



KARACHI STOCK EXCHANGE LIMITED

INTERIM FINANCIAL STATEMENTS  
FOR NINE MONTHS ENDED  
MARCH 31, 2015  
(UN-AUDITED)





KARACHI STOCK EXCHANGE LIMITED

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Muneer Kamal <i>Chairman</i>	Mr. Nadeem Naqvi <i>Managing Director</i>
Mr. Abdul Majeed Adam	Mr. Kamal Afsar
Mr. Abid Ali Habib	Mr. Muhammad Yasin Lakhani
Mr. Asif Qadir	Mr. Mohammed Sohail
	Mr. Shazad G. Dada
	Mr. Abdul Qadir Memon
	Syed Muhammad Shabbar Zaidi

### COMPANY SECRETARY

Mr. Muhammad Rafique Umer

### CHIEF REGULATORY OFFICER

Mr. Shafqat Ali

### CHIEF FINANCIAL OFFICER

Mr. Ahmed Ali Mitha

### NOMINATION COMMITTEE

Mr. Muneer Kamal (Chairman)  
Mr. Shazad G. Dada  
Mr. Asif Qadir

### REGULATORY AFFAIRS COMMITTEE

Syed Muhammad Shabbar Zaidi (Chairman)  
Mr. Kamal Afsar  
Mr. Abdul Qadir Memon  
Mr. Asif Qadir

### AUDIT COMMITTEE

Mr. Abdul Qadir Memon (Chairman)  
Mr. Abdul Majeed Adam  
Mr. Shazad G. Dada  
Mr. Muhammad Yasin Lakhani  
Mr. Asif Qadir  
Mr. Mohammed Sohail

### HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Muneer Kamal (Chairman)  
Mr. Abdul Majeed Adam  
Mr. Kamal Afsar  
Mr. Shazad G. Dada  
Mr. Abid Ali Habib  
Mr. Muhammad Yasin Lakhani  
Syed Muhammad Shabbar Zaidi

### AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder  
*Chartered Accountants*

### LEGAL ADVISORS

Ghani Law Associates  
*Industrial Relations Advisors*  
Ijaz Ahmed & Associates  
*Advocates & Legal Consultants*  
Sayeed & Sayeed  
*Advocates & Legal Consultants*

### BANKERS

Allied Bank of Pakistan Limited  
Askari Bank Limited  
Bank Al Falah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Bank of Khyber  
Barclays Bank PLC Pakistan  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
United Bank Limited

### SHARE REGISTRAR

Central Depository Company  
of Pakistan Limited  
CDC House  
99-B, Block "B", S.M.C.H.S.  
Main Shakra-e-Faisal  
Karachi 74400

Registered Address: Stock Exchange Building, Stock Exchange Road, Karachi 74000, Pakistan  
Phone: (92 21) 35205528-29 UAN: (92 21) 111 00 11 22 Fax: (92 21) 32410825  
E-mail: info@kse.com.pk Web: www.kse.com.pk



## KARACHI STOCK EXCHANGE LIMITED

### DIRECTORS' REVIEW FOR NINE MONTHS ENDED MARCH 31, 2015

The Board of Directors of the (KSE/Exchange) is pleased to present the financial statements of the Exchange for the nine month period ended March 31, 2015. Profit after tax during this period was 93% higher at Rs.202 million versus Rs.104 million in the same period last year. Total Income (excluding share of profits of Associates) during this period was Rs.859 million versus Rs.713 million last year showing a growth of 20%. Including share of profits of Associates, the Total Income of the Exchange for the period crossed one billion rupee mark, after a gap of six years, to settle at Rs.1,029 million, rising 23% YoY in the nine months ended March 31, 2015.

Income from Exchange Operation, including listing fees, during the period under review was Rs.386 million versus Rs.343 million, showing a rise of 13% YoY. Within this, trading fees rose by 35% YoY to Rs.161 million driven by average daily value traded in the ready market rising by 23% YoY to Rs.11.2 billion versus Rs.9.1 billion in the same period last year and average daily value traded in the futures market rising by 14% YoY to Rs.2.5 billion versus Rs.2.2 billion in the same period last year. On the other hand, however, listing fees declined by 6% YoY to Rs.161 million due to sharp fall in Bonus share issuance after imposition of tax on bonus share issue in the last Finance Bill. Due to that tax, number of bonus shares issued between July 2014 and February 2015 collapsed from 1,798 million in FY13-14 to a mere 269 million in FY14-15. In par value terms bonus issued value tumbled from Rs.17.9 billion in the first eight months of FY14-15 to just Rs.2.7 billion in the same period last year. This development had a significant negative impact on listing fee revenue of the Exchange. Improvement in revenue from facilities & other fees by 20% YoY to Rs.64 million helped offset the decline in initial listing fees.

Non-operating income – which includes net treasury income, rental income, management fees and other income rose by 26% YoY to Rs.337 million in 9MFY15 versus Rs.268 million in 9MFY14. Share of profits of Associates grew by 35% YoY to Rs.169 million during this period. Share of profits from the Central Depository Company (CDC) rose by 6% YoY to Rs.117 million. At the same time, share of profits from the National Clearing Company of Pakistan (NCCPL) depicted a growth of 2.5x during this period to Rs.52 million. Although not a part of Income Statement, performance of PMEX in which KSE has 32.32% shares was not encouraging as its loss increased to Rs.24 million (Rs.12 million 9M of FY14) in 9m of FY15.

Administrative Expense in the nine month period ended March 31, 2015 rose by 4% YoY to Rs.639 million. Excluding HR Costs, Administrative Expense was Rs.365 million showing a rise of 5% YoY. HR Costs grew by 4% YoY to Rs.274 million. Excluding depreciation and amortization, Administrative Expense grew by 7% YoY to Rs.466 million.

Earnings before interest, tax, depreciation & amortization (EBITDA) and excluding the share of profits of Associates, came in at Rs.47 million in 9MFY15 versus Rs.15 million in 9MFY14 showing a rise of 2x. Including net treasury income, EBTDA was Rs.257 million, 47% higher than in the same period last year.

After factoring in depreciation, net interest income from treasury operations and share of profits of Associates, the Exchange earned pre-tax profit of Rs.254 million in the nine month period ended March 31, 2015 versus Rs.124 million in the same period last year, showing a rise of 1x. Profit after Tax was Rs.202 million versus Rs.104 million. Translated into earnings per share, 9MFY15 EPS was Rs.0.25 as compared to an EPS of Rs.0.13 in 9MFY14.

In terms of quarterly performance viz-a-viz third quarter of last financial year, total income increased by 19% to Rs.352 million in the three months ended March 31, 2015 versus the same period last year. Total administrative expenses grew by 5% YoY to Rs.213 million during this period. Pretax profit rose by 55% in 3QFY15 to reach Rs.85 million versus Rs.55 million in 3QFY15 while net profit after tax showed a rise of 36% YoY to Rs.68 million, versus 50 million in the same period last year.



## **CAPITAL MARKET DYNAMICS**

From July 2014 upto March 31, 2015 the KSE Index displayed a rise of 2% from 29,653 to 30,234. Average value Traded in the Ready market during this period was Rs.11.2 billion showing a rise of 23% YoY driven by higher average price per share in both ready and futures markets rather than volumetric increase. In the ready market, average price in the nine month period under review was Rs.52 versus Rs.39 in the same period last year while in the futures market it was Rs.91 versus Rs.83 last year. On the other hand, average daily volume of shares traded during 9MFY15 was 214 million versus 231 million in 9MFY14 in the ready market and in the futures market it was 27 million, the same as last year. In sum, value traded in futures as a percentage of overall average daily value traded declined slightly to 18% versus 20% last year in the same period.

The market witnessed extraordinary volatility in the quarter ended March 31, 2015, with the KSE-100 Index receding from its all time high of 34,826 set on February 03, 2015 to a low of 28,927 on March 30, 2015 – a reduction of 5899 points (-17%) within a span of around eight weeks. The above behavior of the market was closely related to activities of Foreign Portfolio Investors (FPIs). Compared to net INFLOW of US\$157 million in the third quarter of calendar 2014 (Jul-Sep 2014), the fourth quarter (Oct-Dec 2014) witnessed Net OUTFLOW of US\$44 million, followed by further Net OUTFLOW of US\$131 million in the first quarter (Jan-Mar) of 2015 according to NCCPL data.

This volatility caught many investors on the wrong foot, especially active short term traders. Longer term investor were spared as the market rebounded strongly by 17% from its low of March 30 to current levels of 33,648 (as of April 23, 2015) – i.e., within about four weeks.

This episode highlighted both the double edged nature of FPI flows with over a third of the free float of the market held by foreign portfolio investors as well the positive role of domestic institutional investors who came in to replace outflows of foreign liquidity by inflows of domestic liquidity. It also indicates why domestic capital market participants need to redouble their efforts to broaden domestic investor base so a better buffer is created against excessive volatility. At the same time, the imperative of bringing derivatives (cash settled index and stock futures, options) is clearly highlighted to provide hedging opportunities for investors in order to diffuse the impact of adverse market movements on their investment portfolios.

## **MACRO LEVEL DEVELOPMENTS**

On the economic front, there are now clear indications of economic stabilization both domestically and in the country's external position. The economy appears to be on trajectory to achieve real GDP growth of 4% - 5% in FY15. Inflation has declined significantly in the period under review, driven primarily by collapse in international oil price by 50% since June 2014. Second round effects are still continuing especially in food prices even though oil prices appear to be stabilizing in US\$ 55 - 65 per barrel range in the foreseeable future. Forex reserves have gradually built up and now are over US\$17 billion, helped by increasing inward remittances, lower foreign currency payments for oil & petroleum products (keeping current account deficit contained at 1% of GDP) as well as Government's fund raising via successful issuance of Euro-dollar loan, Sukuk and privatization proceeds of United Bank Limited (and Habib Bank Limited in April 2015).

The above improving matrix enabled the central bank, State Bank of Pakistan, to reduce its discount rate from 10% in June 2014 to 8% at present and as a result, the entire yield curve shifted down.

With the sixth IMF review successfully completed, the international rating agency, Moody's, upgraded Pakistan outlook from stable to positive outlook in Caa1+ category reflecting improved outlook for the Pakistan economy. This, along with national political consensus regarding decisively dealing with the menace of terrorism, has put Pakistan firmly back on investors' radar screen.

Given robust third quarter earnings of KSE-100 companies in general, lower interest rate environment, benign inflation and relatively comfortable foreign exchange reserve position and stable exchange rate, market outlook remains positive for the balance of the fiscal year.

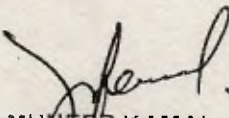


#### ACKNOWLEDGEMENT

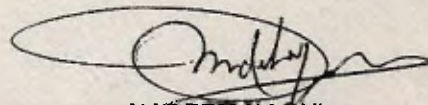
The Board would like to take this opportunity to express its gratitude to KSE's TREC-Holders and other stakeholders for their continued commitment and support to KSE and capital markets. The Board is also grateful to Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Federal Board of Revenue and the Ministry of Finance, Revenue and Economic Affairs, Government of Pakistan, for their active support and guidance to KSE at all times.

Furthermore, the Board would like to thank all Committee members for their guidance and support. The Board acknowledges and appreciates the professional expertise, diligence and dedication of all KSE staff members who were instrumental in achieving the desired milestones during challenging times.

For and on behalf of the Board of Directors



MUNEEB KAMAL  
Chairman



NADEEM NAQVI  
Managing Director

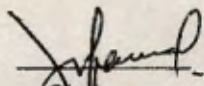
Karachi  
April 30, 2015

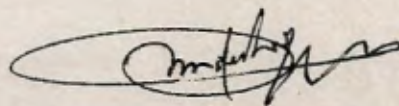


**KARACHI STOCK EXCHANGE LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT MARCH 31, 2015**

	Note	March 31 2015 ----- (Rupees in '000) ----- (Un-Audited)	June 30 2014 ----- (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	3,405,606	3,480,698
Intangible assets		74,329	85,044
Investment property		680,729	680,729
Investment in associates	5	1,254,985	1,166,771
Long term investments	6	2,073,931	1,850,471
Long term deposits		37,740	37,184
Long term loans		1,116	835
Deferred tax asset		34,401	62,850
		<b>7,562,837</b>	<b>7,364,582</b>
<b>CURRENT ASSETS</b>			
Trade Debts		39,124	27,127
Loans and advances		10,071	13,699
Prepayments		19,277	9,665
Other receivables		104,791	106,721
Short term investments		-	162,286
Taxation – net		441,083	436,989
Cash and bank balances	7	3,950,483	4,015,160
		<b>4,564,829</b>	<b>4,771,647</b>
<b>TOTAL ASSETS</b>		<b>12,127,666</b>	<b>12,136,229</b>
<b>SHARE CAPITAL, RESERVES AND LIABILITIES</b>			
Share capital		8,014,766	8,014,766
Reserves		20,047	60,764
<b>Total equity</b>		<b>8,034,813</b>	<b>8,075,530</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability – Agent Welfare Fund		1,322	1,319
Dara F. Dastoor Scholarship Fund		2,000	2,000
Long term deposits		49,947	39,003
		<b>53,269</b>	<b>42,322</b>
<b>CURRENT LIABILITIES</b>			
Provision for wealth tax		1,684	1,684
Deposits from members against exposures and losses		3,424,877	3,573,591
Trade and other payables		613,023	443,102
		<b>4,039,584</b>	<b>4,018,377</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL SHARE CAPITAL, RESERVES AND LIABILITIES</b>	8	<b>12,127,666</b>	<b>12,136,229</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
Chairman

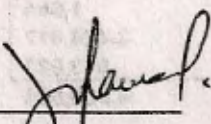
  
Managing Director

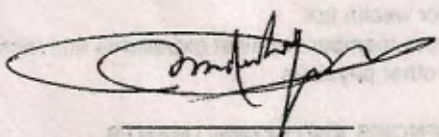


**KARACHI STOCK EXCHANGE LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**  
**(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	March 31 2015	March 31 2014	March 31 2015	March 31 2014
Note	(Rupees in '000)			
9	161,084	170,783	51,662	54,590
10	225,261	172,521	89,076	65,702
	86,028	65,999	22,470	22,000
	346,079	262,093	127,571	96,020
	37,923	35,283	12,641	11,900
	856,375	706,679	303,420	250,212
	(633,120)	(609,453)	(211,354)	(201,552)
	(141,829)	(104,243)	(55,224)	(40,291)
	(774,949)	(713,696)	(266,578)	(241,843)
	81,426	(7,017)	36,842	8,369
	2,953	6,229	395	(3,319)
5	169,335	125,190	47,862	49,869
	253,714	124,402	85,099	54,919
11	(51,631)	(19,958)	(16,988)	(5,314)
	202,083	104,444	68,111	49,605
12	0.25	0.13	0.08	0.06

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
Chairman

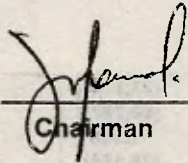
  
Managing Director

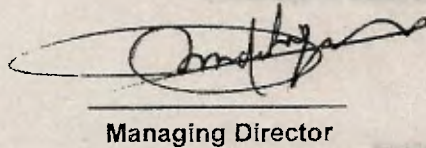


**KARACHI STOCK EXCHANGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**  
**(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	March 31 2015	March 31 2014	March 31 2015	March 31 2014
	----- (Rupees in '000) -----			
Net profit for the period	202,083	104,444	68,111	49,605
Other comprehensive income / (loss)				
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>				
Actuarial loss on employees' gratuity fund - net of tax	(5,888)	(5,727)	(1,963)	(1,909)
<i>Items to be reclassified to profit and loss in subsequent periods:</i>				
Share of other comprehensive income of associates' in respect of surplus on revaluation of available-for-sale investments	3,530	6,492	980	2,953
<b>Total comprehensive income for the period</b>	<b>199,725</b>	<b>105,209</b>	<b>67,128</b>	<b>50,649</b>

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Chairman

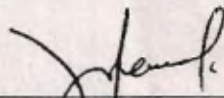
  
Managing Director

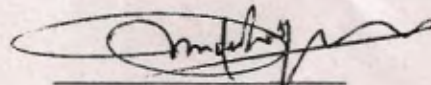


**KARACHI STOCK EXCHANGE LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**  
**(UN-AUDITED)**

	March 31 2,015	March 31 2014
	----- (Rupees in '000) -----	
Profit before taxation	253,714	124,402
Non-cash adjustments to reconcile income before tax to net cash flows		
Depreciation	139,634	135,073
Amortisation	33,024	41,008
Dividend	-	(125)
Provision for gratuity	10,305	10,545
Mark-up / interest income	(346,079)	(262,093)
Provision for trade debts considered doubtful	-	4,579
Loss on disposal property and equipment	390	240
Reversal of provision against receivables on recovery	(345)	(2,287)
Discount on purchase of investment	(9,316)	-
Share of profit of associates	(169,335)	(125,190)
	<u>(341,722)</u>	<u>(198,250)</u>
	(88,008)	(73,848)
Working capital changes:		
(Increase) / decrease in current assets		
Trade Debts	(11,652)	(5,640)
Loans and advances	3,628	4,545
Prepayments	(9,612)	(3,554)
Other receivables	(1,219)	22,203
	<u>(18,855)</u>	<u>17,559</u>
(Decrease) / Increase in current liabilities		
Deposits from members against exposures and losses	(148,714)	(441,409)
Trade and other payables	157,457	49,092
	<u>(98,120)</u>	<u>(448,606)</u>
Income tax paid	(24,377)	(19,488)
Gratuity paid	(6,628)	(20,950)
Increase in deferred liability	3	35
Increase / (Decrease) in long term deposits	10,944	(14,168)
Mark-up / interest received	293,957	266,555
	<u>273,899</u>	<u>211,984</u>
Net cash generated from / (utilised in) operations	175,779	(236,622)
<b>INVESTING ACTIVITIES</b>		
Capital expenditure	(27,712)	(74,539)
Capital work-in-progress	(60,787)	(28,785)
Proceeds from sale of fixed assets	1,258	3,436
Purchase of right issue	(35,156)	(52,727)
Dividend Received	119,807	87,120
Investments sold	391,502	4,498,275
Investments purchased	(388,089)	(4,476,610)
Increase in long term deposits	(556)	(24)
(Increase) / Decrease in long term loans	(281)	1,068
Net cash (outflow) from investing activities	(14)	(42,786)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(240,442)	(148,273)
Net cash (outflow) from financing activities	(240,442)	(148,273)
Net increase in cash and cash equivalents	(64,677)	(427,681)
Cash and cash equivalents at the beginning of the period	4,015,160	2,842,524
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>3,950,483</u>	<u>2,414,843</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
Chairman

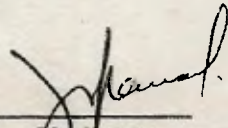
  
Managing Director

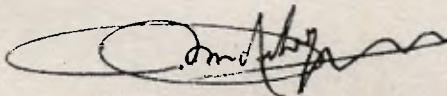


**KARACHI STOCK EXCHANGE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2015**  
**(UN-AUDITED)**

	Share Capital	Reserves		Total
		Un-appropriated profit / (loss)	Share of Associates' Reserves	
		(Rupees in '000)		
<b>Balance as at July 01, 2013</b>	8,014,766	49,430	(3,297)	8,060,899
Profit for the period	-	104,444	-	104,444
Other comprehensive (loss) / income	-	(5,727)	6,492	765
Total comprehensive income	-	98,717	6,492	105,209
Dividend for the year ended June 30, 2013 @ Re. 0.125 per share	-	(100,184)	-	(100,184)
Interim dividend for the period ended December 31, 2013 @ Re. 0.06 per share	-	(48,089)	-	(48,089)
<b>Balance as at March 31, 2014</b>	<u>8,014,766</u>	<u>(126)</u>	<u>3,195</u>	<u>8,017,835</u>
<b>Balance as at July 1, 2014</b>	8,014,766	72,974	(12,210)	8,075,530
Profit for the period	-	202,083	-	202,083
Other comprehensive (loss) / income	-	(5,888)	3,530	(2,358)
Total comprehensive income	-	196,195	3,530	199,725
Dividend for the year ended June 30, 2014 @ Re. 0.125 per share	-	(120,221)	-	(120,221)
Dividend for the half year ended December 31, 2014 @ Re. 0.125 per share	-	(120,221)	-	(120,221)
<b>Balance as at March 31, 2015</b>	<u>8,014,766</u>	<u>28,727</u>	<u>(8,680)</u>	<u>8,034,813</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
 Chairman

  
 Managing Director



**KARACHI STOCK EXCHANGE LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR NINE MONTHS ENDED MARCH 31, 2015**  
**(UN-AUDITED)**

**1. LEGAL STATUS AND NATURE OF OPERATIONS**

1.1 Karachi Stock Exchange Limited (the Company) was incorporated under the Companies Act, 1913 (now Companies Ordinance 1984) on March 10, 1949 as a Company Limited by Guarantee. However, on August 27, 2012 the Company was re-registered as public company limited by shares under the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act 2012 (XV of 2012).

The Company is engaged in conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scripts, participation term certificates, modaraba certificates, stocks, bonds, debentures stock, government papers, loans, and any other instruments and securities of like nature including, but not limited to, special national fund bonds, bearer national fund bonds, foreign exchange bearer certificates and documents of similar nature, issued by the Government of Pakistan or any other agency authorised by the Government of Pakistan.

The registered office of the Company is situated at Stock Exchange Building, Stock Exchange Road, Karachi.

**2. BASIS OF PREPARATION**

2.1 These condensed interim financial statements of the Company for nine months ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the SECP. Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

**3. ACCOUNTING POLICIES**

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

**New / Revised Standards, Interpretations and Amendments**

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

- IAS 19 – Employee Benefits – (Amendments)-Defined Benefit Plans: Employee Contributions
- IAS 32 – Financial Instruments : Presentation – (Amendment) - Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets-(Amendment) – (Recoverable Amount Disclosures for Non-Financial Assets)
- IAS 39 – Financial Instruments : Recognition and Measurement -- (Amendment)  
– Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

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

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



	Note	March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
		----- (Rupees in '000) -----	
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets - Tangible	4.1	3,306,781	3,427,995
Capital work-in-progress	4.2	98,825	52,703
		<u>3,405,606</u>	<u>3,480,698</u>

	For the nine months ended March 31, 2015 (Un-Audited)		For the Year Ended June 30, 2014 (Audited)	
	Additions (Cost)	Deletions (Cost)	Additions/ Transfers (Cost)	Deletions/ Transfers (Cost)
	----- (Rupees in '000') -----			
<b>4.1 Operating fixed assets - Tangible</b>				
Building on leasehold land	1,126	-	839	-
Lift, generators and electric installation	4,426	1,371	45,609	3,394
Furniture and fixtures	59	-	450	68
Office equipment	5,088	-	2,184	6
Computers and related accessories	5,015	-	25,884	1,456
Vehicles	4,354	1,441	1,321	2,415
	<u>20,068</u>	<u>2,812</u>	<u>76,287</u>	<u>7,339</u>

#### 4.2 Capital work-in-progress

	March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
	----- (Rupees in '000) -----	
Advances against:		
- Civil Works	701	221
- Computer hardware	11,312	-
- Construction of Building	86,812	48,714
- Office Equipment	-	800
- Lift, generator and electric installation	-	2,968
	<u>98,825</u>	<u>52,703</u>

#### 5. INVESTMENT IN ASSOCIATES - under equity method of accounting

	Note	March 31, 2015 (Un-Audited)		June 30, 2014 (Audited)	
		Central Depository Company of Pakistan Limited	National Clearing Company of Pakistan Limited	Total	Total
		----- (Rupees in '000) -----			
Opening Balance	5.1	935,754	231,017	1,166,771	1,086,313
Additional investment during the period		-	35,156	35,156	-
		935,754	266,173	1,201,927	1,086,313
Share of profit for the period		117,125	52,210	169,335	172,314
(Deficit) / Surplus on revaluation of associates' available-for-sale investments		-	3,530	3,530	(1,829)
Actuarial loss on employees gratuity fund		-	-	-	(3,032)
Dividend received during the period		(77,620)	(42,187)	(119,807)	(86,995)
Closing balance		<u>975,259</u>	<u>279,726</u>	<u>1,254,985</u>	<u>1,166,771</u>



- 5.1 During the period, KSE made a further investment of Rs 35.156 million in National Clearing Company of Pakistan Limited (NCCPL) by accepting the offer of 50% right issue of NCCPL and accordingly subscribing 3,515,624 ordinary shares of Rs 10 each at par, which shall rank pari passu with existing ordinary shares of NCCPL as approved by the members in the Extra Ordinary General Meeting held on December 17, 2014. The shareholding of the company after taking into account the aforementioned right issue is 47.06% (June 30, 2014 : 47.06%)

		March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
	Note	----- (Rupees In '000) -----	
6. LONG TERM INVESTMENTS			
Available for sale - unquoted			
JCR VIS Credit Rating Company Limited, a related party 250,000 (June 30, 2014: 250,000) Ordinary shares of Rs. 10 each, representing 12.50% (June 30, 2014: 12.50%) shareholding.		2,500	2,500
Pakistan Mercantile Exchange Limited (PMEX), a related party - 3,636,356 (June 30, 2014: 3,636,356) Ordinary shares of Rs. 10 each, representing 19.14% (June 30, 2014: 19.14%) shareholding.		74,818	22,091
- Advance against further issue of shares		-	52,727
		74,818	74,818
Held to maturity			
Pakistan Investment Bonds (PIBs)	6.1	1,996,613	1,773,153
		2,073,931	1,850,471

- 6.1 These represent Pakistan Investment Bond (PIBs) having cost of Rs 1,987.708 (June 30, 2014: 1,758.187) million and interest accrued thereon of Rs 54.022 (June 30, 2014 : 14.619) million and amortization of discount of Rs 9.316 (June 30, 2014: 0.346) million. The effective rate of return 12.10% per annum. These will mature latest by July 17, 2017.

		March 31, 2015 (Un-Audited)	June 30, 2014 (Audited)
	Note	----- (Rupees in '000) -----	
7. CASH AND BANK BALANCES			
In hand		36	59
With banks			
Current accounts	7.1 & 7.3	103	104
PLS accounts in:			
foreign currency		8,307	48,519
local currency	7.1 to 7.5	3,942,037	3,966,478
		<u>3,950,483</u>	<u>4,015,160</u>

- 7.1 Included in 'current accounts' and 'PLS accounts' are Rs. 0.06 (June 30, 2014: Rs. 0.06) million and Rs. 3,424.817 (June 30, 2014: Rs 3,573.531) million, respectively, aggregating to Rs. 3,424.877 (June 30, 2014: Rs. 3,573.591) million, representing deposits from members against exposures and losses. These deposits are utilised by the Company in the event of default of members to recover losses there from, as provided for in the relevant regulations of the Company. Rate of return on PLS accounts varies from 5.4% to 8.85% (June 30, 2014: 3.50 % to 8.75 %). However, the effective rate for the period is 8.22% (June 30, 2014: 7.97%).
- 7.2 Included herein are funds earmarked by the Company against the outstanding balance in the Dara F. Dastoor Scholarship Fund, amounting to Rs. 2.176 (June 30, 2014: Rs. 2.152) million.
- 7.3 Included herein are balances, aggregating to Rs. 8.433 (June 30, 2014: Rs. 9.326) million, deposited with the Company by members and an ex-member with respect to certain arbitration cases pending settlement.
- 7.4 Included herein is Rs 341.084 (June 30, 2014: Rs 258.242) million held by the Company on account of disposal of membership cards of defaulting / expelled members.
- 7.5 Included herein are Rs 20.485 (June 30, 2014: Rs 21.908) million deposited with Bank Islami Pakistan Limited (related party).



**8. CONTINGENCIES AND COMMITMENTS****8.1 Contingencies**

8.1.1 During the period, KSE imposed a penalty of Rs 0.05 million on account of certain non-compliances of the KSE Regulations by the member. The member filed a law suit against KSE to claim damages of Rs.20 million on the grounds that KSE has no power / jurisdiction to impose such penalty. As per the legal advisor of the Company, the Company apparently has a reasonable defence in respect of the claim in the suit. Accordingly, no provision against the above matter has been made by the management in these condensed interim financial statements.

8.1.2 During the period, Sindh Revenue Board (SRB) vide its show cause notice dated January 9, 2015 assessed Rs. 29.918 million as Sindh sales tax (SST) at the rate of 16% on the amount of management fee charged to CHPF and IPF for the years 2011-12, 2012-13 and 2013-14, under section 8 of the Sindh Sales Tax on Services Act, 2011 (the ACT).

Currently, KSE is in a process of obtaining a legal opinion with respect to the legality of the said assessment, accordingly no provision against the above matter has been made by the management in these condensed interim financial statements.

8.1.3 There is no other material change in the status of contingencies as reported in notes 26.1 to 26.20 of the annual financial statements of the Company for the year ended June 30, 2014 except that a case mentioned at serial number 26.3 and 26.16 therein has been disposed off.

**8.2 Commitments**

Aggregate commitments for capital expenditure at the end of the period were Rs. 29.607 (June 30, 2014: Rs. 63.667) million.

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in '000)			
	(Un-Audited)			
<b>9. LISTING FEE</b>				
Annual fees	129,784	119,549	43,666	40,537
Initial fees	31,300	51,234	7,996	14,053
	<u>161,084</u>	<u>170,783</u>	<u>51,662</u>	<u>54,590</u>
<b>10. INCOME FROM EXCHANGE OPERATIONS</b>				
Trading fee	161,326	119,176	68,830	49,002
Facilities and equipment fee	32,547	31,176	10,485	9,355
Income from non-trading facilities	21,937	15,485	6,677	4,790
Membership fee	1,496	1,477	502	492
Other fee	7,955	5,207	2,602	2,063
	<u>225,261</u>	<u>172,521</u>	<u>89,076</u>	<u>65,702</u>
	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in '000)			
	(Un-Audited)			
<b>11. TAXATION</b>				
Current	20,283	22,402	2,753	4,660
Prior	-	4,494	-	-
Deferred	31,348	(6,938)	14,235	654
	<u>51,631</u>	<u>19,958</u>	<u>16,988</u>	<u>5,314</u>
<b>12. BASIC AND DILUTED EARNINGS PER SHARE</b>				
Profit after taxation	<u>202,083</u>	<u>104,444</u>	<u>68,111</u>	<u>49,605</u>
	(Numbers in '000)			
Weighted average number of ordinary shares outstanding during the period	<u>801,476</u>	<u>801,476</u>	<u>801,476</u>	<u>801,476</u>
	(Rupees)			
Basic and diluted earnings per share	<u>0.25</u>	<u>0.13</u>	<u>0.08</u>	<u>0.06</u>



## 15. RELATED PARTY TRANSACTIONS

The related parties comprise of associates, companies with common directorship, staff gratuity fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Following are the details of transactions with related parties during the nine month period ended March 31, 2015 and March 31, 2014:

	Nine Months Ended	
	March 31,	March 31,
	2015	2014
	----- (Rupees in '000) -----	
	----- (Un-Audited) -----	
<b>Management fee</b>		
KSE Clearing House Protection Fund	74,469	52,396
KSE investors Protection Fund	11,559	13,602
	<u>86,028</u>	<u>65,998</u>
<b>Dividend income</b>		
Central Depository Company of Pakistan	77,620	77,620
National Clearing Company of Pakistan Limited	42,187	9,375
JCR-VIS Credit Rating Company Limited	-	125
	<u>119,807</u>	<u>87,120</u>
<b>Income from investment property</b>		
Central Depository Company of Pakistan	4,145	3,769
National Clearing Company of Pakistan Limited	9,583	8,711
	<u>13,728</u>	<u>12,480</u>
<b>Income from Margin Trading System- NCCPL</b>	<u>15,733</u>	<u>11,165</u>
<b>CDC fees</b>		
Central Depository Company of Pakistan	<u>681</u>	<u>463</u>
<b>Trading fees</b>		
Aba Ali Habib Securities (Private) Limited	5,292	4,034
Adam Securities (Private) Limited	7,881	4,971
Lakhani Securities (Private) Limited	157	163
Topline Securities (Private) Limited	2,180	1,212
	<u>15,510</u>	<u>10,380</u>
<b>Profit on PLS account</b>		
Barclays Bank PLC, Pakistan	12,613	15,288
Bank Islami Pakistan Limited	3,063	-
	<u>15,676</u>	<u>15,288</u>
<b>Facilities and equipment fees</b>		
Aba Ali Habib Securities (Private) Limited	375	342
Adam Securities (Private) Limited	1,182	829
Lakhani Securities (Private) Limited	12	12
Topline Securities (Private) Limited	224	224
	<u>1,793</u>	<u>1,407</u>
<b>Listing fees</b>		
National Bank of Pakistan	898	840
Tri-Pack Films Limited	485	470
Thal Limited	585	561
Descon Oxychem	274	256
Standard Chartered Bank	795	-
Bank Islami Pakistan Limited	426	-
EFU Life Assurance Limited	542	-
Sui Southern Gas Company Limited	618	-
	<u>4,623</u>	<u>2,127</u>
<b>Insurance Premium</b>		
EFU Life Assurance Limited	<u>2,254</u>	<u>-</u>
<b>Retirement benefit plan</b>		
Payment made to gratuity fund during the period	<u>6,628</u>	<u>20,950</u>



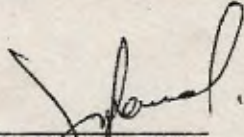
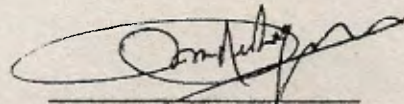
**14. DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue on April 30, 2015 by the Board of Directors of the Company.

**15. GENERAL**

15.1 Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2015 and March 31, 2014 have not been subject to limited scope review by the auditors.

15.2 Figures have been rounded off to the nearest thousand rupees.

  
\_\_\_\_\_  
Chairman  
\_\_\_\_\_  
Managing Director