

INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF NET CAPITAL BALANCE OF AL HABIB CAPITAL MARKETS LIMITED

To the Chief Executive Officer of Al Habib Capital Markets Limited (the Securities Broker)

Introduction

We have reviewed the accompanying Statement of Net Capital Balance of Al Habib Capital Markets Limited (the Company) as at 30 June 2022 and notes to the Statement of Net Capital Balance as at 30 June 2022 (together 'the statement'). Management is responsible for the preparation and presentation of the statement in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP). Our responsibility is to express a conclusion on the statement 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" which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of the historical 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 Statement is not prepared, in all material respects, in accordance with the Second Schedule of the Regulations.

Other Matter - Restriction on Distribution and Use

Our report is intended solely for the Company, SECP, Pakistan Stock Exchange and National Clearing Company of Pakistan Limited and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.



Chartered Accountants

Place: Karachi

Date: 13 September 2022



AL Habib Capital Markets (Pvt) Ltd.

(A Subsidiary of Bank AL Habib Ltd.)

AL Habib Capital Markets (Private) Limited Statement of Net Capital Balance As at 30 June 2022

(Excess of Current Assets over Current Liabilities determined in accordance with the requirements of Second Schedule of the Securities Broker (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan (SECP)).

| DESCRIPTION | VALUATION BASIS | Note | Sub Total | Total |
|---|---|------------|-----------------------------|----------------------------|
| ----- (Rupees) ----- | | | | |
| <u>CURRENT ASSETS</u> | | | | |
| Cash in hand and bank balances | As per book value | 2 | | 213,842,741 |
| Cash deposited as margin with National Clearing Company of Pakistan Limited (NCCPL) | As per book value | 3 | | 211,343,050 |
| Trade receivables | As per book value Less: Overdue for more than 14 days | 4 | 579,138,989 (68,878,697) | 510,260,292 |
| Investment in listed securities in the name of broker | At market value Less: Securities pledged against Base Minimum Capital | 5 5.1 | 114,810,048 (37,430,490) | |
| | | | 77,379,558 | |
| | Less: 15% discount on market value of securities | | (11,606,934) | |
| | | | | 65,772,624 |
| Securities purchased for customers | Value of shares appearing in clients respective sub account to the extent of overdue balance for more than 14 days or value of securities, whichever is less. | | | 65,465,315 |
| Pakistan Investment Bond | At market value Less: 5% discount | 6 | 154,893,594 (7,744,680) | 147,148,914 |
| Total Current Assets | | A | | 1,213,832,936 |
| <u>CURRENT LIABILITIES</u> | | | | |
| Trade payables | As per book value (trade base) Less: Overdue for more than 30 days | 7 | 282,148,234 (67,900,222) | |
| Other liabilities | As per book value | 8 | | 214,248,012 767,878,248 |
| Total Current Liabilities | | B | | 982,126,260 |
| Net Capital Balance as at June 30, 2022 | | A-B | | 231,706,676 |

The annexed notes 1 to 9 form an integral part of the statement

Chief Executive Officer



Chief Financial Officer



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AL Habib Capital Markets (Pvt) Ltd.

AL Habib Capital Markets (Private) Limited

Notes to the Statement of Net Capital Balance

As at 30 June 2022

1. STATEMENT OF COMPLIANCE

1.1 The statement of net capital balance ("the Statement") has been prepared in accordance with the requirements of Second Schedule of the Securities Broker (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan (SECP) and the clarification/guidelines issued by SECP dated 3 July 201, 20 December 2013, 25 June 2015 and 8 September 2016.

1.2 The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

| Description | Valuation Basis |
|---|---|
| Cash in hand or in bank | As per book value. |
| Cash deposited as margin with National Clearing Company of Pakistan | As per book value. |
| Trade receivables | Book value less those overdue for more than fourteen days. |
| Investment in listed securities in the name of the broker | Securities on the exposure list marked to market less 15% discount. |
| Securities purchased for customers | Securities purchased for the customers and held by the broker where the payment has not been received within fourteen days. |
| Pakistan Investment Bond | Marked to market less 5% discount. |
| Any other assets as specified by the Commission | As per the valuation basis as determined by the Commission. |
| Trade Payables | Book value less those overdue for more than thirty days. |
| Other Liabilities | As classified under the generally accepted accounting principles. |

Note

30 June
2022
(Rupees)

2. CASH IN HANDS AND BANK BALANCES

These are stated at book value.

| | | |
|---|-----|--------------------|
| Cash in hand | | 101,417 |
| Bank balances pertaining to: | | |
| - AL Habib Capital Markets (Private) Limited - Current and PLS accounts | | 1,108,521 |
| - Clients - (Settlement base)-Current and PLS accounts | 2.1 | 215,221,563 |
| | | <u>216,431,501</u> |
| Less: Excess balance on client account over liabilities | | (2,588,760) |
| | | <u>213,842,741</u> |

2.1 The client's bank account balance has been taken into account along with client wise trade payables balance on settlement base for the purpose of Net Capital Balance in accordance with clause 1.5 A of clarification / guidelines issued by SECP on 08 September 2016.

3. CASH DEPOSITED AS MARGIN WITH NCCPL

This represent cash deposited with National Clearing Company of Pakistan Limited against the exposure margin deposits. Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarifications issued by SECP.

4. TRADE RECEIVABLES

These are valued at book value less adjustments of bad and doubtful debts (if any) and debts outstanding for more than 14 days.

| | | |
|---|--|--------------------|
| Due from client against margin trading system (MTS) - secured | | 292,099,792 |
| Due from client against margin financing system (MTS) - secured | | 70,848,141 |
| Due from client against trading of securities - secured | | 215,187,825 |
| Due from client against trading of securities related parties - secured | | 1,003,231 |
| Less: Outstanding for more than 14 days | | (68,878,697) |
| | | <u>147,312,359</u> |
| Adjusted Balance | | <u>510,260,292</u> |



5. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

| 30 June 2022 Number of shares | Name of investee | Note | 30 June 2022 | |
|--|---------------------------------------|------|--------------------------------|--------------------|
| | | | Carrying amount (Rupees) | Market value |
| 285,000 | The Hub Power Company Limited | | 24,379,289 | 19,428,450 |
| 177,000 | Pakistan Petroleum Limited | 5.1 | 21,445,995 | 11,949,270 |
| 87,000 | Habib Bank Limited | | 14,748,629 | 7,946,580 |
| 1,902,953 | Pakistan Stock Exchange Limited | 5.1 | 21,935,494 | 19,467,210 |
| 9,000 | Attock Petroleum Limited | 5.1 | 4,617,590 | 2,891,790 |
| 35,200 | Engro Corporation Limited | 5.1 | 10,075,009 | 9,049,568 |
| 42,000 | Oil & Gas Development Company Limited | 5.1 | 6,266,853 | 3,304,140 |
| 9,440,500 | JS Bank Limited | | 44,837,310 | 37,762,000 |
| 306,000 | SAMBA Bank Limited | | 3,809,700 | 3,011,040 |
| | | | 152,115,869 | 114,810,048 |

5.1 These includes 76,778 shares (31 December 2021 : Nil) of Pakistan Petroleum Limited, 1,902,953 shares (31 December 2021 : 1,902,953) Pakistan Stock Exchange Limited, 9,000 shares of Attock Petroleum Limited (31 December 2021: 9,000), 30,200 shares of Engro Corporation Limited (31 December 2021: 30,200) and 27,000 shares of Oil & Gas Development Company Limited (31 December 2021: 12,000) respectively pledged against Base Minimum Capital.

In compliance with the sub-regulation 2.1 of the Regulation Governing Risk Management (Regulations) of the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited), every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Regulations.

6. Government securities - Pakistan Investment Bonds

| Tenor | (Rupees) | | Rupees | | Percentage | |
|---------------------------------|-------------------------------------|----------------------------------|---|------------------------------------|---|--|
| | Face value As at 01 July 2021 | Face value As at 30 June 2022 | Carrying value as at 30 June 2022 | Market value as at 30 June 2022 | Market value as a percentage of total investments | Market value as a percentage of net assets |
| 3 Years | 85,000,000 | - | - | - | - | - |
| 5 Years | 75,000,000 | 180,000,000 | 157,273,255 | 154,893,594 | 57.43 | 44.03 |
| Total as at 30 June 2022 | 160,000,000 | 180,000,000 | 157,273,255 | 154,893,594 | 57.43 | 44.03 |
| Total as at 30 June 2021 | | | 153,368,128 | 159,138,381 | 50.77 | 45.89 |

7. TRADE PAYABLES

This represents balances payable against trading of shares less trade payable balance overdue for more than 30 days which have been included in other liabilities.

8. OTHER LIABILITIES

These represents current liabilities, other than trade payable, which are due with in 30 days. Other liabilities are stated at book value.

The break up is as follows:

Accruals and other payables

- Accrued expenses
- Other liabilities
- Workers' Welfare Fund
- Short Term Borrowings
- Trade payables overdue for more than 30 days

30 June
2022
(Rupees)

| |
|--------------------|
| 6,660,739 |
| 15,966,936 |
| 2,403,756 |
| 25,031,431 |
| 674,946,595 |
| 67,900,222 |
| 767,878,248 |



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AL Habib Capital Markets (Pvt) Ltd.

9. GENERAL

9.1 Restriction of distribution of statement

The statement is prepared to meet the requirements of the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, this statement may not be suitable for any another purpose and should not be distributed to parties other than AL Habib Capital Markets (Private) Limited, the SECP, PSX or NCCPL.

9.2 Date of issuance

This statement is being authorized for issue on 13.09.2022



Chief Executive Officer



Chief Financial Officer