Company and Third party amounted to Rs. Nil and Rs. 2.11 million (2015: Rs. 3.8 million and Rs. 0.51 million) respectively. Under the rent agreement, the maintainance and other running expenses are to be paid by lessee.

10. LONG TERM INVESTMENTS

'Subsidiary company -Structured Venture (Private) Limited (SVPL)	10.1	1,852	2,074
"Available-for-sale' investments	10.2	728,586	582,033
		730,438	584,107

10.1 Structured Venture (Private) Limited (SVPL) is a subsidiary of the company. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 22, 2010 was Rs. 625 million. As of the balance sheet date, the Company has invested a total sum of Rs. 488.581 million.

Subsidiary Company

Cost	488,581	488,581
Less: Provision for impairment	(486,729)	(486,507)
	1,852	2,074

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

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

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facia 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.

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

10.2 Description of 'available-for-sale' investments

2016	2015	Name of the Investee Company	Note	2016		2015	
Number of shares				Cost	Carrying value	Cost	Carrying value
				(Rupees in '000)			
		Quoted shares					
-	-	**KASB Bank Limited**	10.2.1 & 10.2.6	-	-	-	-
		Unquoted shares					
4,007,383	4,007,383	**Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited)**	10.2.2 to 10.2.3	3,595	100,986	3,595	3,595
3,370	3,370	**Al Jomaih Power Limited**	10.2.4 & 10.2.6	184,197	627,600	184,197	578,438
		New Horizon Exploration and Production Limited (Related Party)	10.2.5				
14,760,000	14,760,000	**- Class 'A' ordinary shares**		31,629	-	31,629	-
		Less: impairment		(31,629)	-	(31,629)	-
				-	-	-	-
				187,792	728,586	187,792	582,033

10.2.1 With reference to Scheme of Amalgamation of KASB Bank Limited (the bank) with and into BankIslami Pakistan Limited ("Scheme"), in view of the negative value of shares of the bank, as determined by the indepedent valuator, the shares and all rights and interest therein stand extinguished as the shares are not reperesented by Capital and accordingly stand cancelled.

10.2.2 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 Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012 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 will be paid by PSX after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement (SPA) executed among Anchor investor, Divestment Committee and PSX which will be retained for a period of one year to settle any outstanding liabilities of PSX. Accordingly, the Company has revalued 4,007,383 shares of PSX after the discounting effect .

10.2.3 Further, the Company has pledged 1,602,953 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.

10.2.4 The Company's investment in unquoted shares of Al Jomaih Power Limited are valued at its fair value as at year end based on the net assets value of the investee Company as at December 31, 2016.

10.2.5 During previous year, the management carried out impairment testing of its investment in New Horizon Exploration and Production Limited (NHEPL), as required by IAS 36 - "Impairment of Assets". The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company fully impaired it's investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised in these financial statements.

	Note	2016	2015
		(Rupees in '000)	
10.2.6 Unrealized gain / (loss) on re-measurement of 'available-for-sale' investments - net of deferred tax			
KASB Bank Limited	10.2.1	-	(17,675)
Al Jomaih Power Limited	10.2.4	49,162	278,503
Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited)	10.2.2	75,478	-
		124,640	260,828

11. LONG-TERM LOANS AND ADVANCES - Considered good

Loans and advances to:			
Employees		476	923
Executives		-	880
	11.1	476	1,803
Current maturity shown in current assets	16	(273)	(1,355)
		203	448

11.1 This represents loans and advances given to executives and employees for general purpose in accordance with their terms of employment. These loan and advances carry mark-up at the rate of 12% (2015: 12%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 36 months. The loans and advances are secured against staff provident fund balance.

12. LONG-TERM DEPOSITS AND PREPAYMENTS

Deposits with:			
- Pakistan Stock Exchange Limited (PSX)	12.1	10,364	7,060
- National Clearing Company of Pakistan Limited (NCCPL)		300	300
- Pakistan Mercantile Exchange Limited (PMEX)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		200	200
- Rent deposits		1,025	1,025
- Others		1,563	1,562
		15,952	12,647
Prepayments		126	21
		16,078	12,668

12.1 This represent cash deposit with PSX to fulifill the Base Minimum Capital (BMC) requirement in Compliance with clause 19.2 of the Risk Management Regulation of PSX Rule Book.

	Note	2016	2015
		(Rupees in '000)	
13. DEFERRED TAX ASSET - NET			
Deferred tax asset at the beginning of the year		51,131	37,178
Addition for the year		10,983	13,953
Provision for the year on income related to component of other comprehensive income		(21,913)	-
		40,201	51,131
14. SHORT-TERM INVESTMENTS			
'At fair value through profit or loss' - held for trading			
- Listed shares	14.1	72,499	28,531
- Term finance certificates	14.2	-	-
		72,499	28,531

14.1 LISTED SHARES

2016 Number of shares	2015 Number of shares	Name of Investee Company	Note	2016 Cost	2016 Carrying value	2015 Cost	2015 Carrying value
				(Rupees in '000)			
7,500	-	Agriauto Industries Ltd.		1,998	2,685	-	-
1,000	-	Abbot Laboratories Ltd.		925	957	-	-
105,000	-	Avanceon Ltd.		3,729	3,659	-	-
3,000	-	Bannu Woolen Mills Ltd.		204	216	-	-
-	20,000	Cherat Cement Company Ltd.		-	-	1,600	1,804
40,000	-	Dewan Cement Ltd.		1,593	1,562	-	-
10,000	7,200	D.G. Khan Cement Company Ltd.		2,217	2,217	992	1,063
14,900	7,900	Engro Corporation Ltd.		4,620	4,710	2,122	2,207
75,000	10,800	Engro Fertilizers Ltd.		5,004	5,099	921	908
40,000	-	Engro Polymer and Chemical Ltd.		627	738	-	-
20,000	-	Fauji Fertilizer Company Ltd.		2,075	2,087	-	-
15,500	-	Ittehad Chemicals Ltd.		628	624	-	-
-	500	K-Electric Ltd.		-	-	4	4
4,900	5,100	Kohat Cement Company Ltd.		1,313	1,429	993	1,228
1,500	4,900	Lucky Cement Ltd.		1,110	1,299	2,433	2,426
4,200	10,200	Mari Petroleum Company Ltd.		5,246	5,775	5,819	7,111
39,500	10,000	Mughal Iron and Steel Industries Ltd.		3,254	3,482	771	697
-	4,000	National Refinery Ltd.		-	-	902	892
-	21,500	Pak Elektron Ltd.		-	-	1,458	1,345
-	18,900	Pakistan Oilfields Ltd.		-	-	6,941	5,065
-	17,800	Pakistan Petroleum Ltd.		-	-	2,407	2,168
53,000	-	Pioneer Cement Ltd.		5,628	7,531	-	-
2,050	-	Sanofi Aventis Pakistan Ltd.		3,818	5,856	-	-
335,000	-	Shabbir Tiles and Ceramics Ltd.		4,058	3,739	-	-
6,200	-	Shifa International Hospital Ltd.		1,849	1,906	-	-
-	10,000	Amreli Steels Ltd.		-	-	619	601
3,800	1,000	Indus Motor Company Ltd.		5,117	6,135	1,013	1,012
49,500	-	Nishat Power Ltd		2,776	3,172	-	-
15,000	-	Oil and Gas Development Corporation Ltd.		2,310	2,480	-	-
900,000	-	Summit Bank Ltd.		4,266	3,960	-	-
30,000	-	Thatta Cement Company Ltd.		1,073	1,181	-	-
			14.1.1	65,438	72,499	28,995	28,531

14.1.1 This includes shares with carrying value of Rs. 39.33 million (2015: Rs. 26 million) which has been pledged with NCCPL against exposure margin.

14.2 Term Finance Certificates

2016 Number of certificates	2015 Number of certificates	Name of Investee Company	Note	2016 Cost	2016 Carrying value	2015 Cost	2015 Carrying value
				(Rupees in '000)			
10,000	10,000	Pace Pakistan Ltd. (Face value Rs. 5,000/- each)	14.2.1				
		Cost		45,369	-	45,369	-
		Less: Impairment		(45,369)	-	(45,369)	-
				-	-	-	-

14.2.1 The above TFCs are secured and carry mark-up at the rate of 6 months KIBOR +2% and will mature in February 15, 2017. These TFCs are currently rated as 'non-performing' by the Mutual Funds Association of Pakistan and accordingly. The purchase cost of TFCs amounts to Rs. 45.37 million (2015: 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.

	Note	2016	2015
		(Rupees in '000)	
14.3 Unrealised gain / (loss) on re-measurement of investments - net			
Listed shares	14.1	7,061	(464)
15. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	15.1 & 15.2	192,417	116,257
Inter-bank brokerage		2,537	4,938
Fees		2,482	605
		197,436	121,800
15.1 Considered good			
Secured		142,575	93,403
Unsecured		12,012	2,404
		154,587	95,807
Considered doubtful		155,856	138,491
Less: Provision for doubtful debts	15.3	(118,026)	(118,041)
		192,417	116,257

15.2 This includes receivable from NCCPL amounting to Rs. 92.88 million (2015: Rs. 10.29 million) in respect of trading / transaction in securities settled subsequent to the year end.

15.3 Reconciliation of provisions against trade debts

	2016	2015
Opening balance	118,041	119,118
Reversal of provision during the year	(15)	(1,077)
	118,026	118,041

15.3.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 37.83 million (2015: Rs. 20.45 million) held in custody by the Company against respective customer accounts.

	Note	2016	2015
		(Rupees in '000)	
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
Suppliers		2,219	3,143
Current portion of long-term loans and advances to employees and executives	11	273	1,355
Others		40	-
		2,532	4,498
Deposits:			
Exposure deposit with -PSX		-	121,555
Exposure deposit with -NCCPL		437,310	796
Exposure deposit with -PMEX		2,982	832
Others	16.1	2,200	-
		442,492	123,183
Prepayments:			
Rent		1,716	2,929
Insurance		244	984
Software development and maintenance		296	639
Others		1,810	1,719
		4,066	6,271
Other receivables:			
Dividends		1,077	-
Profit on bank deposits		3,397	3,805
Profit on exposure deposit with -PSX		1,352	483
Receivable against margin finance		118,460	60,882
Receivable from related party	16.2	172	-
Others		72	209
		124,530	65,379
		573,620	199,331

16.1 This includes amounts deposited with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million and cash Rs. 0.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (2015: Nil).

16.2 Receivables from related parties comprises of:			
My Solutions Corporation Ltd.		172	-
17. CASH AND BANK BALANCES			
Company accounts			
Current accounts		1,521	4,277
Saving accounts	17.1	550	162,896
		2,071	167,173
Client accounts			
Current accounts		154,500	10
Saving accounts	17.1	488,037	379,984
		642,537	379,994
	17.2	644,608	547,167
Stamps in hand		6	7
		644,614	547,174

17.1 These carry profit at rates ranging from 2.5% to 5.15% (2015: 2.5% to 8.75%) per annum.

17.2 This includes Rs. 440.15 million (2015: Rs. 392.49 million) with BankIslami Pakistan Limited (the Parent Company).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 (Number of shares)	2015 (Number of shares)		2016 (Rupees in '000)	2015 (Rupees in '000)
89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
10,132,100	10,132,100	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	101,321	101,321
100,000,000	100,000,000		1,000,000	1,000,000

18.1 The following shares were held by related parties of the Company:

	2016 Shares held	2016 Percentage	2015 Shares held	2015 Percentage
BankIslami Pakistan Limited	77,117,500	77.118%	77,117,500	77.118%
BankIslami Pakistan Limited -Employees Provident Fund Trust	400,000	0.400%	400,000	0.400%
KASB Securities Limited -Employees Provident Fund Trust	32,000	0.032%	32,000	0.032%
KASB Funds PS Limited -Employees Provident Fund Trust	3,000	0.003%	3,000	0.003%
Key Management Personnel	8,201	0.008%	3,500	0.004%
	77,560,701	77.561%	77,556,000	77.557%

19. LONG-TERM LOAN - SECURED

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
Loan from financial institution		150,000	150,000

19.1 This represents long-term loan obtained from the Parent Company (BankIslami Pakistan Limited) on December 31, 2015. The loan is secured by way of First Exclusive Charge over all commercial properties of the Company (Musharakah assets). The loan is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 to December 2020.

20. TRADE AND OTHER PAYABLES

Trade creditors	20.1	1,013,130	443,525
Accrued expenses	20.2	107,329	73,361
Withholding tax		22,998	21,948
Unclaimed dividends		1,402	1,402
Others		1,683	1,427
		1,146,542	541,663

20.1 This includes payable to NCCPL amounting to Rs. 35.97 million (2015: 0.36 million) in respect of trading / transaction in securities settled subsequent to the year end.

20.2 This includes accrued expenses relating to various services provided by related parties amounting to Rs. Nil (2015: Rs. 2.77 million).

21. ACCRUED MARK-UP

Mark-up accrued on:		
- BankIslami Pakistan Limited -the Parent Company	37	37

22. CONTINGENCIES AND COMMITMENTS

There were no material contingencies and commitments outstanding as at year end.

	2016	2015
	(Rupees in '000)	
23. OPERATING REVENUE		
Brokerage	239,065	242,165
Subscription research income	1,874	1,079
Financial advisory fee	500	-
Custody services	2,194	2,797
	243,633	246,041
24. GAIN ON SALE OF INVESTMENTS - NET		
Listed shares	21,979	4,788
Debt securities	3,589	41,214
Open ended mutual funds	-	224
	25,568	46,226
25. DIVIDEND INCOME		
Agriauto Industries Ltd.	156	-
Bannu Woolen Mills Ltd.	72	-
Cherat Packaging Ltd.	18	-
Cherat Cement Company Ltd.	40	-
Crescent Steel and Allied Products Ltd.	15	-
DG Khan Cement Ltd.	-	36
Engro Fertilizer Ltd.	213	31
Engro Corporation Ltd.	440	40
Fauji Fertilizer Company Ltd.	23	-
ICI Pakistan Ltd.	18	-
Kohat Cement Company Ltd.	65	20
Lucky Cement Ltd.	-	17
Mari Petroleum Company Ltd.	50	-
Mughal Iron and Steel Industries Ltd.	89	-
Pakistan Petroleum Ltd.	27	117
Pakistan Oilfield Ltd.	782	772
Pioneer Cement Ltd.	244	-
Shifa International Hospital	41	-
Al-Jomaih Power Ltd.	-	39,235
Bank Alfalah Ltd.	30	-
DG Khan Cement Ltd.	120	-
Gul Ahmed Textile Mills Ltd.	20	-
Indus Motor Company Ltd.	316	-
Nishat Power Ltd.	124	-
Oil and Gas Development Corporation Ltd.	52	17
Pakistan Stock Exchange Ltd.	601	1,483
Thatta Cement Ltd.	120	-
United Bank Ltd.	-	90
	3,676	41,858

	Note	2016	2015
		(Rupees in '000)	
26. MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES			
Profit on bank deposits		**36,411**	57,822
Margin finance income		**12,432**	2,081
Others	16.1	**64**	-
		48,907	59,903
27. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	27.1	**161,301**	207,476
Staff training and development		**522**	22
Rent, rates and taxes		**10,956**	11,430
Insurance charges		**991**	387
Depreciation	27.2	**14,431**	16,415
Amortization of intangible assets	8	**784**	260
Repairs and maintenance		**1,606**	7,683
Power and utilities		**13,456**	13,736
Communication		**12,773**	14,409
Trading costs		**14,798**	13,405
Information technology related cost		**7,897**	10,329
Fees and subscription		**5,112**	6,776
Director fee		**1,680**	3,120
Printing and stationery		**3,416**	2,846
Papers and periodicals		**102**	99
Advertisement and business promotion		**379**	279
Sales and marketing		**1,273**	4,634
Travelling and conveyance		**2,998**	2,103
Entertainment		**716**	850
Brokerage expense		**5,188**	53,834
Legal and professional charges		**4,182**	2,854
Consultancy charges		**682**	-
Auditor's remuneration	27.3	**904**	942
Stamp charges		**5**	14
Donations	27.4	**-**	100
Workers' welfare fund		**1,825**	-
Kitchen expenses		**1,826**	1,727
Profit -paid to clients	27.5	**28,894**	18,429
Others		**612**	624
		299,309	394,783

27.1 Salaries, allowances and benefits include company's contribution to provident fund amount to Rs. 5.80 million (2015: Rs. 6.45 million).

27.2 Depreciation

Property and equipment	7	**14,141**	16,257
Investment properties	9	**290**	158
		14,431	16,415

27.3 Auditor's Remuneration

Statutory audit fee	**522**	488
Half-yearly review fee and other certifications	**319**	354
Out of pocket expenses	**63**	100
	904	942

27.4 Donation were not made to any donee fund in which any director of the Company or his spouse had any interest.

27.5 This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of BIPL Securities Limited (formerly KASB Securities Ltd.) - Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.

	Note	2016	2015
		(Rupees in '000)	
28. IMPAIRMENT ON 'AVAILABLE FOR SALE' INVESTMENTS			
KASB Bank Limited	10.2.1	-	21,844
New Horizon Exploration and Production Ltd. - Related Party	10.2.5	-	31,629
		-	53,473
29. FINANCE COST			
Mark-up on:			
Short term borrowing (the Related Party)		-	493
Short term borrowing (the Parent Company)		173	-
Long-term loan (the Parent Company)		13,887	15,446
Bank charges		711	327
		14,771	16,266
30. OTHER INCOME			
Gain / (loss) on disposal of property and equipment	7.1	250	(135)
Rental income		2,108	4,310
Staff loan		147	577
Others		341	95
		2,846	4,847
31. TAXATION			
Current			
for the year		(9,852)	(26,465)
for prior year		580	(9,237)
Deferred	13	10,983	13,953
		1,711	(21,749)
31.1 Relationship between tax expense and accounting profit / (loss)			
Profit / (loss) before taxation		17,404	(559,032)
Tax at the rate of 31% (2015: 32%)		5,395	-
Tax effects of:			
Tax effect of inadmissible items		(19,288)	(34,551)
Income taxed at reduced rates		9,196	13,670
Income taxed under Final Tax Regime		5,383	8,964
Prior year taxation		580	(9,237)
Others		445	(595)
		1,711	(21,749)

32. EARNINGS / (LOSS) PER SHARE

	2016	2015
	(Rupees in '000)	
Profit / (loss) after taxation attributable to ordinary shareholders	19,115	(580,781)
	(Number of shares)	
Weighted average number of ordinary shares	100,000,000	100,000,000
	(Rupees)	
Earnings / (loss) per share - basic and diluted	0.19	(5.81)

33. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	11,963	-	85,606	10,352	5,687	127,319
Performance incentive (note 33.1.1)	-	-	-	-	8,500	-
Fee (note 33.2)	-	1,680	-	-	3,120	-
Travelling and boarding	-	51	-	34	-	-
Contribution to provident fund	460	-	3,145	223	271	3,742
	12,423	1,731	88,751	10,609	17,578	131,061
Number of persons	2	4	59	3	11	53

33.1 Certain executives of the Company are provided Company owned and maintained cellular phones.

33.1.1 This represent performance incentive paid to Executive Directors of the Company before May 07, 2015.

33.2 The fee was paid to the Directors for attending the Board of Directors meeting, Audit Committee and HR&R committee meetings of the Company.

33.3 As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the Company;

	2016	2015
	(Rupees in '000)	
Managerial remuneration	10,470	11,662

All Research Analyst reports to Head of Research who in turn reports to the Chief Executive Officer of the Company.

33.4 The change in CEO and Directors' offices during the year has been disclosed in the Statement of Compliance with the Code of Corporate Governance.

34. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of BankIslami Pakistan Limited (the Parent company), associated undertakings including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2016 and December 31, 2015 and transactions with related parties during the year ended December 31, 2016 and December 31, 2015 are as follows:

	2016				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Accrued mark-up	**37**	**-**	**-**	**-**	**37**
Bank balances	**440,154**	**-**	**-**	**-**	**440,154**
Long-term deposits	**-**	**142**	**-**	**-**	**142**
Long-term loan	**150,000**	**-**	**-**	**-**	**150,000**
Profit receivable on bank deposit	**1,546**	**-**	**-**	**-**	**1,546**
Prepaid rent	**108**	**-**	**-**	**-**	**108**
Provident fund payable	**-**	**-**	**-**	**11**	**11**
Receivable against expenses	**-**	**172**	**-**	**-**	**172**
Trade debts	**22**	**18**	**191**	**-**	**231**
Trade payables	**-**	**-**	**1,946**	**-**	**1,946**

	2015				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Accrued mark-up	37	-	-	-	37
Bank balances	392,494	-	-	-	392,494
Long-term loan	150,000	-	-	-	150,000
Loan to staff	-	-	880	-	880
Long-term deposits	-	142	-	-	142
Profit receivable on bank deposit	2,124	-	-	-	2,124
Payable against expenses	2,763	9	-	-	2,772
Prepaid rent	80				80
Trade debts	16	10	18	9	53
Trade payables	-	-	2,169	4	2,173

	2016				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
TRANSACTIONS					
Income					
Brokerage income earned	363	-	775	-	1,138
Custody services	6	8	30	-	44
Mark-up on staff loan	-	-	49	-	49
Profit on bank deposits	21,276	-	-	-	21,276
Expenses					
Bank charges	515	-	-	-	515
Charge in respect of contributory plan	-	-	-	5,805	5,805
Mark-up expense	14,060	-	-	-	14,060
Reimbursement of expenses	978	2	-	-	980
Rent expense	1,100	-	-	-	1,100
Other transactions					
Loans disbursed	-	-	1,000	-	1,000
Loans repayment	-	-	1,725	-	1,725
Purchase of property and equipment	-	124	-	-	124

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 33.

	2015				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
TRANSACTIONS					
Income					
Brokerage income earned	-	-	616	120	736
Custody services	6	54	60	-	120
Mark-up on staff loan	-	-	319	-	319
Profit on bank deposits	26,354	-	-	-	26,354
Rental income	3,800	-	-	-	3,800
Expenses					
Bank charges	134	-	-	-	134
Charge in respect of contributory plan	-	-	-	6,450	6,450
Communication expenses	1,108	5,802	-	-	6,910
Locker rent	4	-	-	-	4
Mark-up expense	15,446	-	-	493	15,939
Reimbursement of expenses	372	1,278	389	-	2,039
Rent expense	933	-	-	-	933
Other transactions					
Loans disbursed	-	-	345	-	345
Loans repayment	-	-	3,508	-	3,508
Short-term borrowing	-	-	-	50,000	50,000
Short-term borrowing repaid	-	-	-	50,000	50,000

* Related party transaction include transactions upto May 07, 2015 in respect of parties no longer a related party by virtue of change in Parent Company.

35. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2016	2015
		(Rupees in '000)	
Size of the fund -Total assets		69,528	77,851
Cost of investments made		53,660	63,661
Percentage of investments made		88.76%	90.83%
Fair value of investments	35.1	61,710	70,714

35.1 Break-up value of fair value of investments is:

	2016		2015	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	40,818	66.14%	51,281	72.52%
Term deposits	20,591	33.37%	19,203	27.16%
Listed shares	301	0.49%	230	0.32%
	61,710	100.00%	70,714	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

36. NUMBER OF EMPLOYEES

The average and total number of employees during the year end as at December 31, 2016 and December 31, 2015 respectively are as follows:

	2016	2015
	(Number of employees)	
Average number of employees during the year	136	158
Total number of employees as at year end	134	142

37. FINANCIAL INSTRUMENTS

37.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's total comprehensive income by Rs. 6.34 million (2015: Rs. 5.21 million) and a 1% decrease would result in decrease in the Company's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs. 627.20 million (2015: Rs. 578.44 million) [US dollars 6 million (2015: US dollars 5.53 million)].

Management of the Company estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Company by Rs. 62.76 million (2015: Rs. 57.84 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Company by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified on the balance sheet as investments 'at fair value through profit or loss' and 'available-for-sale' investments. The management believes that 10% increase or decrease in the value of investments 'at fair value through profit and loss', with all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 7.25 million (2015: Rs. 2.86 million) and 10% of such increase or decrease would result in increase or decrease of unrealized gain on revaluation of 'available-for-sale' investments by Rs. Nil (2015: Nil).

37.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summaries the maturity profile of the Company's financial liabilities:

	2016				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	1,122,142	-	-	-	1,122,142
Accrued mark-up	37	-	-	-	37
	1,122,179	-	-	150,000	1,272,179

	2015				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	518,313	-	-	-	518,313
Accrued mark-up	37	-	-	-	37
	518,350	-	-	150,000	668,350

37.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continuously assessing the credit worthiness of counter parties. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Company's maximum exposure to credit risk:

	2016	2015
	(Rupees in '000)	
Trade debts	**315,462**	239,841
Bank balances (see note 37.3.2)	**644,608**	547,167
Long-term loans and advances	**476**	1,803
Long-term deposits and prepayments	**16,078**	12,668
Advances, deposits, prepayments and other receivables	**573,347**	197,976
	1,549,971	999,455

37.3.1 The table below shows analysis of the financial assets that are past due or impaired:

Debts past due but not impaired	**159,606**	101,350
Debts impaired - net of provision	**37,830**	20,450
	197,436	121,800

37.3.2 The analysis below summarises the credit quality of the Company's bank balances with banks / financial institutions:

Debts past due but not impaired	**159,606**	101,350
Debts impaired - net of provision	**37,830**	20,450
	197,436	121,800
Rating (short-term) of Banks and Financial Institutions*		
A1	**440,154**	392,494
A1+	**111,553**	154,622
A-1+	**92,901**	-
P-2	**-**	51
	644,608	547,167

*Rating of banks performed by PACRA and JCR-VIS.

38. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital include :

- Reinforcing Company's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of Company's business operations.

In order to maintain the balance of its capital structure, the Company may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Company monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Company, general reserve and unappropriated profit and loss.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. the Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

39. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

39.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.
Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2016 the Company held the following financial instruments measured at fair value:

	2016			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	728,586	-	-	728,586
Investment 'at fair value through profit and loss' - held for trading	72,499	72,499	-	-
	801,085	72,499	-	728,586

	2015			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	578,438	-	-	578,438
Investment 'at fair value through profit and loss' - held for trading	28,531	28,531	-	-
	606,969	28,531	-	578,438

39.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2016	2015
	(Rupees in '000)	
Opening balance	578,438	307,426
Unrealised gain on 'available-for-sale' investments	150,148	278,503
Provision for impairment	-	(7,491)
Closing balance	728,586	578,438

40. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on February 16, 2017.

41. GENERAL

41.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparisons. However, there is no material reclassification to report.

41.2 Figures have been rounded off to the nearest thousand.

Sd
Chairman

Sd
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors present the report on consolidated financial statements of BIPL Securities Limited (Formerly KASB Securities Ltd.) and its wholly owned subsidiary namely Structured Venture (Private) Limited, for the year ended December 31, 2016.

The consolidated financial results of the Group for the year ended December 31, 2016, under review, are summarized as follows:

	2016	2015
	(Rupees in '000)	
Profit / (loss) before taxation	**17,404**	(491,170)
Taxation	**1,711**	(21,749)
Profit / (loss) after taxation	**19,115**	(512,919)
Unappropriated (loss) / profit brought forward	**(475,990)**	36,929
Unappropriated loss	**(456,875)**	(475,990)
Earnings / (loss) per share – basic and diluted	**0.19**	(5.13)

Summary of changes in equity

The Group profit after tax was PKR 19.12 million (EPS 0.19) in CY 16 as compare to loss after tax PKR 512.92 million (Loss per share 5.13) in CY 15.

Summary of changes in the nature of Group business interests

BIPL Securities Limited (Formerly KASB Securities Ltd.) and Structured Venture (Private) Limited continue in their stated nature of the business and have made no changes to the nature of business interest, nor to the class of business interest in which the Group has an interest.

Pattern of Shareholding

The pattern of shareholding as at December 31, 2016 along with disclosure required under the code of Corporate Governance and section 236 of the Companies Ordinance, 1984 is annexed to the report.

On behalf of the Board of Directors

Sd

Chairman

Karachi: February 16, 2017

ڈائریکٹرز کی consolidated مالیاتی دستاویز پر رپورٹ

بورڈ آف ڈائریکٹرز BIPL سیکیوریٹیز لمیٹڈ (سابقہ KASB سیکیوریٹیز لمیٹڈ) اور اسٹرکچرڈ وینچر (پرائیویٹ) لمیٹڈ جو اس کا مکمل طور پر ذیلی ادارہ ہے، کی 31 دسمبر 2016 کو اختتام پذیر سال کی consolidated مالیاتی دستاویز پیش کرتے ہیں۔

31 دسمبر 2016 کو ختم ہونے والے سال پر گروپ کے consolidated مالیاتی نتائج زیر غور ہیں اور ان کا خلاصہ درج ذیل ہے؛

2015	2016	
----- (روپے 000 میں)-----		
(491,170)	**17,404**	منافع /(نقصان) قبل از ٹیکس
(21,749)	**1,711**	ٹیکس
(512,919)	**19,115**	منافع /(نقصان) بعدازٹیکس
36,929	**(475,990)**	غیر مختص شدہ منافع / (نقصان) جو آگے بڑھایا
(475,990)	**(456,875)**	غیر مختص شدہ نقصان
--- روپے ---		
(5.13)	**0.19**	آمدنی /نقصان فی حصص – بنیادی اور گھٹا ہوا

ایکوٹی میں تبدیلی کا خلاصہ

سال 2016 میں گروپ کا بعد از ٹیکس منافع 19.12 ملین پاکستانی روپے (منافع فی حصص 0.19) تھا جبکہ سال 2015 میں بعد از ٹیکس نقصان 512.92 ملین پاکستانی روپے (نقصان فی حصص 5.13)

گروپ کی کاروباری دلچسپیوں کی نوئیت میں تبدیلیوں کا خلاصہ

BIPL سیکیوریٹیز لمیٹڈ (سابقہ KASB سیکیوریٹیز لمیٹڈ) اور اسٹرکچرڈ وینچر (پرائیویٹ) لمیٹڈ نے اپنے کاروبار کی نوئیت کو جاری رکھا اور کاروباری دلچسپیوں کی نوئیت میں کوئی تبدیلی نہیں کی اور نہ ہی کاروبار کے درجہ میں۔

حصص رکھنے کا رجحان

31 دسمبر 2016 پر حصص رکھنے کا رجحان اور اس کا disclosure جیسا کہ کارپوریٹ گورننس کے ضابطہ میں لکھا ہے اس رپورٹ کے ساتھ منسلک ہے

بورڈ آف ڈائیریکٹرز کی جانب سے

دستخط

چیرمین
کراچی،
فروری 16، 2017

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
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Karachi, 75530 - Pakistan
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F: +92 (21) 3565-5977
W: www.rsmpakistan.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising the consolidated balance sheet of **BIPL Securities Limited (formerly KASB Securities Limited)** (the Holding company) and Structured Venture (Private) Limited, its subsidiary company, (together referred to as Group) as at **December 31, 2016** and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof, (here-in after referred to as the 'financial statements') for the year then ended. We have also expressed separate opinion on the financial statements of the Holding company and its Subsidiary company. These financial statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of BIPL Securities Limited and its subsidiary company as at December 31, 2016 and the results of their operations for the year then ended.

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Karachi
Dated: 16 FEB 2017

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Avias 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.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	7	28,165	37,217
Intangible assets	8	4,710	4,077
Investment properties	9	5,356	5,646
Advance against purchase of property	10	-	-
Long-term investments	11	728,586	582,033
Long-term loans and advances	12	203	448
Long-term deposits and prepayments	13	16,078	12,668
Deferred tax asset - net	14	40,201	51,131
		823,299	693,220
Current assets			
Short-term investments	15	72,499	28,531
Trade debts	16	197,436	121,800
Advances, deposits, prepayments and other receivables	17	573,624	199,336
Taxation - net		64,226	36,776
Cash and bank balances	18	646,311	549,181
		1,554,096	935,624
TOTAL ASSETS		2,377,395	1,628,844
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital:			
200,000,000 (2015: 200,000,000) Ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital	19	1,000,000	1,000,000
General reserve		18,752	18,752
Unrealized gain on re-measurement of 'available-for-sale' investments to fair value - net		518,881	394,241
Unappropriated loss		(456,875)	(475,990)
		1,080,758	937,003
Non-current liabilities			
Long-term loan	20	150,000	150,000
Current liabilities			
Trade and other payables	21	1,146,600	541,804
Accrued mark-up	22	37	37
		1,146,637	541,481
TOTAL EQUITY AND LIABILITIES		2,377,395	1,628,844
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Sd
Chairman

Sd
Chief Executive Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		(Rupees in '000)	
Operating revenue	24	**243,633**	246,041
Net gain on investments 'at fair value through profit or loss'			
Gain on sale of investments - net	25	**25,568**	46,226
Impairment on 'held for trading' investments	15.2	**-**	(7,491)
Unrealised gain / (loss) on re-measurement of investments 'at fair value through profit or loss' - net	15.3	**7,061**	(464)
		32,629	38,271
Dividend income	26	**3,676**	41,858
Mark-up / profit on bank deposits and other receivables	27	**48,954**	60,043
		328,892	386,213
Operating and administrative expenses	28	**(299,578)**	(395,197)
Provision for advance against purchase of property	10	**-**	(375,000)
Impairment on 'available for sale' investments	29	**-**	(96,844)
Reversal of provision against doubtful debts-net	16.3	**15**	1,077
		(299,563)	(865,964)
Operating profit / (loss)		**29,329**	(479,751)
Finance cost	30	**(14,771)**	(16,266)
		14,558	(496,017)
Other income	31	**2,846**	4,847
Profit / (loss) before taxation		**17,404**	(491,170)
Taxation	32	**1,711**	(21,749)
Profit / (loss) after taxation		**19,115**	(512,919)
Other comprehensive income for the year			
Unrealised gain arising during the year on re-measurement of 'available-for-sale' investments - net	11.1.6	**124,640**	260,828
Total comprehensive income / (loss) for the year		**143,755**	(252,091)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	33	**0.19**	(5.13)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Sd
Chairman

Sd
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	(Rupees in '000)	
Cash flow from operating activities		
Profit / (loss) before taxation	17,404	(491,170)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation	14,431	16,415
Amortisation	784	260
Gain on sale of investments - net	(25,568)	(46,226)
(Gain) / loss on sale of property and equipment	(250)	135
Unrealised (gain) / loss on re-measurement of investments 'at fair value through profit or loss' - net	(7,061)	464
Impairment on 'held for trading' investments	-	7,491
Provision for advance against purchase of property	-	375,000
Impairment on 'available for sale' investments	-	96,844
Reversal of provision against doubtful debts - net	(15)	(1,077)
Finance cost	14,771	16,266
Dividend income	(3,676)	(41,858)
	(6,584)	423,714
	10,820	(67,456)
Working capital adjustments:		
(Increase) / decrease in assets		
Trade debts	(75,621)	(52,706)
Advances, deposits, prepayments and other receivables	(373,211)	35,008
	(448,832)	(17,698)
Increase / (decrease) in current liabilities		
Trade and other payables	604,796	(39,392)
	166,784	(124,546)
Finance cost paid	(14,771)	(16,281)
Income tax paid	(36,722)	(30,913)
Net cash flows generated from / (used in) operating activities	115,291	(171,740)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	(11,339)	28,387
Purchase of property and equipment	(5,223)	(2,272)
Purchase of intangible assets	(1,417)	(1,287)
Proceeds from disposal of property and equipment	384	668
Dividend received	2,599	41,864
Net cash flows (used in) / generated from operating activities	(14,996)	67,360
CASH FLOW FROM INVESTING ACTIVITIES		
Long-term loans and advances	245	3,791
Long-term deposits and prepayments	(3,410)	(6,225)
Dividend paid	-	(5)
Net cash flows used in financing activities	(3,165)	(2,439)
Net increase / (decrease) in cash and cash equivalents	97,130	(106,819)
Cash and cash equivalents at the beginning of the year	549,181	656,000
Cash and cash equivalents at the end of the year	646,311	549,181

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Sd

Chairman

Sd

Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital	General reserve	Unappropriated profit /(loss)	Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net	Total
	(Rupees in '000)				
Balance as at January 01, 2015	1,000,000	18,752	36,929	133,413	1,189,094
Total comprehensive loss for the year	-	-	(512,919)	260,828	(252,091)
Balance as at December 31, 2015	**1,000,000**	**18,752**	**(475,990)**	**394,241**	**937,003**
Total comprehensive income for the year	**-**	**-**	**19,115**	**124,640**	**143,755**
Balance as at December 31, 2016	**1,000,000**	**18,752**	**(456,875)**	**518,881**	**1,080,758**

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Sd

Chairman

Sd

Chief Executive Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. STATUS AND NATURE OF BUSINESS

The Group comprises of

Parent Company

- BIPL Securities Limited (formerly KASB Securities Ltd.)

Subsidiary Company

- Structured Venture (Private) Limited (SVPL)

1.1 BIPL Securities Limited (the Parent Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 and commenced its operations effective January 01, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a scheme of Arrangement approved by the High Court of Sindh. The shares of the Group are listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) (PSX). The registered office of the Group is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

Change of Parent Company Name

During the year, name of the Parent Company has been changed from KASB Securities Limited to BIPL Securities Limited, through a Certificate (Change of Name) issued by the Securities and Exchange Commission of Pakistan (SECP) dated November 03, 2016.

The Group is a subsidiary of BankIslami Pakistan Limited (the Ultimate Parent Group) which holds 77.12% of the shares of the Group.

The Parent Company is a TREC holder of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Ltd.) (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 listed and unlisted equity and debt securities, economic research and advisory services.

Structured Venture (Private) Limited (the Company) was incorporated in Pakistan on June 25, 2010 under the Companies Ordinance, 1984. The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The subsidiary is wholly owned by BIPL Securities Limited.

The subsidiary's core objective is to capitalize opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the Company can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 4.6 below.

3. STATEMENT OF COMPLIANCE

These consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

New / revised standards, interpretations and amendments

'The Group has adopted the following revised standards, amendments and interpretations 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 28 – Investments in Associates and Joint Ventures

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

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

4.2 Basis of consolidation

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

4.3 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred.

Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged on the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

4.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

4.5. Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

4.6 Financial assets

4.6.1 Investments

Investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investments 'at fair value through profit or loss'

Investments classified as 'investments at fair value through profit or loss' are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Investments 'available-for-sale'

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss that which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

4.6.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using effective yield method, less impairment losses, if any.

4.7 Impairment

The carrying amount 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 recognized in the profit and loss account.

4.8 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.9 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.10 Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occured.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

4.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation.

4.12 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.13 Employees' benefits

Defined contribution plan

The Group operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Employee compensated absences

The Group allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

4.14 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Group's cash management.

4.15 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translations

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Provisions

Provisions are recognized when the Group has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.17 Trade and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at carrying value. A provision for impairment in trade and other receivables 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.

4.18 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying amount.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that effect 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 form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the consolidated financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation and impairment	4.3 to 4.5,7, 8 & 9
Classification of investments	4.6.1, 11 & 15
Provision for doubtful debts	4.16 & 16
Deferred taxation and taxation	4.11, 14 & 32

6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following revised relevant 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:

The following 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:

Standard, Interpretation or amendment	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
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 finalized
IFRS 7 – Financial Instruments: Disclosure Initiative (Amendment)	January 01, 2017
IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017

The Company expects that the adoption of the above standards and amendments would not impact 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. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. 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.

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

7. PROPERTY AND EQUIPMENT

	2016				
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	23,842	84,630	5,299	153,551
Accumulated depreciation	(23,975)	(18,161)	(71,207)	(2,991)	(116,334)
Net book value at the beginning of the year	15,805	5,681	13,423	2,308	37,217
Changes during the year					
Additions during the year	-	153	5,070	-	5,223
Disposals during the year					
- Cost	-	(108)	(6,625)	(54)	(6,787)
- Depreciation	-	31	6,579	43	6,653
	-	(77)	(46)	(11)	(134)
Depreciation charge for the year	(1,580)	(2,066)	(10,013)	(482)	(14,141)
	(1,580)	(1,990)	(4,989)	(493)	(9,052)
Net book value at the end of the year	14,225	3,691	8,434	1,815	28,165
Analysis of net book value					
Cost	39,780	23,887	83,075	5,245	151,987
Accumulated depreciation	(25,555)	(20,196)	(74,641)	(3,430)	(123,822)
Net book value as at December 31, 2016	14,225	3,691	8,434	1,815	28,165
Depreciation rate (% per annum)	5	10	33.33	20	

	2015				
	Office premises-lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	39,780	24,155	84,515	5,299	153,749
Accumulated depreciation	(22,405)	(16,115)	(60,891)	(2,333)	(101,744)
Net book value at the beginning of the year	17,375	8,040	23,624	2,966	52,005
Changes during the year					
Additions during the year	-	-	2,272	-	2,272
Disposals during the year					
- Cost	-	(313)	(2,157)	-	(2,470)
- Depreciation	-	64	1,603	-	1,667
	-	(249)	(554)	-	(803)
Depreciation charge for the year	(1,570)	(2,110)	(11,919)	(658)	(16,257)
	(1,570)	(2,359)	(10,201)	(658)	(14,788)
Net book value at the end of the year	15,805	5,681	13,423	2,308	37,217
Analysis of net book value					
Cost	39,780	23,842	84,630	5,299	153,551
Accumulated depreciation	(23,975)	(18,161)	(71,207)	(2,991)	(116,334)
Net book value as at December 31, 2015	15,805	5,681	13,423	2,308	37,217
Depreciation rate (% per annum)	5	10	33.33	20	

7.1 Disposal of property and equipment

Particulars of property and equipment disposed off during the year are as follows:

	Cost	Accum-ulated depre-ciation	Written down value	Sale proce-eds	Gain / (loss)	Particular of Buyers	Mode of disposal
	(Rupees in '000)						
Book value more then Rs. 50,000/=							
Furniture and fixtures	**108**	**31**	**77**	**49**	**(28)**	Various	Negotiation
Book value less then Rs. 50,000/=							
Computer and office equipment	**6,625**	**6,579**	**46**	**316**	**270**	Various	Negotiation
Motor vehicles	**54**	**43**	**11**	**19**	**8**	Arsalan Afzal	Negotiation
2016	**6,787**	**6,653**	**134**	**384**	**250**		
2015	2,470	1,667	803	668	(135)		

BIPL Securities

8. INTANGIBLE ASSETS

	2016					
	Computer software	Membership of PMEX	Rooms at PSX	Booths at PSX	TREC -PSX (Note 8.1 & 8.2)	Total
	(Rupees in '000)					
Cost	9,862	750	-	950	1,350	12,912
Accumulated amortization	(8,835)	-	-	-	-	(8,835)
Net book value at the beginning of the year	1,027	750	-	950	1,350	4,077
Addition during the year	1,417	-	-	-	-	1,417
Amortization for the year	(784)	-	-	-	-	(784)
Net book value at the end of the year	1,660	750	-	950	1,350	4,710
Analysis of Net Book Value						
Cost	11,279	750	-	950	1,350	14,329
Accumulated amortization	(9,619)	-	-	-	-	(9,619)
Net book value as at December 31, 2016	1,660	750	-	950	1,350	4,710
Amortization rate (% per annum)	33.33	-	-	-	-	

	2015					
	Computer software	Membership of PMEX	Rooms at PSX	Booths at PSX	TREC -PSX (Note 8.1 & 8.2)	Total
	(Rupees in '000)					
Cost	8,575	750	5,804	950	1,350	17,429
Accumulated amortization	(8,575)	-	-	-	-	(8,575)
Net book value at the beginning of the year	-	750	5,804	950	1,350	8,854
Addition during the year	1,287	-	-	-	-	1,287
Amortization for the year	(260)	-	-	-	-	(260)
Transfer during the year	-	-	(5,804)	-	-	(5,804)
Net book value at the end of the year	1,027	750	-	950	1,350	4,077
Analysis of Net Book Value						
Cost	9,862	750	-	950	1,350	12,912
Accumulated amortization	(8,835)	-	-	-	-	(8,835)
Net book value as at 31 December 2015	1,027	750	-	950	1,350	4,077
Amortization rate (% per annum)	33.33	-	-	-	-	

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the Group has received equity shares of PSX and a Trading Right Entitlement (TRECs) in lieu of its membership card of PSX. The Group entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the Group has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares as detailed in Note 11.1.2 to these consolidated financial statements.

The cost / book value of the PSX membership card held by the Group amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the Group on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers currently.

8.2 The Group has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

9. INVESTMENT PROPERTIES

	Note	2016	2015
		(Rupees in '000)	
Net book value as at the beginning of the year			
Cost		5,804	-
Accumulated amortization		(158)	-
		5,646	-
Depreciation charge for the year		(290)	-
Transfer during the year			
Cost		-	5,804
Depreciation		-	(158)
		-	5,646
Net book value at the end of the year	9.1	5,356	5,646
Cost		5,804	5,804
Accumulated depreciation		(448)	(158)
Net book value at the end of the year		5,356	5,646
Depreciation rate (% per annum)		5	5

9.1 Investment properties of the Group comprise of Room No. 93, 94 and 95, first floor, Pakistan Stock Exchange Building, off I.I. Chundrigar Road, Karachi. The said property was rented out to BankIslami Pakistan Limited (the Parent Company) till August 2015 and subsequently rented out to third party. The fair value of these properties in aggregate amounts to Rs. 24 million on the basis of valuation carried out by M/s. Akbani and Javed Associates on October 15, 2015. The rent income received from Parent Company and Third party amounted to Rs. Nil and Rs. 2.11 million (2015: Rs. 3.8 million and Rs. 0.51 million) respectively. Under the agreement, the maintainance and other running expenses are to be paid by the lessee.

10. ADVANCE AGAINST PURCHASE OF PROPERTY

Advance paid for purchase of land -at Korangi Housing Scheme		375,000	375,000
Less: Impaired	10.1	(375,000)	(375,000)
		-	-

10.1 The Group had given advance against purchase of property Rs. 375 million through Structured Venture (Private) Limited (SVPL) (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, the Group 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 facia a fraud was committed with the Group against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, the Group as a matter of prudence, has decided to fully provide this amount.

	Note	2016	2015
		(Rupees in '000)	
11. LONG-TERM INVESTMENTS			
'Available-for-sale investments'	11.1	728,586	582,033

11.1 Description of 'available-for-sale' investments

2016 Number of shares	2015 Number of shares	Name of the Investee Company	Note	2016 Cost	2016 Carrying value	2015 Cost	2015 Carrying value
				(Rupees in '000)			
		Quoted shares					
-	-	**KASB Bank Limited**	11.1.1 & 11.1.6	-	-	-	-
		Unquoted shares					
4,007,383	4,007,383	**Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited)**	11.1.2 & 11.1.3 & 11.1.4	3,595	100,986	3,595	3,595
3,370	3,370	**Al Jomaih Power Limited**	11.1.6	184,197	627,600	184,197	578,438
		New Horizon Exploration and Production Limited (Related Party)	11.1.5				
25,000,000	25,000,000	**- Class 'A' ordinary shares**		25,000	-	25,000	-
10,000,000	10,000,000	**- Class 'B' ordinary shares**		50,000	-	50,000	-
				75,000	-	75,000	-
		Less: impairment		(75,000)	-	(75,000)	-
				-	-	-	-
				187,792	728,586	187,792	582,033

11.1.1 With reference to Scheme of Amalgamation of KASB Bank Limited (the bank) with and into BankIslami Pakistan Limited ("Scheme"), in view of the negative value of shares of the bank, as determined by the indepedent valuator, the shares and all rights and interest therein stand extinguished as the shares are not reperesented by Capital and accordingly stand cancelled.

11.1.2 The Group'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 the Group has been allotted 4,007,383 shares of the face value of Rs. 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will 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 Stock Exchange (Corporatisation, Demutualization and Integration) Act, 2012 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 will be paid by PSX after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement (SPA) executed among Anchor investor, Divestment Committee and PSX which will be retained for a period of one year to settle any outstanding liabilities of PSX. Accordingly, the Company has revalued 4,007,383 shares of PSX after the discounting effect .

11.1.3 Further, the Group has pledged 1,602,953 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.

11.1.4 The Group's investment in unquoted shares of Al Jomaih Power Limited are valued at its fair value as at year end base on the net assets value of the investee Company as at December 31, 2016.

11.1.5 During previous year, the management carried out impairment testing of its investment in New Horizon Exploration and Production Limited (NHEPL), as required by IAS 36 - "Impairment of Assets". The recoverable amount of investment has been estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows have been used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Group has fully impaired it's investment in NHEPL and an impairment loss of Rs. 75 million has been recognised in these consolidated financial statements.

	Note	2016	2015
		(Rupees in '000)	
11.1.6 Unrealized gain / (loss) on re-measurement of 'available-for-sale' investments - net			
KASB Bank Limited	11.1.1	-	(17,675)
Al Jomaih Power Limited	11.1.4	49,162	278,503
Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited)		75,478	-
		124,640	260,828

12. LONG-TERM LOANS AND ADVANCES - Considered good

Loans and advances to:			
Employees		476	923
Executives		-	880
	12.1	476	1,803
Current maturity shown in current assets	17	(273)	(1,355)
		203	448

12.1 This represents loans and advances given to executives and employees for general purpose in accordance with their terms of employment. These loan and advances carry mark-up at the rate of 12% (2015: 12%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 36 months. The loan and advances are secured against staff provident fund balance.

13. LONG-TERM DEPOSITS AND PREPAYMENTS

Deposits with:			
- Pakistan Stock Exchange Limited (PSX)	13.1	10,364	7,060
- National Clearing Company of Pakistan Limited (NCCPL)		300	300
- Pakistan Mercantile Exchange Limited (PMEX)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		200	200
- Rent deposits		1,025	1,025
- Others		1,563	1,562
		15,952	12,647
Prepayments		126	21
		16,078	12,668

13.1 This represent cash deposit with PSX to fulfill the Base Minimum Capital (BMC) requirement in Compliance under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

14. DEFERRED TAX ASSET - NET

Deferred tax asset at the beginning of the year	51,131	37,178
Addition during the year	10,983	13,953
Provision for the year on income related to component of other comprehensive income	(21,913)	-
	40,201	51,131

	Note	2016	2015
		(Rupees in '000)	
15. SHORT-TERM INVESTMENTS			
'At fair value through profit or loss' - held for trading			
- Listed shares	15.1	72,499	28,531
- Term finance certificates	15.2	-	-
		72,499	28,531

15.1 LISTED SHARES

2016 Number of shares	2015 Number of shares	Name of Investee Company	Note	2016 Cost	2016 Carrying value	2015 Cost	2015 Carrying value
				(Rupees in '000)			
7,500	-	Agriauto Industries Ltd.		1,998	2,685	-	-
1,000	-	Abbot Laboratories Ltd.		925	957	-	-
105,000	-	Avanceon Ltd.		3,729	3,659	-	-
3,000	-	Bannu Woolen Mills Ltd.		204	216	-	-
-	20,000	Cherat Cement Company Ltd.		-	-	1,600	1,804
40,000	-	Dewan Cement Ltd.		1,593	1,562	-	-
10,000	7,200	D.G. Khan Cement Company Ltd.		2,217	2,217	992	1,063
14,900	7,900	Engro Corporation Ltd.		4,620	4,710	2,122	2,207
75,000	10,800	Engro Fertilizers Ltd.		5,004	5,099	921	908
40,000	-	Engro Polymer and Chemical Ltd.		627	738	-	-
20,000	-	Fauji Fertilizer Company Ltd.		2,075	2,087	-	-
15,500	-	Ittehad Chemicals Ltd.		628	624	-	-
-	500	K-Electric Ltd.		-	-	4	4
4,900	5,100	Kohat Cement Company Ltd.		1,313	1,429	993	1,228
1,500	4,900	Lucky Cement Ltd.		1,110	1,299	2,433	2,426
4,200	10,200	Mari Petroleum Company Ltd.		5,246	5,775	5,819	7,111
39,500	10,000	Mughal Iron and Steel Industries Ltd.		3,254	3,482	771	697
-	4,000	National Refinery Ltd.		-	-	902	892
-	21,500	Pak Elektron Ltd.		-	-	1,458	1,345
-	18,900	Pakistan Oilfields Ltd.		-	-	6,941	5,065
-	17,800	Pakistan Petroleum Ltd.		-	-	2,407	2,168
53,000	-	Pioneer Cement Ltd.		5,628	7,531	-	-
2,050	-	Sanofi Aventis Pakistan Ltd.		3,818	5,856	-	-
335,000	-	Shabbir Tiles and Ceramics Ltd.		4,058	3,739	-	-
6,200	-	Shifa International Hospital Ltd.		1,849	1,906	-	-
-	10,000	Amreli Steels Ltd.		-	-	619	601
3,800	1,000	Indus Motor Company Ltd.		5,117	6,135	1,013	1,012
49,500	-	Nishat Power Ltd		2,776	3,172	-	-
15,000	-	Oil and Gas Development Corporation Ltd.		2,310	2,480	-	-
900,000	-	Summit Bank Ltd.		4,266	3,960	-	-
30,000	-	Thatta Cement Company Ltd.		1,073	1,181	-	-
			15.1.1	65,438	72,499	28,995	28,531

15.1.1 This includes shares with carrying value of Rs. 39.33 million (2015: Rs. 26 million) which has been pledged with NCCPL against exposure margin.

15.2 Term Finance Certificates

2016	2015	Name of Investee Company	Note	2016 Cost	2016 Carrying value	2015 Cost	2015 Carrying value
Number of certificates				(Rupees in '000)			
10,000	10,000	Pace Pakistan Limited (Face value Rs. 5,000 each)	15.2.1	45,369	-	45,369	-
		Less: Impairment		(45,369)	-	(45,369)	-
				-	-	-	-

15.2.1 The above TFCs are secured and carry mark-up at the rate of 6 months KIBOR + 2% and will mature in February 15, 2017. These TFCs are currently rated as 'non-performing" by the Mutual Funds Association of Pakistan and accordingly, the purchase cost of the TFCs amounts to Rs. 45.37 million (2015: Rs. 45.37 million) and during the previous year, the Group on the basis of prudence, has fully impaired the investments of Rs. 45.37 million.

	Note	2016	2015
		(Rupees in '000)	
15.3 Unrealised gain / (loss) on re-measurement of investments - net			
Listed shares	15.1	**7,061**	(464)
16. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	16.1 & 16.2	**192,417**	116,257
Inter-bank brokerage		**2,537**	4,938
Fees		**2,482**	605
		197,436	121,800
16.1 Considered good			
Secured		**142,575**	93,403
Unsecured		**12,012**	2,404
		154,587	95,807
Considered doubtful		**155,856**	138,491
Less: Provision for doubtful debts	16.3	**(118,026)**	(118,041)
		192,417	116,257

16.2 This includes receivable from NCCPL amounting to Rs. 92.88 million (2015: Rs. 10.29 million) in respect of trading / transaction in securities settled subsequent to the year end.

16.3 Reconciliation of provisions against trade debts

Opening balance	**118,041**	119,118
Reversal of provision during the year	**(15)**	(1,077)
	118,026	118,041

16.3.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs. 37.83 million (2015: Rs. 20.45 million) held in custody by the Group against respective customer accounts.

	Note	2016	2015
		(Rupees in '000)	
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
- Suppliers		2,219	3,143
- Current portion of long-term loans and advances to employees and executives	12	273	1,355
- Others		40	-
		2,532	4,498
Deposits:			
- Exposure deposit with -PSX		-	121,555
- Exposure deposit with -NCCPL		437,310	796
- Exposure deposit with -PMEX		2,982	832
- Others	17.1	2,200	-
		442,492	123,183
Prepayments:			
- Rent		1,716	2,929
- Insurance		244	984
- Software development and maintenance		296	639
- Others		1,810	1,719
		4,066	6,271
Other receivables:			
- Dividends		1,077	-
- Profit on bank deposits		3,401	3,810
- Profit on exposure deposit with -PSX		1,352	483
- Receivable against margin finance		118,460	60,882
- Receivable from related party	17.2	172	-
- Others		72	209
		124,534	65,384
		573,624	199,336

17.1 This includes amounts deposited with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million and cash Rs. 0.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (2015: Nil).

17.2 Receivables from related parties comprises of:			
My Solutions Corporation Ltd.		172	-
18. CASH AND BANK BALANCES			
Cash at bank in:			
Company accounts			
Current accounts		1,521	4,277
Saving accounts	18.1	2,247	164,903
		3,768	169,180
Client accounts			
Current accounts		154,500	10
Saving accounts	18.1	488,037	379,984
		642,537	379,994
	18.1 & 18.2	646,305	549,174
Stamps in hand		6	7
		646,311	549,181

18.1 These carry profit at rates ranging from 2.5% to 5.15% (2015: 2.5% to 8.75%) per annum.

18.2 This includes Rs. 441.85 million (2015: Rs. 394.50 million) with BankIslami Pakistan Limited (the Parent Company).

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 (Number of shares)	2015 (Number of shares)		2016 (Rupees in '000)	2015 (Rupees in '000)
89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
10,132,100	10,132,100	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	101,321	101,321
100,000,000	100,000,000		1,000,000	1,000,000

19.1 The following shares were held by related parties of the Group:

	2016 Shares held	2016 Percentage	2015 Shares held	2015 Percentage
BankIslami Pakistan Limited	77,117,500	77.118%	77,117,500	77.118%
BankIslami Pakistan Limited -Employees Provident Fund Trust	400,000	0.400%	400,000	0.400%
KASB Securities Limited -Employees Provident Fund Trust	32,000	0.032%	32,000	0.032%
KASB Funds PS Limited -Employees Provident Fund Trust	3,000	0.003%	3,000	0.003%
Key Management Personnel	8,201	0.008%	3,500	0.004%
	77,560,701	77.561%	77,556,000	77.557%

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
20. LONG-TERM LOAN - SECURED			
Loan from financial institution		150,000	150,000

20.1 This represents long-term loan obtained by the Group from the BankIslami Pakistan Limited on December 31, 2015. The loan is secured by way of First Exclusive Charge over all commercial properties of the Parent Company (Musharakah assets). The loan is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 to December 2020.

21. TRADE AND OTHER PAYABLES

Trade creditors	21.1	1,013,130	443,525
Accrued expenses	21.2	107,387	73,502
Withholding tax		22,998	21,948
Unclaimed dividends		1,402	1,402
Others		1,683	1,427
		1,146,600	541,804

21.1 This includes payable to NCCPL by the Group amounting to Rs. 35.97 million (2015: 0.36 million) in respect of trading / transaction in securities settled subsequent to the year end.

21.2 This includes accrued expenses relating to various services provided by related parties amounting to Rs. Nil (2015: Rs. 2.77 million).

22. ACCRUED MARK-UP

Mark-up accrued on:		
- BankIslami Pakistan Limited -the Parent Company	37	37

23. CONTINGENCIES AND COMMITMENTS

There were no material contingencies and commitments outstanding as at year end.

	2016	2015
	(Rupees in '000)	
24. OPERATING REVENUE		
Brokerage	239,065	242,165
Subscription research income	1,874	1,079
Financial advisory fee	500	-
Custody services	2,194	2,797
	243,633	246,041
25. GAIN ON SALE OF INVESTMENTS - NET		
Listed shares	21,979	4,788
Debt securities	3,589	41,214
Open ended mutual funds	-	224
	25,568	46,226
26. DIVIDEND INCOME		
Agriauto Industries Ltd.	156	-
Bannu Woolen Mills Ltd.	72	-
Cherat Packaging Ltd.	18	-
Cherat Cement Company Ltd.	40	-
Crescent Steel and Allied Products Ltd.	15	-
DG Khan Cement Ltd.	-	36
Engro Fertilizer Ltd.	213	31
Engro Corporation Ltd.	440	40
Fauji Fertilizer Company Ltd.	23	-
ICI Pakistan Ltd.	18	-
Kohat Cement Company Ltd.	65	20
Lucky Cement Ltd.	-	17
Mari Petroleum Company Ltd.	50	-
Mughal Iron and Steel Industries Ltd.	89	-
Pakistan Petroleum Ltd.	27	117
Pakistan Oilfield Ltd.	782	772
Pioneer Cement Ltd.	244	-
Shifa International Hospital	41	-
Al-Jomaih Power Ltd.	-	39,235
Bank Alfalah Ltd.	30	-
DG Khan Cement Ltd.	120	-
Gul Ahmed Textile Mills Ltd.	20	-
Indus Motor Company Ltd.	316	-
Nishat Power Ltd.	124	-
Oil and Gas Development Corporation Ltd.	52	17
Pakistan Stock Exchange Ltd.	601	1,483
Thatta Cement Ltd.	120	-
United Bank Ltd.	-	90
	3,676	41,858

	Note	2016	2015
		(Rupees in '000)	
27. MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES			
Profit on bank deposits		36,458	57,962
Margin finance income		12,432	2,081
Others	17.1	64	-
		48,954	60,043
28. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	28.1	161,301	207,476
Staff training and development		522	22
Rent, rates and taxes		10,956	11,430
Insurance charges		991	387
Depreciation	28.2	14,431	16,415
Amortization of intangible assets	8	784	260
Repairs and maintenance		1,606	7,683
Power and utilities		13,456	13,736
Communication		12,773	14,409
Trading costs		14,798	13,405
Information technology related cost		7,897	10,329
Fees and subscription		5,122	6,795
Director fee		1,680	3,120
Printing and stationery		3,416	2,846
Papers and periodicals		102	99
Advertisement and business promotion		379	279
Sales and marketing		1,273	4,634
Travelling and conveyance		2,998	2,103
Entertainment		716	850
Brokerage expense		5,188	53,834
Legal and professional charges		4,366	3,045
Consultancy charges		682	-
Auditor's remuneration	28.3	977	1,131
Stamp charges		5	14
Donations	28.4	-	100
Workers' welfare fund		1,825	-
Kitchen expenses		1,826	1,727
Profit -paid to clients	28.5	28,894	18,429
Others		614	639
		299,578	395,197

28.1 Salaries, allowances and benefits include Group's contribution to provident fund amount to Rs. 5.80 million (2015: Rs. 6.45 million).

28.2 Depreciation

Property and equipment	7	14,141	16,257
Investment properties	9	290	158
		14,431	16,415

28.3 Auditor's Remuneration

Statutory audit fee	595	677
Half-yearly review fee and other certifications	319	354
Out of pocket expenses	63	100
	977	1,131

28.4 Donation were not made to any donee fund in which any director of the Group or his spouse had any interest.

28.5 This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of BIPL Securities Limited (Formerly KASB Securities Ltd.)-Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Ltd.). The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.

	Note	2016	2015
		(Rupees in '000)	
29. IMPAIRMENT ON 'AVAILABLE FOR SALE' INVESTMENTS			
KASB Bank Limited	11.1.1	-	21,844
New Horizon Exploration and Production Ltd. - (Related Party)	11.1.5	-	75,000
		-	96,844
30. FINANCE COST			
Mark-up on:			
Short term borrowing (the Related Party)		-	493
Short term borrowing (the Parent Company)		173	-
Long-term loan (the Parent Company)		13,887	15,446
Bank charges		711	327
		14,771	16,266
31. OTHER INCOME			
Gain / (loss) on disposal of property and equipment		250	(135)
Rental income		2,108	4,310
Staff loan		147	577
Others		341	95
		2,846	4,847
32. TAXATION			
Current			
for the year		(9,852)	(26,465)
for prior year		580	(9,237)
Deferred		10,983	13,953
		1,711	(21,749)
32.1 Relationship between tax expense and accounting profit / (loss)			
Profit / (loss) before taxation		17,404	(491,170)
Tax at the rate of 31% (2015: 32%)		5,395	-
Tax effects of:			
Tax effect of inadmissible items		(19,288)	(34,551)
Income taxed at reduced rates		9,196	13,670
Income tax under Final Tax Regime		5,383	8,964
Prior year taxation		580	(9,237)
Others		445	(595)
		1,711	(21,749)

33. EARNINGS / (LOSS) PER SHARE

	2016	2015
	(Rupees in '000)	
Profit / (loss) after taxation attributable to ordinary shareholders	**19,115**	(512,919)
	(Number of shares)	
Weighted average number of ordinary shares	**100,000,000**	100,000,000
	(Rupees)	
Earnings / (loss) per share - basic and diluted	**0.19**	(5.13)

34. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**11,963**	**-**	**85,606**	10,352	5,687	127,319
Performance incentive (note 34.1.1)	**-**	**-**	**-**	-	8,500	-
Fee (note 34.2)	**-**	**1,680**	**-**	-	3,120	-
Travelling and boarding	**-**	**51**	**-**	34	-	-
Contribution to provident fund	**460**	**-**	**3,145**	223	271	3,742
	12,423	**1,731**	**88,751**	10,609	17,578	131,061
Number of persons	**2**	**4**	**59**	3	11	53

34.1 Certain executives of the Group are provided Group owned and maintained cellular phones.

34.1.1 This represent performance incentive paid to Executive Directors of the Group before May 07, 2015.

34.2 The fee was paid to the Directors for attending the Board of Directors meeting, Audit Committee and HR&R committee meetings of the Group.

34.3 As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the Group;

	2016	2015
	(Rupees in '000)	
Managerial remuneration	**10,470**	11,662

All Research Analyst reports to Head of Research who in turn report to the Chief Executive Officer.

34.4 The change in CEO and Directors' offices during the year has been disclosed in the Statement of Compliance with the Code of Corporate Governance.

35. RELATED PARTY TRANSACTIONS

The related parties of the Group comprise of BankIslami Pakistan Limited (the Parent company), associated undertakings including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2016 and December 31, 2015 and transactions with related parties during the year ended December 31, 2016 and December 31, 2015 are as follows:

	2016				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Accrued mark-up	**37**	**-**	**-**	**-**	**37**
Bank balances	**441,851**	**-**	**-**	**-**	**441,851**
Long-term deposits	**-**	**142**	**-**	**-**	**142**
Long-term loan	**150,000**	**-**	**-**	**-**	**150,000**
Profit receivable on bank deposit	**1,546**	**-**	**-**	**-**	**1,546**
Prepaid rent	**108**	**-**	**-**	**-**	**108**
Provident fund payable	**-**	**-**	**-**	**11**	**11**
Receivable against expenses	**-**	**172**	**-**	**-**	**172**
Trade debts	**22**	**18**	**191**	**-**	**231**
Trade payables	**-**	**-**	**1,946**	**-**	**1,946**

	2015				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
BALANCES					
Accrued mark-up	37	-	-	-	37
Bank balances	394,501	-	-	-	394,501
Long-term loan	150,000	-	-	-	150,000
Loan to staff	-	-	880	-	880
Long-term deposits	-	142	-	-	142
Profit receivable on bank deposit	2,124	-	-	-	2,124
Payable against expenses	2,763	9	-	-	2,772
Prepaid rent	80				80
Trade debts	16	10	18	9	53
Trade payables	-	-	2,169	4	2,173

	2016				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
TRANSACTIONS					
Income					
Brokerage income earned	363	-	775	-	1,138
Custody services	6	8	30	-	44
Mark-up on staff loan	-	-	49	-	49
Profit on bank deposits	21,323	-	-	-	21,323
Expenses					
Bank charges	515	-	-	-	515
Charge in respect of contributory plan	-	-	-	5,805	5,805
Mark-up expense	14,060	-	-	-	14,060
Reimbursement of expenses	978	2	-	-	980
Rent expense	1,100	-	-	-	1,100
Other transactions					
Loans disbursed	-	-	1,000	-	1,000
Loans repayment	-	-	1,725	-	1,725
Purchase of property and equipment	-	124	-	-	124

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 34.

	2015				
	Parent Company	Subsidiary / associates	Key management personnel	Others	Total
	(Rupees in '000)				
TRANSACTIONS					
Income					
Brokerage income earned	-	-	616	120	736
Custody services	6	54	60	-	120
Mark-up on staff loan	-	-	319	-	319
Profit on bank deposits	26,494	-	-	-	26,494
Rental income	3,800	-	-	-	3,800
Expenses					
Bank charges	134	-	-	-	134
Charge in respect of contributory plan	-	-	-	6,450	6,450
Communication expenses	1,108	5,802	-	-	6,910
Locker rent	4	-	-	-	4
Mark-up expense	15,446	-	-	493	15,939
Reimbursement of expenses	372	1,278	389	-	2,039
Rent expense	933	-	-	-	933
Other transactions					
Loans disbursed	-	-	345	-	345
Loans repayment	-	-	3,508	-	3,508
Mutual Funds bonus units issued	-	-	-	50,000	50,000
Mutual Funds units purchased	-	-	-	50,000	50,000

* Related party transaction include transactions upto May 07, 2015 in respect of parties no longer a related party by virtue of change in Parent Company.

36. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2016	2015
		(Rupees in '000)	
Size of the fund -Total assets		69,528	77,851
Cost of investments made		53,660	63,661
Percentage of investments made		88.76%	90.83%
Fair value of investments	36.1	61,710	70,714

36.1 Break-up value of fair value of investments is:

	2016		2015	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	40,818	66.14%	51,281	72.52%
Term deposits	20,591	33.37%	19,203	27.16%
Listed shares	301	0.49%	230	0.32%
	61,710	100.00%	70,714	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

37. NUMBER OF EMPLOYEES

The average and total number of employees during the year end as at December 31, 2016 and December 31, 2015 respectively are as follows:

	2016	2015
	(Number of employees)	
Average number of employees during the year	136	158
Total number of employees as at year end	134	142

38. FINANCIAL INSTRUMENTS

38.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Group is exposed to such risk mainly in respect of bank balances. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Group's total comprehensive income by Rs. 6.38 million (2015: Rs. 5.25 million) and a 1% decrease would result in decrease in the Group's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs. 627.20 million (2015: Rs. 578.44 million) [US dollars 6 million (2015: US dollars 5.53 million)].

Management of the Group estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Group by Rs. 62.76 million (2015: Rs. 57.84 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Group by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group is exposed to price risk because of investments held by the Group and classified on the balance sheet as investments at fair value through profit or loss and available-for-sale investments. The management believes that 10% increase or decrease in the value of investments 'at fair value through profit and loss', with all other factors remaining constant would result in increase or decrease of the Group's profit by Rs. 7.25 (2015: Rs. 2.86 million) and 10% of such increase or decrease would result in increase or decrease of unrealized gain on revaluation of available-for-sale investments by Rs. Nil (2015: Nil).

38.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by following internal guidelines of the Group executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summaries the maturity profile of the Group's financial liabilities:

	2016				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	1,122,200	-	-	-	1,122,200
Accrued mark-up	37	-	-	-	37
	1,122,237	-	-	150,000	1,272,237

	2015				
	On Demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees in '000)				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	518,454	-	-	-	518,454
Accrued mark-up	37	-	-	-	37
	518,491	-	-	150,000	668,491

38.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continuously assessing the credit worthiness of counter parties. The Group seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Group's maximum exposure to credit risk:

	2016	2015
	(Rupees in '000)	
Trade debts	**315,462**	239,841
Bank balances (see note 38.3.2)	**646,305**	549,174
Long-term loans and advances	**476**	1,803
Long-term deposits and prepayments	**16,078**	12,668
Advances, deposits, prepayments and other receivables	**573,351**	197,981
	1,551,672	1,001,467

38.3.1 The table below shows analysis of the financial assets that are past due or impaired:

Debts past due but not impaired	**159,606**	101,350
Debts impaired - net of provision	**37,830**	20,450
	197,436	121,800

38.3.2 The analysis below summarises the credit quality of the Group's bank balances with banks / financial institutions:

Rating (short-term) of Banks and Financial Institutions*		
A1	**441,851**	392,494
A1+	**111,553**	156,629
A-1+	**92,901**	-
P-2	**-**	51
	646,305	549,174

*Rating of banks performed by PACRA, JCR-VIS.

39. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital include :

- Reinforcing Group's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of Group's business operations..

In order to maintain the balance of its capital structure, the Group may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Group monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Group, general reserve and unappropriated profit and loss.

Net capital requirements of the Group are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. the Group manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

40. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.
Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2016 the Group held the following financial instruments measured at fair value:

	2016			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	728,586	-	-	728,586
Investment 'at fair value through profit and loss' - held for trading	72,499	72,499	-	-
	801,085	72,499	-	728,586

	2015			
	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
'Available-for-sale' investments	578,438	-	-	578,438
Investment 'at fair value through profit and loss' - held for trading	28,531	28,531	-	-
	606,969	28,531	-	578,438

40.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2016	2015
	(Rupees in '000)	
Opening balance	578,438	307,426
Unrealised gain on 'available-for-sale' investments	150,148	278,503
Provision for impairment	-	(7,491)
Closing balance	728,586	578,438

41. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Group on February 16, 2017.

42. GENERAL

42.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparisons. However, there is no material reclassification to report.

42.2 Figures have been rounded off to the nearest thousand.

Sd
Chairman

Sd
Chief Executive Officer

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholding From	To	Total number of Shares held	Percentage %
719	1	100	9,217	0.0092%
3,585	101	500	789,693	0.7897%
252	501	1,000	199,907	0.1999%
182	1,001	5,000	423,886	0.4239%
32	5,001	10,000	245,664	0.2457%
8	10,001	15,000	99,100	0.0991%
9	15,001	20,000	160,400	0.1604%
2	20,001	25,000	50,000	0.0500%
1	25,001	30,000	29,500	0.0295%
1	30,001	35,000	32,000	0.0320%
2	40,001	45,000	81,800	0.0818%
2	45,001	50,000	98,500	0.0985%
2	50,001	55,000	105,000	0.1050%
1	60,001	65,000	62,521	0.0625%
1	65,001	70,000	65,232	0.0652%
2	70,001	75,000	147,553	0.1476%
1	75,001	80,000	75,918	0.0759%
1	85,001	90,000	87,609	0.0876%
1	105,001	110,000	110,000	0.1100%
1	130,001	135,000	131,000	0.1310%
1	160,001	165,000	164,500	0.1645%
1	395,001	400,000	400,000	0.4000%
1	495,001	500,000	500,000	0.5000%
1	695,001	700,000	700,000	0.7000%
1	800,001	805,000	801,000	0.8010%
1	995,001	1,000,000	1,000,000	1.0000%
1	1,120,001	1,125,000	1,121,500	1.1215%
1	3,310,001	3,315,000	3,312,500	3.3125%
2	6,495,001	6,500,000	1,300,000	13.0000%
1	75,995,001	76,000,000	75,996,000	75.9960%
4,816			100,000,000	100%

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage %
Directors, CEO & Children	7	8,625	0.0036%
Associated Companies	3	435,000	0.4350%
Banks, DFI & NBFI	2	77,117,500	77.1175%
General Public (Local)	4,779	21,681,645	21.6866%
General Public (Foreign)	15	11,829	0.0118%
Others	10	745,401	0.7455%
	4,816	100,000,000	100%

Includes 2,062 CDC Beneficial owners as per list appearing on CDS.

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

Serial No	Description	No of Shareholders	No of Shares held
1.	**Associated Companies and Related Parties**		
	Bankislami Pakistan Limited	2	77,117,500
	Bankislami Pakistan Limited - Employees Provident Fund Trust	1	400,000
	KASB Funds Ps Limited - Employees Provident Fund Trust	1	3,000
	KASB Securities Limited - Employees Provident Fund Trust	1	32,000
		5	77,552,500
2.	**Directors:**		
	Mansur-ur-Rehman Khan	1	1,000
	Sikander Kasim	1	5,000
	Kamal uddin Tipu	1	500
	Saad Ahmed Madani	1	500
	Khawaja Ehrar-ul-Hassan	1	625
	Sohail Sikandar	1	500
	Ms. Natasha Matin	1	500
		7	8,625
	Individual	4,794	21,693,474
	Others	10	745,401

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FORM OF PROXY

SEVENTEENTH ANNUAL GENERAL MEETING

The Company Secretary
BIPL Securities Limited (formerly KASB Securities Ltd.)
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi,
Pakistan.

I/We_____ S/o, D/o, W/o_____ Holding CNIC # [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

Resident of_____

being member(s) of **BIPL Securities Limited** (formerly KASB Securities Ltd.) holding_____

ordinary shares hereby appoint Name_____ S/o, D/o, W/o_____

Holding CNIC #[ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] or failing him/her Name_____ S/o, D/o, W/o _____

who is/are also member(s) of **BIPL Securities Limited** (formerly KASB Securities Ltd.) as my/our proxy in my/our absence to attend and vote for me/us and on my / our behalf at the Seventeenth Annual General Meeting of the Company to be held at ICAP Building, Chartered Accountants Avenue Clifton, Karachi on Monday, March 20, 2017 at 09:00 am and / or any adjournment thereof.

As witness my / our hand / seal this_____day of_____2017.

Witnesses

1. _____

2. _____

Shareholder Folio No.	
or	
CDC Participant I.D. No.	
&	
Sub Account No.	

Signature on
Ten Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company's Registrar

NOTES:

1. The Member is requested:
   (a) to affix Revenue Stamp of Rs. 10 at the place indicated above;
   (b) to sign accross the Revenue Stamp in the same Style of Signature as is registered with the Company's Registrar; and
   (c) to write down his folio number.
2. This proxy form, duly completed and signed, must be received at the office of our Registrar not later than 48 hours before the time of the meeting.
3. No person shall act as a proxy unless he / she himself / herself is a member of the Company, except that a Corporate body may appoint a person who is not a member.
4. CDC shareholders or their proxies should bring their original Computerised National Identity Card or Passport along with the Participant's ID Number and their Account number to facilitate their identification.

Affix
Correct
Postage

The Company Secretary
BIPL Securities Limited
(formerly KASB Securities Ltd.)
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi, Pakistan
Ph: (92-21) 111-222-000 & 32635501-10
Fax: (92-21) 326-30202

Dear Shareholder,

Subject: DIVIDEND MANDATE FORM

It is to inform you that under Section-250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the company to pay dividend through his / her its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, we hereby give the opportunity to authorize the Company to directly credit cash dividend in your bank account, if any, declared by the Company in future.

{PLEASE NOTE THAT DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANT.}

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrant please "tick" any of the following boxes:

YES ☐ **NO** ☐

If yes than please provide the following information:

Shareholder's Bank Detail	
Folio No.	
Name of the Shareholder	
Name of the listed company	
*CNIC No.	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell number of Shareholder	
Landline Number of shareholder, if any	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

_____

Signature of the member/shareholder

*please attach attested copy

NOTE: Physical Shareholders are requested to please submit the Dividend Mandate Form duly completed to THK Associates (Private) Limited. In case of CDC account holder, please submit the Mandate Form to their participants.

BIPL Securities

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if undelivered, please return to the address mentioned below

BIPL Securities Limited

(formerly KASB Securities Ltd.)

5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi. UAN: +92 21 111 222 000 Fax: +92 21 3263 0202 E-mail: biplho@biplsec.com URL: www.biplsec.com