



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Habib Metropolitan Financial Services  
Limited**

**Condensed Interim Financial  
Information**  
For the half year ended  
30 June 2012



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## **Auditors' Review Report to the Members of to the Members of Habib Metropolitan Financial Services**

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of Habib Metropolitan Financial Services Limited ("the Company") as at 30 June 2012 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 half year ended 30 June 2012 (hereinafter 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 the 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 condensed interim financial reporting.

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended 30 June 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2012.

**Date:** 23 August 2012

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Pirani**

Habib Metropolitan Financial Services Limited  
Condensed Interim Balance Sheet  
As at 30 June 2012

|  | Note | 30 June<br>2012<br>(Un-audited) | 31 December<br>2011<br>(Audited) |
|--|------|---------------------------------|----------------------------------|
| (Rupees)   |      |                                 |                                  |
| <b>ASSETS</b>  |      |                                 |                                  |
| <b>NON-CURRENT ASSETS</b>  |      |                                 |                                  |
| Operating fixed assets   | 6    | 13,145                          | 22,367                           |
| Intangible asset - Karachi Stock Exchange Membership Card  |      | 34,750,000                      | 34,750,000                       |
| Long term deposits   | 7    | 1,000,000                       | 1,000,000                        |
| Deferred tax asset   | 8    | 380,194                         | 702,361                          |
|  |      | <u>36,143,339</u>               | <u>36,474,728</u>                |
| <b>CURRENT ASSETS</b>  |      |                                 |                                  |
| Short-term investments   | 9    | 145,125,436                     | 234,540,637                      |
| Receivable from customers  | 10   | 26,989,856                      | 2,741,452                        |
| Advances, deposits, prepayments and other receivables  | 11   | 5,511,277                       | 7,412,680                        |
| Taxation - net   |      | 1,278,167                       | 1,112,797                        |
| Bank balances  | 12   | 111,339,126                     | 118,585,780                      |
|  |      | <u>290,243,862</u>              | <u>364,393,346</u>               |
|  |      | <u>326,387,201</u>              | <u>400,868,074</u>               |
| <b>EQUITY AND LIABILITIES</b>  |      |                                 |                                  |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |                                 |                                  |
| Authorised capital<br>30,000,000 (31 December 2011: 30,000,000) ordinary<br>shares of Rs. 10 each  |      | <u>300,000,000</u>              | <u>300,000,000</u>               |
| Issued, subscribed and paid up capital<br>30,000,000 (31 December 2011: 30,000,000) ordinary<br>shares of Rs. 10 each fully paid in cash | 13   | 300,000,000                     | 300,000,000                      |
| Unappropriated profit  |      | 16,227,354                      | 10,300,786                       |
| Deficit on revaluation of available-for-sale<br>investments - net of deferred tax  |      | (110,014)                       | (2,440,332)                      |
|  |      | <u>316,117,339</u>              | <u>307,860,454</u>               |
| <b>CURRENT LIABILITIES</b>   |      |                                 |                                  |
| Creditors, accrued expenses and other liabilities  | 14   | 10,269,862                      | 93,007,620                       |
| <b>CONTINGENCY AND COMMITMENTS</b>   |      |                                 |                                  |
|  | 15   | <u>326,387,201</u>              | <u>400,868,074</u>               |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

Habib Metropolitan Financial Services Limited  
 Condensed Interim Profit and Loss Account (Un-Audited)  
 For the quarter and six months period ended 30 June 2012

|                                       | Note | Quarter<br>ended<br>30 June<br>2012 | Six months<br>period ended<br>30 June<br>2012 | Quarter<br>ended<br>30 June<br>2011 | Six months<br>period ended<br>30 June<br>2011 |
|---------------------------------------|------|-------------------------------------|---|-------------------------------------|---|
| ----- (Rupees) -----                  |      |                                     |   |                                     |   |
| Brokerage Revenue                     |      | 5,174,933                           | 9,865,546                                     | 2,466,190                           | 5,836,491                                     |
| Income from investments               |      |                                     |   |                                     |   |
| - Profit on treasury bills            |      | 4,016,819                           | 7,704,174                                     | 3,340,429                           | 6,399,221                                     |
| - Gain on sale of quoted securities   |      | 388,803                             | 1,317,317                                     | 2,427,488                           | 2,486,631                                     |
|                                       |      | 4,405,622                           | 9,021,491                                     | 5,767,917                           | 8,885,852                                     |
| Administrative and operating expenses | 16   | (7,892,729)                         | (15,293,061)                                  | (7,206,254)                         | (14,307,325)                                  |
|                                       |      | 1,687,827                           | 3,593,977                                     | 1,027,853                           | 415,018                                       |
| Other income                          | 17   | 3,125,983                           | 6,410,042                                     | 3,241,794                           | 6,267,431                                     |
| Financial charges - bank charges      |      | (102,537)                           | (207,613)                                     | (101,771)                           | (232,819)                                     |
| Workers' welfare fund                 |      | (101,532)                           | (223,028)                                     | (30,473)                            | (70,561)                                      |
| Profit before taxation                |      | 4,609,739                           | 9,573,377                                     | 4,137,403                           | 6,379,069                                     |
| Taxation                              |      |                                     |   |                                     |   |
| - Current                             |      | (1,644,076)                         | (3,495,597)                                   | (524,394)                           | (1,210,263)                                   |
| - Deferred                            |      | (75,669)                            | (151,212)                                     | (75,858)                            | (154,561)                                     |
|                                       |      | (1,719,745)                         | (3,646,809)                                   | (600,252)                           | (1,364,824)                                   |
| Profit after taxation                 |      | 2,889,994                           | 5,926,568                                     | 3,537,151                           | 5,014,245                                     |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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 CHIEF EXECUTIVE

  
 DIRECTOR

Habib Metropolitan Financial Services Limited  
 Condensed Interim Statement of Comprehensive Income (Un-Audited)  
 For the quarter and six months period ended 30 June 2012

|   | Quarter ended<br>30 June<br>2012 | Six months<br>period ended<br>30 June<br>2012 | Quarter ended<br>30 June<br>2011 | Six months<br>period ended<br>30 June<br>2011 |
|---|----------------------------------|---|----------------------------------|---|
|   | ----- (Rupees) -----             |   |                                  |   |
| Net profit for the period   | 2,889,994                        | 5,926,568                                     | 3,537,151                        | 5,014,245                                     |
| Other comprehensive income / (loss):  |                                  |   |                                  |   |
| - Deficit on revaluation of available-for-sale investments - net of deferred tax      | 41,050                           | (110,014)                                     | (17,934)                         | (17,934)                                      |
| - Transfer to profit and loss account upon disposal of available-for-sale investments | 2,440,332                        | 2,440,332                                     | 289,678                          | 289,678                                       |
|   | 2,481,382                        | 2,330,318                                     | 271,744                          | 271,744                                       |
| <b>Total comprehensive income for the period</b>                                      | <b>5,371,376</b>                 | <b>8,256,886</b>                              | <b>3,808,895</b>                 | <b>5,285,989</b>                              |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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 CHIEF EXECUTIVE

  
 DIRECTOR

Habib Metropolitan Financial Services Limited  
 Condensed Interim Statement of Cash Flows (Un-Audited)  
 For the six months period ended 30 June 2012

|   | Note | 30 June<br>2012      | 30 June<br>2011     |
|---|------|----------------------|---------------------|
| (Rupees)  |      |                      |                     |
| <b>Cash flows from operating activities</b>           |      |                      |                     |
| Profit before taxation                                |      | 9,573,377            | 6,379,069           |
| <b>Adjustments for:</b>                               |      |                      |                     |
| Profit on bank accounts                               |      | (5,852,331)          | (6,085,443)         |
| Profit on treasury bills                              |      | (7,704,174)          | (6,399,221)         |
| Gain on sale of quoted securities                     |      | (1,317,317)          | (2,486,631)         |
| Depreciation expense                                  |      | 9,222                | 1,158               |
|   |      | (14,864,599)         | (14,970,137)        |
| <b>(Increase) / decrease in current assets</b>        |      |                      |                     |
| Receivable from customers                             |      | (24,248,404)         | (12,275,459)        |
| Advances, deposits, prepayments and other receivables |      | 1,758,196            | 438,391             |
|   |      | (22,490,208)         | (11,837,068)        |
| <b>Decrease in current liabilities</b>                |      |                      |                     |
| Creditors, accrued and other liabilities              |      | (82,876,377)         | (24,400,163)        |
|   |      | (110,657,807)        | (44,828,299)        |
| Profit received on bank account                       |      | 5,995,539            | 6,584,812           |
| Income tax paid                                       |      | (3,660,969)          | (2,682,017)         |
|   |      | 2,334,570            | 3,902,795           |
| <b>Net cash flows from operating activities</b>       |      | <b>(108,323,237)</b> | <b>(40,925,504)</b> |
| <b>Cash flows from investing activities</b>           |      |                      |                     |
| Sale of investments                                   |      | 1,081,175,477        | 322,975,013         |
| Purchase of investments                               |      | (980,237,511)        | (304,294,633)       |
| Investments in operating fixed assets                 |      | -                    | (80,071)            |
| <b>Net cash flows from investing activities</b>       |      | <b>100,937,964</b>   | <b>18,600,309</b>   |
| <b>Net decrease in cash and cash equivalent</b>       |      | <b>(7,385,273)</b>   | <b>(22,325,195)</b> |
| Cash and cash equivalent at beginning of the period   |      | 118,426,241          | 143,764,078         |
| <b>Cash and cash equivalent at end of the period</b>  |      | <b>111,040,968</b>   | <b>121,438,883</b>  |
| <b>Cash and cash equivalent comprises of:</b>         |      |                      |                     |
| Bank balances   | 12   | 111,339,126          | 121,665,940         |
| Book overdrawn balance                                | 14.1 | (298,157)            | (227,057)           |
|   |      | <b>111,040,968</b>   | <b>121,438,883</b>  |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

Habib Metropolitan Financial Services Limited  
 Condensed Interim Statement of Changes in Equity (Un-Audited)  
 For the six months period ended 30 June 2012

|   | Issued,<br>subscribed<br>and paid up<br>capital | Deficit on<br>revaluation of<br>available-for-<br>sale investments<br>(Rupees) | Unappropriated<br>profit | Total       |
|---|---|--|--------------------------|-------------|
| Balance as at 1 January 2011  | 300,000,000                                     | (289,678)  | 2,475,186                | 302,185,508 |
| <i>Total comprehensive income<br/>for the period from 1 January<br/>2011 to 30 June 2011</i>  |   |  |                          |             |
| - Profit for the period   | -   | -  | 5,014,245                | 5,014,245   |
| - Other comprehensive income  | -   | 271,744  | -                        | 271,744     |
| Balance as at 30 June 2011  | 300,000,000                                     | (17,934)   | 7,489,431                | 307,471,497 |
| <i>Total comprehensive income<br/>for the period from 1 July 2011<br/>to 31 December 2011</i> |   |  |                          |             |
| - Profit for the period   | -   | -  | 2,811,355                | 2,811,355   |
| - Other comprehensive income  | -   | (2,422,398)  | -                        | (2,422,398) |
| Balance as at 31 December 2011  | 300,000,000                                     | (2,440,332)  | 10,300,786               | 307,860,454 |
| <i>Total comprehensive income<br/>for the period from 1 January<br/>2012 to 30 June 2012</i>  |   |  |                          |             |
| - Profit for the period   | -   | -  | 5,926,568                | 5,926,568   |
| - Other comprehensive income  | -   | 2,330,318  | -                        | 2,330,318   |
| Balance as at 30 June 2012  | 300,000,000                                     | (110,014)  | 16,227,354               | 316,117,339 |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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 CHIEF EXECUTIVE

  
 DIRECTOR

Habib Metropolitan Financial Services Limited  
Notes to the Condensed Interim Financial Information (Un-Audited)  
*For the six months period ended 30 June 2012*

**1. THE COMPANY AND ITS OPERATIONS**

Habib Metropolitan Financial Services Limited (the Company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Habib Metropolitan Bank Limited (the holding company). The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited and is engaged in equity brokerage services.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2011.

**2.2 Functional and presentation currency**

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Company. All financial information presented in Pakistan rupee has been rounded off to the nearest rupees.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2011.

**4. ESTIMATES**

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as for the year ended 31 December 2011.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those that disclosed in the annual financial statements as at and for the year ended 31 December 2011.

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## 6. OPERATING FIXED ASSETS

| Particulars            | As at 30 June 2012               |  |                               |  |              |  |      |
|------------------------|----------------------------------|--|-------------------------------|--|--------------|--|------|
|                        | Cost as at<br>01 January<br>2012 | Additions /<br>(disposals)<br>during the<br>period | Cost as at<br>30 June<br>2012 | Accumulated<br>depreciation as<br>on 1 January<br>2012 | Depreciation | Written down<br>value as at<br>30 June<br>2012 | Rate |
|                        | (Rupees)                         |  |                               |  |              |  |      |
| Office Equipment       | 11,766                           | -  | 11,766                        | 6,268  | 882          | 4,616  | 15%  |
| Furniture and fixtures | 16,608                           | -  | 16,608                        | 8,846  | 1,247        | 6,515  | 15%  |
| Computer equipments    | 47,919                           | -  | 47,919                        | 42,290   | 5,629        | -  | 25%  |
| Motor vehicles         | 14,640                           | -  | 14,640                        | 11,162   | 1,464        | 2,014  | 20%  |
|                        | <u>90,933</u>                    | <u>-</u>   | <u>90,933</u>                 | <u>68,566</u>  | <u>9,222</u> | <u>13,145</u>                                  |      |

| Particulars            | As at 31 December 2011           |  |                                   |  |               |  |      |
|------------------------|----------------------------------|--|-----------------------------------|--|---------------|--|------|
|                        | Cost as at<br>01 January<br>2011 | Additions /<br>(disposals)<br>during the<br>period | Cost as at<br>31 December<br>2011 | Accumulated<br>depreciation as<br>on 1 January<br>2011 | Depreciation  | Written down<br>value as at<br>31 December<br>2011 | Rate |
|                        | (Rupees)                         |  |                                   |  |               |  |      |
| Office Equipment       | -                                | 11,766   | 11,766                            | -  | 6,268         | 5,498  | 15%  |
| Furniture and fixtures | -                                | 16,608   | 16,608                            | -  | 8,846         | 7,762  | 15%  |
| Computer equipments    | -                                | 47,919   | 47,919                            | -  | 42,290        | 5,629  | 25%  |
| Motor vehicles         | -                                | 14,640   | 14,640                            | -  | 11,162        | 3,478  | 20%  |
|                        | <u>-</u>                         | <u>90,933</u>                                      | <u>90,933</u>                     | <u>-</u>   | <u>68,566</u> | <u>22,367</u>                                      |      |

## 7. LONG TERM DEPOSITS

|   | 30 June<br>2012<br>(Un-audited) | 31 December<br>2011<br>(Audited) |
|---|---------------------------------|----------------------------------|
| Karachi Stock Exchange (Guarantee) Limited (KSE)      | 7.1                             | 700,000                          |
| National Clearing Company of Pakistan Limited (NCCPL) |                                 | 200,000                          |
| Central Depository Company of Pakistan Limited (CDC)  |                                 | 100,000                          |
|   | <u>1,000,000</u>                | <u>1,000,000</u>                 |

7.1 Represents deposit held under the KSE exposure rules.

## 8. DEFERRED TAX ASSET

|  |                |                |
|--|----------------|----------------|
| <i>Taxable temporary difference</i>        |                |                |
| Operating fixed assets                     | 17,212         | 16,707         |
| <i>Deductible temporary difference</i>     |                |                |
| Pre-operating expenses                     | 303,745        | 455,461        |
| Deficit on revaluation of investment - net | 59,237         | 230,193        |
|  | 362,982        | 685,654        |
|  | <u>380,194</u> | <u>702,361</u> |

|   |      | 30 June<br>2012<br>(Un-audited) | 31 December<br>2011<br>(Audited) |
|---|------|---------------------------------|----------------------------------|
|   |      | (Rupees)                        |                                  |
| <b>9. SHORT-TERM INVESTMENTS</b>  |      |                                 |                                  |
| <b>Available-for-sale</b>   |      |                                 |                                  |
| Market treasury bill  | 9.1  | 145,294,687                     | 97,713,113                       |
| Open end mutual fund  |      | -                               | 50,000,000                       |
| Listed ordinary shares  |      | -                               | 89,498,048                       |
|   |      | <u>145,294,687</u>              | <u>237,211,161</u>               |
| <b>Unrealized gain / (loss) on revaluation of investments</b>   |      |                                 |                                  |
| Market treasury bill  |      | (169,251)                       | 147,437                          |
| Open end mutual fund  |      | -                               | 19,539                           |
| Listed ordinary shares  |      | -                               | (2,837,500)                      |
|   |      | <u>(169,251)</u>                | <u>(2,670,524)</u>               |
| <b>Fair value as at</b>   |      | <u>145,125,436</u>              | <u>234,540,637</u>               |
| 9.1 Treasury bill amounted to Rs 50 million (face value) is kept as collateral by Karachi Stock Exchange. |      |                                 |                                  |
| <b>10. RECEIVABLE FROM CUSTOMERS (unsecured, considered good)</b>   |      |                                 |                                  |
| Trade debts   |      | <u>26,989,856</u>               | <u>2,741,452</u>                 |
| <b>11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>  |      |                                 |                                  |
| Advances to employees (unsecured)   |      | 512,496                         | 606,500                          |
| Deposits  | 11.1 | 3,500,000                       | 5,500,000                        |
| Prepayments   |      | 385,949                         | 293,054                          |
| Accrued profit on bank balance  |      | 839,873                         | 983,080                          |
| Other receivables   |      | 272,959                         | 30,046                           |
|   |      | <u>5,511,277</u>                | <u>7,412,680</u>                 |
| 11.1 This represents deposit held under the KSE exposure rules.   |      |                                 |                                  |
| <b>12. BANK BALANCES</b>  |      |                                 |                                  |
| Profit and loss sharing accounts:   |      |                                 |                                  |
| - Habib Metropolitan Bank Limited   | 12.1 | 104,849,890                     | 117,311,975                      |
| - Meezan Bank Limited   |      | 5,017                           | -                                |
|   |      | <u>104,854,907</u>              | <u>117,311,975</u>               |
| Current accounts:   |      |                                 |                                  |
| - Habib Metropolitan Bank Limited   |      | 6,373,630                       | 1,273,805                        |
| - MCB Bank Limited  |      | 110,589                         | -                                |
|   |      | <u>6,484,219</u>                | <u>1,273,805</u>                 |
|   |      | <u>111,339,126</u>              | <u>118,585,780</u>               |

12.1 Represent bank accounts with the holding company.

12.2 Profit and loss sharing accounts carries profit at the rate of 10.00% (31 December 2011: 10.00%) per annum.

### 13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2011: 29,999,997) shares were held by the holding company and 3 (31 December 2011: 3) shares were held by directors of the Company as the nominees of the holding company.

|  | 30 June<br>2012<br>(Un-audited) | 31 December<br>2011<br>(Audited) |
|--|---------------------------------|----------------------------------|
| (Rupees)   |                                 |                                  |
| <b>14. CREDITORS, ACCRUED EXPENSES AND<br/>OTHER LIABILITIES</b> |                                 |                                  |
| Payable to National Clearing Company of Pakistan Limited         | -                               | 16,512,172                       |
| Due to customers in respect of securities transactions           | 7,408,363                       | 75,167,869                       |
| Payable to Workers' Welfare Fund                                 | 847,271                         | 624,243                          |
| Accrued expenses   | 1,537,511                       | 435,183                          |
| Book overdrawn bank balance                                      | 298,157                         | 159,539                          |
| Sales tax payable  | 178,560                         | 108,614                          |
|  | <u>10,269,862</u>               | <u>93,007,620</u>                |

14.1 This represents cheques issued at the period end, in excess of the balance held in a bank account. It was met through deposits subsequent to the period end.

### 15. CONTINGENCY AND COMMITMENTS

|   |                |                |
|---|----------------|----------------|
| 15.1 Bank guarantee on behalf of the company (given by the holding company in favour of Karachi Stock Exchange) | -              | 25,000,000     |
| 15.2 Commitments for ijarah arrangements  |                |                |
| - Not later than one year   | 314,284        | 372,488        |
| - Later than one year and not later than five years   | 369,412        | 515,879        |
|   | <u>683,696</u> | <u>888,367</u> |

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16. ADMINISTRATIVE AND OPERATING EXPENSES

|  | Quarter<br>ended<br>30 June<br>2012 | Six months<br>period ended<br>30 June<br>2012 | Quarter<br>ended<br>30 June<br>2011 | Six months<br>period ended<br>30 June<br>2011 |
|--|-------------------------------------|---|-------------------------------------|---|
|  | ----- (Rupees) -----                |   |                                     |   |
| Salaries and benefits                        | 5,599,855                           | 11,033,344                                    | 4,886,105                           | 9,510,379                                     |
| Ijarah payments                              | 102,282                             | 204,636                                       | 667,646                             | 1,588,827                                     |
| Rent   | 318,948                             | 637,895                                       | 321,053                             | 643,158                                       |
| Repairs and maintenance                      | 199,839                             | 367,055                                       | 156,276                             | 287,447                                       |
| KSE clearing house, CDC<br>and NCCPL charges | 420,872                             | 756,149                                       | 210,473                             | 513,966                                       |
| Communication                                | 279,948                             | 523,340                                       | 174,473                             | 338,534                                       |
| Vehicle running expenses                     | 272,017                             | 526,524                                       | 215,181                             | 383,620                                       |
| Utilities                                    | 139,343                             | 210,582                                       | 137,916                             | 203,045                                       |
| Professional tax                             | 25,675                              | 51,350  | 25,713                              | 51,425  |
| Direct and indirect tax<br>consultancy       | 47,500                              | 99,300  | 44,760                              | 102,870                                       |
| Printing and stationery                      | 93,622                              | 175,525                                       | 28,124                              | 84,338  |
| Auditors' remuneration                       | 75,459                              | 134,460                                       | 61,985                              | 81,215  |
| Legal and professional<br>charges            | 45,000                              | 90,000  | 45,000                              | 90,000  |
| Insurance expenses                           | 29,792                              | 58,996  | 27,584                              | 55,583  |
| Travelling and conveyance                    | 24,870                              | 45,960  | 20,140                              | 40,308  |
| Entertainment and business<br>promotions     | 85,209                              | 119,162                                       | 38,468                              | 69,209  |
| Fees and subscription                        | 6,517                               | 11,050  | 32,127                              | 54,477  |
| Depreciation expense                         | 4,431                               | 9,222   | 922                                 | 1,158   |
| Others                                       | 121,550                             | 238,511                                       | 112,308                             | 207,766                                       |
|  | <u>7,892,729</u>                    | <u>15,293,061</u>                             | <u>7,206,254</u>                    | <u>14,307,325</u>                             |

17. OTHER INCOME

|                          |                  |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|
| Profit on a bank balance | 2,821,581        | 5,852,331        | 3,161,666        | 6,085,443        |
| Other                    | 304,402          | 557,711          | 80,129           | 181,988          |
|                          | <u>3,125,983</u> | <u>6,410,042</u> | <u>3,241,794</u> | <u>6,267,431</u> |

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has related party relationships with holding company, companies with common directorship, associated companies, directors of the Company, holding company and other associated companies and key management personnel. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions with related parties are at agreed terms.

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18.1 Details of transactions with related parties are as follows:

|  | Six months period ended |                 |
|--|-------------------------|-----------------|
|  | June 30<br>2012         | June 30<br>2011 |
|  | (Rupees)                |                 |
| <b>Holding Company - Habib Metropolitan Bank Limited</b> |                         |                 |
| - Bank guarantee on behalf of the company                | -                       | 25,000,000      |
| - Profit on bank balances                                | 5,852,331               | 6,085,443       |
| - Equity brokerage commission                            | 100,937                 | 92,918          |
| - Rent expense   | 600,000                 | 600,000         |
| - Bank charges   | 207,613                 | 232,819         |
| <b>Key Management Personnel</b>                          |                         |                 |
| - Salaries and benefits                                  | 5,752,230               | 5,363,730       |
| - Equity brokerage commission                            | 23,931                  | 171             |
| <b>Associated Companies</b>                              |                         |                 |
| Habib Bank AG Zurich (London)                            |                         |                 |
| - Equity brokerage commission                            | 118,555                 | 22,926          |
| Habib Bank AG Zurich (Switzerland)                       |                         |                 |
| - Equity brokerage commission                            | 526,555                 | 483,963         |
| Habib Bank AG Zurich (UAE)                               |                         |                 |
| - Equity brokerage commission                            | 1,144,537               | 876,923         |
| Habib Insurance Company Limited                          |                         |                 |
| - Equity brokerage commission                            | 129,323                 | 146,635         |

18.2 Details of balances with related parties are as follows:

|  | 30 June<br>2012 | 31 December<br>2011 |
|--|-----------------|---------------------|
|  | (Rupees)        |                     |
| <b>Holding Company - Habib Metropolitan Bank Limited</b>       |                 |                     |
| - Bank balances  | 111,223,520     | 118,585,780         |
| - Accrued profit on bank balance                               | 839,873         | 983,081             |
| - Receivable / (payable) against purchase / sale of securities | -               | -                   |
| <b>Key Management Personnel</b>                                |                 |                     |
| - Advances   | 195,000         | 296,999             |
| - Receivable / (payable) against purchase / sale of securities | (27,516)        | 59,891              |


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18.3 Details of balances with related parties are as follows:

|  | 30 June<br>2012  | 31 December<br>2011 |
|--|------------------|---------------------|
|  | (Rupees)         |                     |
| <b>Associated Companies</b>                                    |                  |                     |
| Habib Bank AG Zurich (London)                                  |                  |                     |
| - Receivable / (payable) against purchase / sale of securities | <u>(2,762)</u>   | <u>-</u>            |
| Habib Bank AG Zurich (Switzerland)                             |                  |                     |
| - Receivable / (payable) against purchase / sale of securities | <u>1,841,956</u> | <u>-</u>            |
| Habib Bank AG Zurich (UAE)                                     |                  |                     |
| - Receivable / (payable) against purchase / sale of securities | <u>2,548,990</u> | <u>-</u>            |
| Habib Insurance Company Limited                                |                  |                     |
| - Receivable / (payable) against purchase / sale of securities | <u>-</u>         | <u>(34,547,769)</u> |

19. DATE OF AUTHORISATION FOR ISSUE

This interim financial information was authorised for issue by the Board of Directors of the Company on 23 August 2012.

  
\_\_\_\_\_  
CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR