



KPMG Taseer Hadi & Co.
Chartered Accountants

**AL Habib Capital Markets (Private)
Limited**

Condensed Interim Financial
Information (Unaudited)
For the six months period ended
31 December 2014



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Chief Executive on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AL Habib Capital Markets (Private) Limited** ("the Company") as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

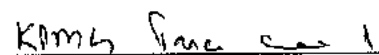
Other Matter

The figures for the quarters ended 31 December 2014 and 31 December 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The condensed interim financial information of the Company for the six month period ended 31 December 2013 and for the year ended 30 June 2014 were reviewed and audited respectively by another firm of chartered accountants who has expressed an unmodified conclusion and opinion thereon dated 17 February 2014 and 09 October 2014 respectively.

Date: 16 February 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

AL Habib Capital Markets (Private) Limited
Condensed Interim Balance Sheet
As at 31 December 2014

	Note	31 December 2014 (Un-audited)	30 June 2014 (Audited)
(Rupees)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	9,583,779	10,380,239
Intangible assets	7	15,411,933	15,604,320
Long term Investments	8	181,738,888	40,378,391
Long term loans, advances and deposits	9	10,046,744	9,667,351
Deferred tax asset		10,667,645	12,140,100
		<u>227,448,989</u>	<u>88,170,401</u>
CURRENT ASSETS			
Short term investments	10	61,251,739	7,665,570
Trade debts		41,156,791	22,682,027
Loans and advances		285,407	112,913
Advances, deposits and prepayments		577,246	60,471,060
Other receivables		7,588,465	4,471
Taxation - net		18,797,980	16,952,652
Cash and bank balances	11	105,296,865	207,431,304
		234,954,493	315,319,997
		<u>462,403,482</u>	<u>403,490,398</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid up capital			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Unappropriated profit		40,208,904	37,410,985
Unrealised gain on revaluation of available for sale investments		1,559,173	154,809
		<u>341,768,077</u>	<u>337,565,794</u>
CURRENT LIABILITIES			
Short term borrowing	12	-	-
Creditors, accrued expenses and other liabilities	13	120,635,405	65,924,604
		120,635,405	65,924,604
Contingencies and commitments	14		
		<u>462,403,482</u>	<u>403,490,398</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer

AL Habib Capital Markets (Private) Limited
 Condensed Interim Profit and Loss Account (Un-audited)
 For the six months period ended 31 December 2014

	Six months period ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- (Rupees) -----				
Income				
Brokerage and fee	18,784,450	11,032,075	9,670,328	4,916,892
Dividend income	2,276,107	1,729,827	1,276,107	99,405
Interest income from Pakistan Investment				
Bonds	6,112,589	-	4,261,467	-
Profit on saving and deposit accounts	3,198,950	211,503	648,452	130,583
	<u>30,372,096</u>	<u>12,973,405</u>	<u>15,856,355</u>	<u>5,146,880</u>
Net gain on sale of available-for-sale investments				
Gain on sale of investments	-	783,199	-	539,276
Provision of impairment on revaluation of available for sale investments	-	-	-	53,633
	<u>-</u>	<u>783,199</u>	<u>-</u>	<u>592,909</u>
	<u>30,372,096</u>	<u>13,756,604</u>	<u>15,856,355</u>	<u>5,739,789</u>
Administrative expenses	15 (25,866,534)	(24,605,321)	(13,331,353)	(12,336,212)
Operating profit / (loss)	<u>4,505,562</u>	<u>(10,848,717)</u>	<u>2,525,002</u>	<u>(6,596,423)</u>
Other income	236,367	459,175	137,009	245,457
Finance cost	<u>(47,140)</u>	<u>(448,751)</u>	<u>(33,497)</u>	<u>(167,155)</u>
Profit / (loss) before taxation	<u>4,694,789</u>	<u>(10,838,293)</u>	<u>2,628,514</u>	<u>(6,518,121)</u>
Taxation - current	<u>(625,038)</u>	<u>(314,893)</u>	<u>(234,210)</u>	<u>(62,685)</u>
- deferred	<u>(1,271,832)</u>	<u>4,095,032</u>	<u>(1,112,569)</u>	<u>2,672,202</u>
	<u>(1,896,870)</u>	<u>3,780,139</u>	<u>(1,346,778)</u>	<u>2,609,517</u>
Profit / (loss) after taxation	<u>2,797,919</u>	<u>(7,058,154)</u>	<u>1,281,736</u>	<u>(3,908,604)</u>
Earnings / (loss) per share - basic	<u>0.093</u>	<u>(0.235)</u>	<u>0.043</u>	<u>(0.130)</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chief Executive


 Chief Financial Officer

AL Habib Capital Markets (Private) Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 31 December 2014

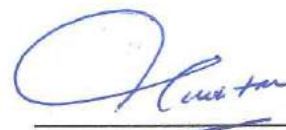
	Six months period ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Rupees) -----			
Net profit / (loss) for the period	2,797,919	(7,058,154)	1,281,736	(3,908,604)
Other comprehensive income				
Net unrealised gain / (loss) on revaluation of available for investments - net of tax	1,404,364	7,728,718	(273,719)	3,356,886
Reclassification adjustment on revaluation of investments classified as available-for-sale transferred to profit and loss account on maturity / sale	-	(783,199)	-	(539,276)
	1,404,364	6,945,519	(273,719)	2,817,610
Total comprehensive income / (loss) for the period	<u>4,202,283</u>	<u>(112,635)</u>	<u>1,008,017</u>	<u>(1,090,994)</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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Chief Executive



Chief Financial Officer

AL Habib Capital Markets (Private) Limited
 Condensed Interim Cash Flow Statement (Un-audited)
 For the six months period ended 31 December 2014

	31 December 2014	31 December 2013
	----- (Rupees) -----	
Cash flows from operating activities		
Profit / (loss) before taxation	4,694,789	(10,838,293)
Adjustment for:		
Depreciation	796,460	933,054
Amortisation	195,960	-
Finance cost	47,140	448,751
Amortisation on Pakistan Investment Bonds	(416,697)	-
Gain on disposal of property and equipment	-	(18,500)
Gain on sale of investments	-	(783,199)
	622,863	580,106
Working capital adjustments:		
Decrease / (increase) in current assets:		
Trade debts	(18,474,764)	5,650,738
Loans and advances	(172,494)	(135,627)
Advances, deposits and prepayments	59,893,814	(236,305)
Other receivables	(5,816,356)	-
	35,430,200	5,278,806
(Decrease) / increase in current liabilities:		
Creditors, accrued expenses and other liabilities	54,848,300	(62,424,736)
	95,596,152	(67,404,117)
Long term loans, advances and deposits	(379,393)	(343,038)
Finance cost paid	(184,647)	(454,724)
Income tax paid - net	(2,470,366)	(1,165,095)
Net cash generated from / (used in) operating activities	92,561,746	(69,366,974)
Cash flows from investing activities		
Investments made during the period	(194,692,620)	-
Investments disposed off during the period	-	10,953,183
Proceeds from disposal of property and equipment	-	18,500
Additions to intangible assets	(3,565)	-
Net cash (used in) / generated from investing activities	(194,696,185)	10,971,683
Net decrease in cash and cash equivalents during the period	(102,134,439)	(58,395,291)
Cash and cash equivalents at beginning of the period	207,431,304	111,608,858
Cash and cash equivalents at end of the period	105,296,865	53,213,567

Note

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive




Chief Financial Officer

AL Habib Capital Markets (Private) Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the six months period ended 31 December 2014

	Issued, subscribed and paid up capital	Unappropriated profit	Unrealised gain on revaluation of available-for-sale investments	Total
	----- (Rupees) -----			
Balance as at 01 July 2013	300,000,000	34,411,019	7,937,818	342,348,837
Net loss for the period	-	(7,058,154)	-	(7,058,154)
Other comprehensive income	-	-	6,945,519	6,945,519
Total comprehensive income for the period	-	(7,058,154)	6,945,519	(112,635)
Balance as at 31 December 2013	300,000,000	27,352,865	14,883,337	342,236,202
Balance as at 01 July 2014	300,000,000	37,410,985	154,809	337,565,794
Net profit for the period	-	2,797,919	-	2,797,919
Other comprehensive income	-	-	1,404,364	1,404,364
Total comprehensive income for the period	-	2,797,919	1,404,364	4,202,283
Balance as at 31 December 2014	300,000,000	40,208,904	1,559,173	341,768,077

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

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 Chief Executive



 Chief Financial Officer

AL Habib Capital Markets (Private) Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the six months period ended 31 December 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

AL Habib Capital Markets (Private) Limited (the Company) was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Ordinance, 1984 and started operations from 14 December 2005. The Company is a subsidiary of Bank AL Habib Limited (the Holding company) which holds 66.67% of the shares of the Company. The registered office of the Company is located at Technocity, Hasrat Mohani Road, Karachi. The Company is a corporate member of the Karachi Stock Exchange Limited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 31 December 2014 has 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 Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees, which is the functional and presentation currency of the Company and figures have been rounded off to the nearest rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2014.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact of the accounting policies of the Company.

4. ACCOUNTING ESTIMATES

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation of uncertainty are the same as those that applied to the financial statements as at and for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 30 June 2014.

	Un-audited 31 December 2014	Audited 30 June 2014
	----- (Rupees) -----	
6. PROPERTY AND EQUIPMENTS		
Opening written down value	10,380,239	11,712,347
Additions during the period / year - at cost		
- Office equipment	-	68,901
- Computers equipment	-	473,600
	-	542,501
Depreciation for the period / year	(796,460)	(1,874,609)
Closing written down value	<u>9,583,779</u>	<u>10,380,239</u>
7. INTANGIBLE ASSETS		
Trading right entitlement certificate	7.1 15,000,000	15,000,000
Software	411,933	604,320
	<u>15,411,933</u>	<u>15,604,320</u>

7.1 The TRE Certificate acquired on surrender of Stock Exchange Membership Card is stated at Rs. 15 million (note 8.1).

According to the Stock Exchange (Corporatization, demutualization and integration) Act, 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner prescribed. Up to 31 December 2019, the Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

8. LONG TERM INVESTMENTS

Available for sale

Investment in Karachi Stock Exchange Limited	8.1 40,378,391	45,841,215
Less: Provision for diminishing in value of investment	-	(5,462,824)
	40,378,391	40,378,391

Held to maturity

Pakistan Investment Bonds	8.2 145,000,000	-
Less: Unamortised cost	(3,639,503)	-
	141,360,497	-
	<u>181,738,888</u>	<u>40,378,391</u>

8.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of KSEL is equally distributed among 200 members (termed as initial shareholders of exchange after corporatization) of KSEL by issuance of 4,007,383 to each initial shareholder in the following manner:

- 40 % of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account of CDC to each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institution (as per the provisions of the Act).

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial bonus and right shares, (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.

8.2 These Pakistan Investment Bonds will mature on 17 July 2017 (30 June 2014: nil) and carry yield ranging from 12.38% to 12.42% per annum (30 June 2014: nil). These are placed in the SGL / IPS account maintained with Bank AL Habib Limited (the Holding Company). The market value of Pakistan Investment Bonds as on 31 December 2014 amounted to Rs 149.93 million (30 June 2014: nil).

9. LONG TERM LOANS, ADVANCES & DEPOSITS	Un-audited 31 December 2014	Audited 30 June 2014
	----- (Rupees) -----	
Security deposits	2,045,400	2,045,400
Advance against Dubai Gold and Commodity Exchange membership	9.1 7,913,725	7,618,587
Staff loan - long term portion	87,619	3,364
	<u>10,046,744</u>	<u>9,667,351</u>

9.1 This amount has been paid for corporate membership of Dubai Gold and Commodities Exchange (DGCX). The Company has not yet commenced its operations in Dubai Exchange and has not been able to sell the membership due to restrictions of DGCX By-Law.

10. SHORT-TERM INVESTMENTS

Available-for-sale		
Listed shares	10.1 35,476,801	7,665,570
Mutual fund units	10.2 25,774,938	-
	<u>61,251,739</u>	<u>7,665,570</u>

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10.1 Listed shares

31 December 2014	30 June 2014		31 December 2014		30 June 2014
Number of shares		Name of investee	Carrying amount	Market value	Market value
250,000	130,500	The Hub Power Company Limited	14,936,752	19,590,000	7,665,570
90,000	-	Pakistan Petroleum Limited	19,710,000	15,886,801	-
			<u>34,646,752</u>	<u>35,476,801</u>	<u>7,665,570</u>
		Provision for impairment in value of investments	-		
		Unrealized gain on re-measurement of investment	830,049		
		Carrying value	<u>35,476,801</u>		

10.2 Mutual fund units

31 December 2014	30 June 2014		31 December 2014		30 June 2014
Number of units		Name of investee	Carrying amount	Market value	Market value
49,140	-	Atlas Money Market Fund	25,000,000	25,774,938	-
			<u>25,000,000</u>	<u>25,774,938</u>	<u>-</u>
		Provision for impairment in value of investments	-		
		Unrealized gain on re-measurement of investment	774,938		
		Carrying value	<u>25,774,938</u>		

11. CASH AND BANK BALANCES

		Un-audited 31 December 2014	Audited 30 June 2014
----- (Rupees) -----			
Cash in hand		30,240	2,186
Cash with banks in:			
- Current accounts		89,167,164	55,788,156
- Saving accounts	11.1	3,694,594	216,985
- Call treasury deposit account	11.2	12,404,867	151,423,977
		105,266,625	207,429,118
		<u>105,296,865</u>	<u>207,431,304</u>

11.1 These carry interest at the rate of 6.5% to 7% (30 June 2014: 6% to 7.5%) per annum.

11.2 This carry interest at the rate of 6.5% to 9% (30 June 2014: 7.50% to 9%) per annum.

12. SHORT TERM BORROWING

12.1 The running finance facilities available to the Company at year end amounts to Rs. 500 million from (30 June 2014: Rs. 500 million) Bank AL Habib Limited (the Holding Company). The facilities carry mark-up rate at 3 month Average KIBOR Ask +1 %. This facility will expire on 31 December 2014 (30 June 2014: 31 December 2014).

13. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES	Un-audited	Audited
	31 December 2014	30 June 2014
	----- (Rupees) -----	
Payable against sale of marketable securities on behalf of customers	116,666,815	62,661,948
Accrued expenses	2,648,732	2,316,868
Other liabilities	1,319,858	945,788
	<u>120,635,405</u>	<u>65,924,604</u>

14. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at 31 December 2014.

Commitments

Commitments for rentals under Ijarah finance

With in one year	3,991,260	4,016,280
After one year but not later than five years	1,330,420	3,346,900
	<u>5,321,680</u>	<u>7,363,180</u>

Represent Ijarah Finance Facility entered into with First Habib Modarba in respect of vehicles. Total Ijarah payments due under the agreement is Rs. 5.32 million (30 June 2014: Rs. 7.36 million and are payable in monthly installments latest by April 2016. These commitments are secured by on-demand promissory notes of Rs. 13.108 million.

15. OPERATING EXPENSES

	Six months period ended	
	31 December 2014	31 December 2013
	----- (Un-audited) -----	
	----- (Rupees) -----	
Salaries and other benefits	14,028,136	12,962,524
Printing and stationery	258,183	259,507
Auditors remuneration	161,502	179,562
Rent, rates and taxes	1,203,920	1,638,040
Vehicles running	719,218	1,061,784
Utilities	935,740	776,443
Legal and professional charges	499,130	503,267
Insurance	757,098	773,714
Newspapers and periodicals	17,111	28,440
Entertainment	44,239	21,182
Advertisement and business promotion	82,110	53,539
Computer expenses	391,943	338,789
Clearing house charges	1,691,647	1,098,879
Office security	356,149	435,600
Depreciation	796,460	933,054
Amortization	195,960	-
Repairs and maintenance	317,757	225,290
Conveyance and travelling	3,880	2,400
Communication	336,991	326,471
Fee and subscription	852,497	874,696
Lease rental of vehicles	2,008,116	2,011,603
Office supplies	106,720	90,082
Workers' Welfare Fund	95,851	-
Others	6,176	10,455
	<u>25,866,534</u>	<u>24,605,321</u>

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	Six months period ended	
	31 December 2014	31 December 2013
16. CASH AND CASH EQUIVALENTS	----- (Un-audited) ----- ----- (Rupees) -----	
Cash and bank balances	105,296,865	63,807,814
Short term borrowing	-	(10,594,247)
	105,296,865	53,213,567

17. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Holding company, related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transactions with related parties, other than those disclosed in notes to the condensed interim financial information, are summarised as follows:

Transactions for the period

Bank AL Habib Limited (Holding company)

Equity brokerage commission	16,963	563,714
Purchase of Pakistan Investment Bonds	142,711,438	-
Mark-up on bank balances	3,107,383	148,963
Mark-up on running finance	(15,821)	(429,077)
Office rent	1,050,000	1,638,040
Bank charges	19,621	6,700
Research fee	-	360,000
Information Technology services	250,000	250,000

Habib Insurance Company Limited (associate of the Holding Company)

Equity brokerage commission	387,075	276,913
Insurance premium paid	326,562	731,688

First Habib Stock Fund (associate of the Holding Company)

Equity brokerage commission	66,405	95,928
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Habib Sugar Mills Limited (associate of the Holding Company)

Equity brokerage commission	76,049	45,296
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First Habib Islamic Balanced Fund (associate of the Holding Company)

Equity brokerage commission	94,090	75,446
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Key management personal Contribution to provident fund

	599,046	591,743
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Others

	9,755	4,270
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<u>Balances as at period / year end</u>	31 December 2014 (Un-audited)	30 June 2014 (Audited)
	----- (Rupees) -----	
Bank AL Habib Limited (Holding Company)		
Bank balances	97,540,173	205,254,119

18. GENERAL

18.1 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

18.2 Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 31 December 2013 have not been subject to limited scope review by the auditors.

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Chief Executive



Chief Financial Officer