



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Habib Metropolitan Financial  
Services Limited**

**Financial Statements**

**For the year ended 31 December 2023**



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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Karachi 75530 Pakistan  
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## INDEPENDENT AUDITOR'S REPORT

**To the members of Habib Metropolitan Financial Services Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the annexed financial statements of **Habib Metropolitan Financial Services Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the loss, comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



KPMG Taseer Hadi & Co.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinions:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the zakat and ushr ordinance, 1980 (XVIII of 1980); and
- e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.





KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditor's report is Aryn Pirani.

Date: 8 April 2024

Karachi

UDIN: AR2023102010MlcEh7k4

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi &amp; Co.', written over a horizontal line.

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

# Habib Metropolitan Financial Services Limited

## Directors' Report to the Shareholders

On behalf of the Board of Directors of Habib Metropolitan Financial Services Limited (HMFS). We are pleased to present the audited financial statements of the Company for the year ended 31 December 2023.

### Economic Review

In 2023, Pakistan faced yet another tough economic year, grappling with familiar challenges like forex limitations, trade deficits, and the ever-present political instability. The year unfolded against the backdrop of mounting debt, hefty external repayments, and a desperate need for a USD 3bn IMF tranche to pull the country out of its ongoing liquidity crisis. Every move by the government seemed to pivot on the balancing act of meeting IMF stipulations, from intensifying tax collections efforts, to raising policy rates, and trimming subsidies.

The forex crises led by the burgeoning trade and current account deficit led to a sharp decline in the PKR-USD parity, falling to PKR 307 per USD in early September, and eventually stabilizing at PKR 282 by year-end. Global tensions led to inflationary pressures, pushing the CPI to a staggering ~30% year on year in December 2023. To keep real interest rates in the positive, the State Bank of Pakistan increased the policy rate by 600 basis points. The government managed to secure a USD 1.2bn IMF tranche, allowing for a partial easing of import restrictions. In FY23, Current Account deficit also saw a significant drop to USD 2.2bn as against USD 17.48bn in the previous year.

The government took several initiatives including establishment of the Special Investment Facilitation Council (SIFC) and Pakistan Sovereign Wealth Fund which injected a dose of optimism among investors. Renewal of GSP+ status by the EU and a consensus on the Free Trade Agreement with the GCC were some of the major milestones achieved during the year. In order to tackle the growing energy sector circular debt which had soared to PKR 5.5tn by the end of 2023, the government disbursements in excess of PKR 800bn to the energy sector companies.

### Equity Market Review

In the concluded year, the Pakistan Stock Exchange (PSX) maneuvered through notable peaks and troughs, encapsulating a narrative of oscillations. Commencing with a somewhat unstable footing, as evidenced by an intraday low of 38,138.53 on January 23, the PSX showcased a remarkable rebound. It reached a historic intraday high of 67,093.96 on December 12, 2023, boasting a substantial return of 55% and emerging as a standout performer among diverse asset classes.

In 2023, the markets experienced a notable increase in stock buybacks, totaling 8 in number and valuing at PKR 36bn, as companies capitalized on lower share prices to boost investor ownership

and confidence. On the IPO front, PSX saw a subdued landscape with only one listing – Symmetry Group, which raised PKR 435mn. This contrasted with the three IPOs in 2022 and the broader global trend of increasing IPO activities.

A surge in Foreign Institutional Portfolio Investment (FIPI) played a crucial role, attracting foreign investors despite a 19% depreciation of the domestic currency. November 2023 marked the highest Net FIPI for the PSX in six years, totaling USD 73mn.

Underpinning this notable surge were influential factors, particularly the energy and banking sectors, crafting a historical pinnacle for the index. Trading activity observed a robust uptick in CY23, with the KSE-100 index reaching its zenith, registering a daily trading volume peak of 984mn on December 15th, propelled by the positive momentum ensuing from the IMF review. This stood in stark contrast to the prior year, 2022, where the peak daily trading volume on the KSE-100 amounted to 346mn on August 17th.

### **Principal Risks & Uncertainties**

HMFS's profitability is linked to the overall performance of the capital markets of the country, which in turn, are influenced by the overall macroeconomic and political environment of Pakistan. Global economic performance, geo-political environment, commodities prices, and movements in exchange rates also impact the performance of the capital markets and hence the profitability of HMFS.

### **Financial Performance**

HMFS has posted loss after tax of Rs.20.29mn for FY 2023 (FY 2022: Loss after tax of Rs. 3.79mn) which translates into an EPS of negative Rs. 0.68 (FY 2022: EPS of negative Rs. 0.13). During the year, brokerage revenue clocked in at Rs. 33.95mn, an increase of Rs.1.61mn (4.99%) year on year. Markup on treasury bills amounted to Rs.19.91mn, an increase of Rs. 6.96mn (53.77%) and other income which includes markup on bank balance and exposure deposits amounted to Rs. 27.03mn, an increase of Rs. 8mn (42.02%) year on year, mainly due to increase in interest rates. Administrative expenses amounted to Rs. 96.57mn an increase of Rs. 33.48mn (53.06%) from last year.

The net equity of HMFS as at the balance sheet date is Rs. 308.509mn (as compared to equity of Rs. 325.596mn for FY 2022) which translates into a book value per share of Rs. 10.28 (as compared to book value per share of Rs.10.85 for FY 2022).

### **Corporate Governance**

The Directors are pleased to state as follows:

- a) The financial statements, prepared by the management of HMFS present fairly its state of affairs, the results of its operations, cash flows and changes in equity.



- b) Proper books of accounts have been maintained by HMFS.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan have been followed in preparation of the financial statements and any departures therefrom has been adequately disclosed and explained.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon HMFS's ability to continue as a going concern.
- g) HMFS keeps effective and efficient internal financial controls system which remain active through consistent innovation and monitoring. The compliance function of HMFS evaluates the financial controls and ensures that there is an effective control environment throughout the company.
- h) The Statement of compliance with the code of corporate governance by HMFS has been considered and issued.

### Meetings of the Directors

During the year four meetings of the Board of Directors were held, the attendance of each director for these meetings is as follows:

<u>Name</u>	<u>Meetings Attended</u>
Mr. Khurram Shahzad Khan	02 (Resigned on June 20, 2023)
Syed Hasnain Haider Rizvi	04
Mr. Ather Ali Khan	04
Syed Ather Ahmed	01 (Joined on September 20, 2023)

### Auditors

The retiring auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have offered themselves for reappointment on mutually agreed remuneration.

### Shareholding

A statement showing pattern of shareholding in HMFS is enclosed with the Annual Audited Financial Statements of HMFS.

### Future Outlook

In 2024, Pakistan's stock market is at a turning point. With elections and the pending IMF tranche, investors are eyeing clarity. The addition of government debt securities on the PSX and the establishment of the SIFC can potentially expand investment avenues. Efforts to combat smuggling, maintain USD-PKR stability, potential rupee strengthening and easing inflation could lead to normalized policy rates.



Challenges persist, including potential commodity price spikes and mounting debt repayments, possibly requiring additional IMF support. Also natural disasters, especially floods, remain a threat. The first quarter of 2024 may see subdued activity due to global tensions, impacting demand. Nevertheless, optimism prevails for a gradual economic recovery, supported by stabilizing macroeconomics, and the prospect of another IMF program materializing to provide added assistance.

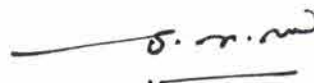
### Acknowledgement

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

On behalf of the Board of Directors



Ather Husain Medina  
Chief Executive



Syed Ather Ahmed  
Chairman

April 4, 2024

# Habib Metropolitan Financial Services Limited

## Statement of Compliance with the Code of Corporate Governance

For the year ended 31 December 2023

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 16 (1) (f) of the Securities Brokers (Licensing and Operations) Regulations, 2016 for the purpose of establishing as framework of good governance.

The Company has applied the principles contained in the CCG in the following manner:

1. HMFS has established an effective Board of Directors (the Board) with the requisite skills, competence, knowledge, and experience responsible for ensuring long-term success and for monitoring and evaluating the management's performance.

At present the Board includes:

<u>Category</u>	<u>Names</u>
Directors	Syed Ather Ahmed (Chairman) Syed Hasnain Haider Rizvi Mr. Ather Ali Khan
Chief Executive Officer (CEO)	Mr. Ather Husain Medina

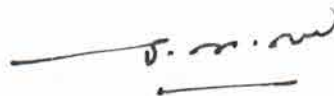
2. The Board has set the strategic objectives and ensured that the necessary financial and human- resources are in place to meet those objectives. The Board has further ensured that significant policies have been formulated on the following issues, among others:
  - a) governance, risk management and compliance issues.
  - b) customer relations including customer awareness and a mechanism and timeline for handling/resolving their complaints/grievances; and
  - c) segregation of customer assets from securities brokers' assets.
3. The Board has formulated and ensured adoption of a code of conduct/code of ethics to promote integrity of its business, its board, and its employees with special emphasis on measures for curbing any market manipulative activities such as front running, insider trading and other market abuse.
4. The Board has devised an effective whistle-blower mechanism enabling all stakeholders including employees to freely communicate their concerns about any illegal or unethical practices. The Board has also ensured that the interest of a whistle-blower is not prejudicially affected.

5. The Board has appointed Syed Ather Ahmed as Director in place of Mr. Khurram Shahzad Khan, who resigned during the period.
6. During the year four meetings of the Board were held and the Board has ensured that the minutes of meetings of the Board are appropriately recorded.
7. HMFS has confirmed that it has an appropriate and suitably qualified management team commensurate with the size and complexity of its business.
8. HMFS has made efforts to familiarize its directors with the CCG, other applicable laws, and their duties and responsibilities.
9. HMFS has reappointed KPMG Taseer Hadi & Co., Chartered Accountants, as its statutory auditors enlisted within Category "A" of the State Bank of Pakistan's Panel of Auditors.
10. The quarterly and annual financial statements including the details of all related party transactions have been approved by the Board and CEO after review for approval.
11. HMFS has ensured preparation and circulation of an Annual Report to PSX and SECP. The Annual Report contained the following:
  - a) Annual audited financial statements.
  - b) Directors' Report.
  - c) A statement by the CEO that there are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws.
  - d) Statement of compliance with CCG.

On behalf of the Board of Directors



Ather Husain Medina  
Chief Executive Officer



Syed Ather Ahmed  
Chairman

April 4, 2024



## **Habib Metropolitan Financial Services Limited**

A Statement by the Chief Executive Officer

"That there are no transactions entered into by Habib Metropolitan Financial Services Limited during the year ended 31 December 2023, which are fraudulent, illegal or in violation of any securities market laws".



Ather Husain Medina  
Chief Executive Officer

April 4, 2024

# Habib Metropolitan Financial Services Limited

## Statement of Financial Position

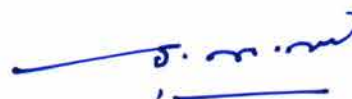
As at 31 December 2023

Note	2023	2022
	(Rupees)	
6	21,586,772	8,835,362
7	3,435,360	729,257
8	<u>16,173,796</u>	<u>12,951,860</u>
	41,195,928	22,516,479
10	102,069,211	105,343,594
11	2,389,219	1,413,095
12	80,405,128	80,393,575
13	95,539,733	98,971,863
15	3,570,968	2,818,763
16	141,890	63,173
	40,351,141	34,759,308
17	<u>140,251,593</u>	<u>140,926,546</u>
	464,718,883	464,689,917
	<u><u>505,914,811</u></u>	<u><u>487,206,396</u></u>
	<u><u>300,000,000</u></u>	<u><u>300,000,000</u></u>
18	300,000,000	300,000,000
	6,232,009	26,518,653
14	<u>2,276,750</u>	<u>(922,787)</u>
	308,508,759	325,595,866
19.2	3,359,036	5,350,084
9	<u>721,631</u>	<u>22,685</u>
	4,080,667	5,372,769
19	193,325,385	156,237,761
20	<u>-</u>	<u>-</u>
	193,325,385	156,237,761
	<u><u>505,914,811</u></u>	<u><u>487,206,396</u></u>
21		

The annexed notes 1 to 36 form an integral part of these financial statements.



Chief Executive Officer



Director

# Habib Metropolitan Financial Services Limited

## Statement of Profit or Loss

For the year ended 31 December 2023

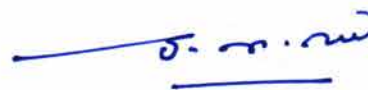
	Note	2023 (Rupees)	2022
Brokerage income	22	33,948,994	32,336,829
Income from investments - Mark-up on treasury bills		19,907,718	12,946,183
Administrative expenses	23	(96,570,155)	(63,091,345)
Finance cost	24	(725,487)	(845,497)
Provision for Sindh Workers' Welfare Fund		-	(12,692)
Provision against financial assets - net	10.2	59,619	(726,016)
		(97,236,023)	(64,675,550)
Other income	25	27,027,097	19,030,746
Loss before taxation		(16,352,214)	(361,792)
Provision for taxation			
- Current		(2,869,996)	(2,118,373)
- Prior		(356,339)	-
- Deferred	9	(708,095)	(1,311,149)
	27	(3,934,430)	(3,429,522)
Net loss for the year		(20,286,644)	(3,791,314)
Earning per share - basic and diluted	28	(0.68)	(0.13)

The annexed notes 1 to 36 form an integral part of these financial statements.





Chief Executive Officer



Director



**Habib Metropolitan Financial Services Limited**  
**Statement of Comprehensive Income**  
*For the year ended 31 December 2023*

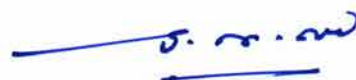
	Note	2023 (Rupees)	2022
Net loss for the year		(20,286,644)	(3,791,314)
Other comprehensive income:			
<b>Items to be reclassified to profit or loss in subsequent periods</b>			
- (Deficit) / Surplus on revaluation of debt investments carried at fair value	14	(31,548)	12,313
- Related deferred tax	9	9,149	(3,571)
		(22,399)	8,742
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
- Surplus / (deficit) on revaluation of equity shares investments carried at fair value through other comprehensive income	14	3,221,936	(9,088,744)
<b>Total comprehensive income for the year</b>		<u>(17,087,107)</u>	<u>(12,871,316)</u>

The annexed notes 1 to 36 form an integral part of these financial statements.





Chief Executive Officer

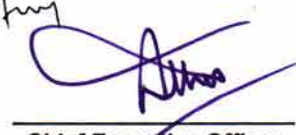


Director

**Habib Metropolitan Financial Services Limited**  
**Statement of Cash Flow**  
For the year ended 31 December 2023

	2023	2022
	(Rupees)	
<b>Cash flows from operating activities</b>		
Loss for the year before taxation	(16,352,214)	(361,792)
<b>Adjustments for:</b>		
Mark-up on treasury bills	(19,907,718)	(12,946,183)
Provision against financial assets	(59,619)	726,016
Provision for Sindh Workers' Welfare Fund	-	12,692
Markup on lease liability against right of use asset	567,741	714,026
Depreciation	4,585,690	2,300,109
Amortization	941,387	271,620
Gain on sale of asset	(1,996,000)	-
Gain on derecognition of leased - right of use asset	-	(50,465)
	(15,868,519)	(8,972,185)
<i>Decrease / (increase) in current assets</i>		
Receivable from customers	3,334,002	(60,142,536)
Loans and advances	(976,124)	(128,308)
Deposits and prepayments	(11,553)	(1,818,291)
Accrued profit	(752,205)	(1,856,014)
Other receivables	(78,717)	32,040
	1,515,403	(63,913,109)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	36,802,686	(9,110,026)
	6,097,356	(82,357,112)
Income taxes paid	(8,818,168)	(5,743,021)
<b>Net cash flows from operating activities</b>	(2,720,812)	(88,100,133)
<b>Cash flows from investing activities</b>		
Proceeds from the maturity of investments	500,000,000	400,000,000
Purchase of investments - net	(476,691,700)	(387,504,000)
Property and equipment acquired during the year - net	(17,337,100)	(1,910,317)
Proceeds from sale of fixed assets	1,996,000	-
Intangible assets acquired during the year	(3,647,490)	(273,710)
<b>Net cash flows from investing activities</b>	4,319,710	10,311,973
<b>Cash flows from financing activities</b>		
Repayment of liability against right of use assets	(2,273,851)	(2,165,573)
<b>Net cash flows from financing activities</b>	(2,273,851)	(2,165,573)
<b>Net decrease in cash and cash equivalent</b>	(674,953)	(79,953,733)
Cash and cash equivalent at beginning of the period	140,926,546	220,880,279
<b>Cash and cash equivalent at end of the period</b>	140,251,593	140,926,546
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	140,251,593	140,926,546
Short term borrowings	-	-
	140,251,593	140,926,546

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**Chief Executive Officer**

  
**Director**

**Habib Metropolitan Financial Services Limited**  
**Statement of Changes in Equity**  
For the year ended 31 December 2023

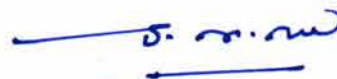
	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	(Rupees)			
Balance as at 1 January 2022	300,000,000	30,309,967	8,157,215	338,467,182
<b>Total comprehensive income for the period</b>				
Net loss for the year ended 31 December 2022	-	(3,791,314)	-	(3,791,314)
Other Comprehensive Income - net deficit on revaluation of investments - net of tax	-	-	(9,080,002)	(9,080,002)
	-	(3,791,314)	(9,080,002)	(12,871,316)
Balance as at 31 December 2022	300,000,000	26,518,653	(922,787)	325,595,866
<b>Total comprehensive income for the period</b>				
Net loss for the year ended 31 December 2023	-	(20,286,644)	-	(20,286,644)
Other Comprehensive Income - net surplus on revaluation of investments - net of tax	-	-	3,199,537	3,199,537
	-	(20,286,644)	3,199,537	(17,087,107)
Balance as at 31 December 2023	300,000,000	6,232,009	2,276,750	308,508,759

The annexed notes 1 to 36 form an integral part of these financial statements.

For



Chief Executive Officer



Director



# Habib Metropolitan Financial Services Limited

## Notes to the Financial Statements

For the year ended 31 December 2023

### 1 STATUS AND NATURE OF BUSINESS

Habib Metropolitan Financial Services Limited (the Company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is a wholly owned subsidiary of Habib Metropolitan Bank Limited (the Holding Company). The Ultimate Parent Company is Habib Bank AG Zurich, which is incorporated in Switzerland. The Company is engaged in the business of stock brokerage. The Company holds a Trading Rights Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited (PSX). The registered office of the Company is located at 1st Floor, GPC 2, Block 5, Khokashan Clifton, Karachi. The Company commenced its operations on 06 March 2008.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Wherever the requirements of Companies Act, 2017 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Act, 2017 and said directives shall prevail.

#### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the functional currency of the Company and rounded off to the nearest Rupees.

#### 2.3 Use of estimates and judgment

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgment are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgements and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes.

- Useful lives of property and equipments (Note 5.1 & 6)
- Useful lives of intangible assets (Note 5.2 & 7)
- Provision for impairment of receivable from customers and other receivables (Note 5.7 & 10)
- Valuation and impairment of investments (Note 5.3.3)
- Provision for compensated absences (Note 5.6)
- Income Tax (Note 5.9)
- Provision for impairment of financial and non-financial assets (Note 5.7)

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### 3 BASIS OF MEASUREMENT

#### Accounting convention

These financial statements have been prepared under the historical cost convention, except that investments are carried at fair values.

### 4 NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATIONS AND FORTHCOMING REQUIREMENTS

#### 4.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in current year

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 January 2024 but are considered not to be relevant or do not have any significant impact on the Company's operation and therefore have not been detailed in these financial statements.

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These did not result in any changes to the accounting policies itself and did not impact the accounting policy information disclosed in the audited annual financial statements as at and for the year ended 31 December 2022.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality for the disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management has reviewed the accounting policies and assessed that information given in Note 5 of summary of significant accounting policies as disclosed in the audited annual financial statements as at and for the year ended 31 December 2022 are in line with the amendments. The amendments had no impact on the Company's financial statements.

#### 4.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual

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reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Lack of Exchangeability (amendments to IAS 21) clarify:
  - when a currency is exchangeable into another currency; and
  - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The above amendments are not likely to have any significant impact on the Company's financial statements.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies have been applied consistently to all periods presented in these financial statements as set out below.

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## **5.1 Property and equipment**

### **5.1.1 Owned**

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on a straight line basis over the estimated useful life of the asset at the rates specified in note 6. Depreciation on additions is charged from the date of addition. In case of disposals during the year, the depreciation is charged up till the date of disposal.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of Profit or Loss.

An item of Property and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of asset is recognised in the statement of Profit or Loss in the year the asset is derecognised. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates at each balance sheet date.

### **5.1.2 Leased - Right of Use asset**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases property for its operations. The Company recognizes a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right of use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right of use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right of use asset is periodically reduced by impairment losses, if any.

## **5.2 Intangible assets**

These represent computer softwares.

Computer softwares are recognised in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and the cost of the intangible asset can be measured reliably. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software is charged to statement of Profit or Loss for the year on a straight line basis at the rates specified in note 7. The amortization period and the amortization method for intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

## **5.3 Financial Assets**

### **5.3.1 Non-derivative financial assets**

Financial assets are initially recognised at the time when the Company becomes a party to the contractual provision of the instrument.

Financial assets currently comprising of the assets 'measured at amortised cost', are initially measured at fair value plus, transaction costs that are directly attributable to its acquisition. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

In case of subsidized staff loan where, the fair value of the amount disbursed, on initial recognition, is lower than the amount so disbursed, the difference is recognized in the profit and loss account. Markup on these loans are then recognized under the effective interest rate method.

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Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### **5.3.2 Cash and cash equivalent**

Cash at bank and short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### **5.3.3 Fair Value through Other Comprehensive Income (FVOCI)**

Currently, investments are classified as FVOCI, and these are measured at the fair value.

#### *Equity securities*

Equity investment classified as FVOCI, under irrevocable election to present subsequent changes in fair value in OCI without recycling to statement of profit and loss account. Dividends are recognized as income in the statement of profit or loss account. However, equity instrument at FVOCI are not subject to impairment assessment.

#### *Debt securities - Market Treasury Bills*

Market treasury bills are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and other gain / (losses) are recognized in statement of profit and loss account. On derecognition, gain and losses accumulated in other comprehensive income are recycle to statement of profit and loss account.

#### *Regular way purchase and sales*

Investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of investment require delivery of securities within two days of transaction date as required by stock exchange regulations.

### **5.4 Liability against right of use assets**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.


### **5.5 Non-derivative financial liabilities**

Financial liabilities are initially recognised at the time when the Company becomes party to the contractual provisions of the instruments. All financial liabilities are recognised initially at fair value plus directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest rate.

At the year-end, all the financial liabilities were classified as at amortised cost.

#### **5.5.1 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are set off and the net amount is reported in the Statement of Financial Position when and only when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.





## 5.6 Compensated Absences

Employees' entitlement to annual leave is recognised when these are due. A provision is made for liability for annual leaves as a result of services rendered by the employees against unavailed leaves, as per terms of service contract, up to the balance sheet date.

## 5.7 Impairment

### *Financial assets*

The Company recognises loss allowances for Expected Credit Loss (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition (although in this case the measurement is at 12 month ECLs).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for the recovery of amounts due.

### *Non-financial assets*

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of Profit or Loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

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## **5.8 Provisions**

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

## **5.9 Taxation**

Provision for taxation expense comprise of current and deferred tax. Current and deferred tax is recognised in Statement of profit or loss except to the extent that it relates to items recognised in equity and other comprehensive income. In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

### *Current*

Provision for current taxation is the expected tax payable on taxable income for the period and is based on the tax payable under normal tax regime at current rate of taxation under the normal tax regime after considering the effects of minimum taxation, available tax credits and rebates.

### *Deferred*

Deferred taxation is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. The amount of deferred tax recognised is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is also recognised in surplus on revaluation of investments by debiting that account (recognised in equity).

## **5.10 Foreign currency transactions**

Foreign currency transactions are translated into functional currency i.e., Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are taken to statement of profit or loss.

## **5.11 Revenue recognition**

- Brokerage commission income is recognised on the rendering of services.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Gains / (losses) on sale of investments are included in the Statement of Profit or Loss in the period in which they arise.
- Interest income is recognised as it accrues in the Statement of Profit or Loss, using the effective interest method.

## **5.12 Dividend and appropriation of reserves**

Dividend and appropriation to reserves are recognised in the period in which these are approved.

## **5.13 Earnings per share (EPS)**

EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period.

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## 6 PROPERTY AND EQUIPMENT

	Note	31 December 2023	31 December 2022
		(Rupees)	
Operating asset	6.1	17,444,045	1,478,403
Right of use asset	6.2	4,142,727	5,856,959
Advance for capital expenditure		-	1,500,000
		<u>21,586,772</u>	<u>8,835,362</u>

### 6.1 Operating asset

Operating asset	2023									
	Cost				Depreciation				Written down value as at 31 December 2023	Rate
	At 1 January 2023	Additions	Disposals	At 31 December 2023	At 1 January 2023	Reversal on disposals for the year	Charge for the year	At 31 December 2023		
	(Rupees)									
<b>Owned</b>										
Office equipment	1,632,432	2,471,346	(87,500)	4,016,278	1,055,874	(87,500)	374,406	1,342,780	2,673,498	15%
Furniture and fixtures	334,816	3,665,735	-	4,000,551	175,669	-	465,162	640,831	3,359,720	15%
Computer equipment	2,933,850	4,928,019	-	7,861,869	2,191,152	-	911,868	3,103,020	4,758,849	25%
Motor vehicles	34,795	7,772,000	(20,525)	7,786,270	34,795	(20,525)	1,120,022	1,134,292	6,651,978	20%
	<u>4,935,893</u>	<u>18,837,100</u>	<u>(108,025)</u>	<u>23,664,968</u>	<u>3,457,490</u>	<u>(108,025)</u>	<u>2,871,458</u>	<u>6,220,923</u>	<u>17,444,045</u>	
	2022									
	Cost				Depreciation				Written down value as at 31 December 2022	Rate
	At 1 January 2022	Additions	Disposals	At 31 December 2022	At 1 January 2022	Reversal on disposals for the year	Charge for the year	At 31 December 2022		
	(Rupees)									
<b>Owned</b>										
Office equipment	1,572,762	59,670	-	1,632,432	868,348	-	187,526	1,055,874	576,558	15%
Furniture and fixtures	320,619	14,197	-	334,816	140,679	-	34,990	175,669	159,147	15%
Computer equipment	2,597,400	336,450	-	2,933,850	1,827,791	-	363,361	2,191,152	742,698	25%
Motor vehicles	34,795	-	-	34,795	34,795	-	-	34,795	-	20%
	<u>4,525,576</u>	<u>410,317</u>	<u>-</u>	<u>4,935,893</u>	<u>2,871,613</u>	<u>-</u>	<u>585,877</u>	<u>3,457,490</u>	<u>1,478,403</u>	

6.1.1 Cost of fully depreciated assets which are still in use as at 31 December 2023 amounts to Rs. 2.3 million (31 December 2022: 1.75 million).

### 6.2 Right of use asset (office premises)

	31 December 2023	31 December 2022
	(Rupees)	
Balance as on 01 January	5,856,959	7,865,489
Depreciation of right of use assets	(1,714,232)	(1,714,232)
Effect of derecognition	-	(294,298)
Balance as on 31 December	<u>4,142,727</u>	<u>5,856,959</u>

6.2.1 These are being amortised over the period up to 31 May 2026.

## 7 INTANGIBLE ASSETS

	31 December 2023	31 December 2022
	(Rupees)	
Operating intangible asset	<u>3,435,360</u>	<u>729,257</u>

		2023							
Note	Cost			Amortization			Written down value as at 31 December 2023	Rate	
	At 1 January 2023	Additions during the year	At 31 December 2023	At 1 January 2023	Charge for the year	At 31 December 2023			
	(Rupees)								
	Online trading software	1,070,000	-	1,070,000	1,070,000	-	1,070,000	-	30%
	PSX gateway application for online trading	551,500	-	551,500	551,500	-	551,500	-	30%
7.1	TRE Certificate	-	-	-	-	-	-	-	-
	Softwares	1,284,857	3,647,490	4,932,347	555,600	941,387	1,496,987	3,435,360	30%
		2,906,357	3,647,490	6,553,847	2,177,100	941,387	3,118,487	3,435,360	
		2022							
Note	Cost			Amortization			Written down value as at 31 December 2022	Rate	
	At 1 January 2022	Additions during the year	At 31 December 2022	At 1 January 2022	Charge for the year	At 31 December 2022			
	(Rupees)								
	Online trading software	1,070,000	-	1,070,000	1,070,000	-	1,070,000	-	30%
	PSX gateway application for online trading	551,500	-	551,500	551,500	-	551,500	-	30%
7.1	TRE Certificate	-	-	-	-	-	-	-	-
	Software	1,011,147	273,710	1,284,857	283,980	271,620	555,600	729,257	30%
		2,632,647	273,710	2,906,357	1,905,480	271,620	2,177,100	729,257	

7.1 Represents the TRE (trading right entitlement) Certificate.

7.2 Cost of fully amortized assets which are still in use as at 31 December 2023 amounts to Rs. 1.79 million (31 December 2022 Rs. 1.79 million).



8 LONG TERM INVESTMENT - at fair value through other comprehensive income (OCI)

31 December 2023 (Number of shares)	31 December 2022 (Number of shares)		Note	31 December 2023 (Rupees)	31 December 2022 (Rupees)
1,602,953	1,602,953	Cost of investment		13,900,000	13,900,000
-	-	Surplus / (deficit) on revaluation of investment		2,273,796	(948,140)
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	8.1	<u>16,173,796</u>	<u>12,951,860</u>

8.1 This represents ordinary shares of Pakistan Stock Exchange Limited (PSX) having face value of Rs.10 each and are carried at the market value. These shares are pledged in favour of PSX.

8.2 In compliance with the Chapter 19 of Rule Book of PSX Governing Risk management, every TREC holder shall maintain Base Minimum Capital (BMC) as per the slabs with the exchange which shall be determined based on the Assets Under Custody (AUC).

Minimum required BMC amounted to Rs. 30.07 million. Accordingly, the Company has complied with the said requirement in the following manner:

- Transferable TRE Certificate lien marked with irrevocable authority in favour of the exchange;
- Amount deposited with the exchange amounting to Rs. 18.5 million to fulfil the BMC requirement (note 12); and
- Shares of PSX (1,602,953 shares) pledged in favour of the exchange (as above).

9 DEFERRED TAX LIABILITY

Deferred tax liability comprises of temporary differences in respect of the following:

	Balance as at 1 January 2022	Recognised in profit and loss	Recognised in equity	Balance as at 31 December 2022 (Rupees)	Recognised in profit and loss	Recognised in equity	Balance as at 31 December 2023
<b>Taxable Temporary difference:</b>							
Property and equipment	(25,670)	25,670	-	-	(677,724)	-	(677,724)
Intangible assets	(3,568)	(8,761)	-	(12,329)	(30,371)	-	(42,700)
(Surplus) / deficit on revaluation of investments - net	(6,785)	-	(3,571)	(10,356)	-	9,149	(1,207)
	<u>(36,023)</u>	<u>16,909</u>	<u>(3,571)</u>	<u>(22,685)</u>	<u>(708,095)</u>	<u>9,149</u>	<u>(721,631)</u>
<b>Deductible Temporary difference:</b>							
Provision for leave encashment	439,640	(439,640)	-	-	-	-	-
Liability against right of use asset - net	286,234	(286,234)	-	-	-	-	-
Provision against Receivables from Customers	602,184	(602,184)	-	-	-	-	-
Accumulated losses	-	-	-	-	-	-	-
	<u>1,328,058</u>	<u>(1,328,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,292,035</u>	<u>(1,311,149)</u>	<u>(3,571)</u>	<u>(22,685)</u>	<u>(708,095)</u>	<u>9,149</u>	<u>(721,631)</u>

\* The Company, as a measure of prudence, has not recognized deferred tax asset of Rs. 8.70 million (2022: Rs. 2.96 million) on above deductible temporary differences.

10 RECEIVABLES FROM CUSTOMERS

	Note	31 December 2023 (Rupees)	31 December 2022 (Rupees)
Trade receivables from the customers	10.1	102,809,886	108,022,637
Less: Provision against receivable from customers	10.2	(2,742,892)	(2,802,511)
		<u>100,066,994</u>	<u>105,220,126</u>
Receivable from NCCPL			
- ready market		-	2,840
- future market		2,002,217	120,628
		<u>102,069,211</u>	<u>105,343,594</u>

10.1 Details of the maximum aggregate amount due from the related parties outstanding at any time during the period (month-end balances) are as under:

	31 December 2023 (Rupees)	31 December 2022 (Rupees)
Habib Metropolitan Bank Limited (holding company)	572,561	664,773
First Habib Modaraba	67	-
Habib Metro Modaraba Management Company	7,069	7,096

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10.2	Provision against the balance receivable from the customers		31 December 2023	31 December 2022
			(Rupees)	
	Opening balance		2,802,511	2,076,495
	(Reversal) / charge during the year		(59,619)	726,016
	Closing balance		<u>2,742,892</u>	<u>2,802,511</u>

### 10.3 Aging analysis

The aging analysis of the trade receivables relating to purchase of shares is as follows:

	Note	31 December 2023	
		Amount	Custody value
		(Rupees)	
Less than five days	10.3.1	92,981,823	960,798,298
Five days or more	10.3.1	9,828,063	2,393,526,697
		<u>102,809,886</u>	<u>3,354,324,995</u>

10.3.1 These custody values are shown at values on the basis of VAR notified by National Clearing Company of Pakistan Limited (NCCPL).

11	LOANS TO EMPLOYEES	Note	31 December 2023	31 December 2022
			(Rupees)	
	Unsecured, considered good			
	Loans to Key Management Personnel	11.2	1,478,249	369,867
	Loans to other employees		910,970	1,043,228
			<u>2,389,219</u>	<u>1,413,095</u>

11.1 Above are unsecured interest free balances and are adjustable against the monthly salaries.

11.2	Loans to Key Management Personnel	Note	31 December 2023	31 December 2022
			(Rupees)	
	Opening balance		369,867	329,867
	Loan granted during the period		3,599,015	1,128,030
	Repayment of loan during the period		(2,280,351)	(1,088,030)
	Adjustment		(210,282)	-
	Closing balance		<u>1,478,249</u>	<u>369,867</u>

### 12 DEPOSITS AND PREPAYMENTS

Deposits with:				
- NCCPL against the exposure	12.1	59,916,627	59,916,627	
- PSX under BMC requirement	12.2	18,500,000	18,500,000	
- NCCPL for deliverable future contracts, ready contracts and initial deposit	12.3	1,400,000	1,400,000	
- Central Depository Company of Pakistan Limited	12.4	100,000	100,000	
- K-Electric Company Limited		34,390	34,390	
- Pakistan Beverage Limited		6,000	6,000	
		<u>79,957,017</u>	<u>79,957,017</u>	
Prepayments		448,111	436,558	
		<u>80,405,128</u>	<u>80,393,575</u>	

12.1 This represents margin deposit with NCCPL in accordance with the provisions of the Securities Act, 2015. These deposits carry mark-up at the rate of 19.04% (31 December 2022: 12.18%) per annum.

12.2 Following are the details of Deposit with PSX under BMC requirement:

	Note	31 December 2023	31 December 2022
		(Rupees)	
Opening balance as at (1 January)		18,500,000	16,500,000
Further deposits during the year		-	2,000,000
	12.2.1	<u>18,500,000</u>	<u>18,500,000</u>

12.2.1 This represents deposit with PSX to fulfil the base minimum capital requirement. These deposits carry mark-up at the rate of 19.66% (31 December 2022: 13.56% ) per annum.

12.3 This represents amount of Rs. 1 million (31 December 2022: Rs. 1 million) on account of basic deposit for deliverable future contracts market, Rs. 0.2 million (31 December 2022: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2022: Rs. 0.2 million) as initial deposit.

12.4 This represent amount of Rs.100,000 (31 December 2022: Rs.100,000) on account of deposit with CDC at the commencement of brokerage business.

13 SHORT TERM INVESTMENTS - at fair value through OCI		31 December 2023	31 December 2022
		(Rupees)	
Market treasury bills			
Amortised cost		95,535,572	98,936,154
Surplus arising on revaluation during the year ( & for the year)		4,161	35,709
Market value		<u>95,539,733</u>	<u>98,971,863</u>

13.1 Government securities

Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2023	Purchased during the year	Matured during the year	As at 31 December 2023	Carrying value as at 31 December 2023 (before revaluation)	Market value as at 31 December 2023 (carrying value after revaluation)
						(Units)	(Rupees)	
Treasury Bills - 3 months (face value of Rs 5,000)	21-Mar-24	21.3208%	20,000	100,000	100,000	20,000	95,535,572	95,539,733

13.2 Total face value of the above instruments is Rs.100 million. These are pledged with NCCPL against the exposure margin.

14 SURPLUS ON REVALUATION OF INVESTMENTS - net of tax		Note	31 December 2023	31 December 2022
			(Rupees)	

Short Term Investments

Opening balance		35,709	23,396
(Deficit) / surplus for the year arising on revaluation - treasury bills		(31,548)	12,313
Closing balance	13	<u>4,161</u>	<u>35,709</u>

Long term investments

Opening balance		(948,140)	8,140,604
Surplus / (deficit) for the year arising on revaluation		3,221,936	(9,088,744)
Closing balance	8	<u>2,273,796</u>	<u>(948,140)</u>
		2,277,957	(912,431)

Related Deferred Tax:

Opening balance		(10,356)	(6,785)
On revaluation during the year		9,149	(3,571)
Closing balance		<u>(1,207)</u>	<u>(10,356)</u>

Surplus - net of deferred tax

<u>2,276,750</u>	<u>(922,787)</u>
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15 ACCRUED PROFIT

Accrued profit on bank balances	578,043	965,508
Accrued profit on deposits against NCCPL exposure	1,919,966	1,220,949
Accrued profit on PSX BMC deposit	1,072,959	632,306
	<u>3,570,968</u>	<u>2,818,763</u>

16 OTHER RECEIVABLES

Receivable against CDC and NCCPL charges	124,184	63,173
Others	17,706	-
	<u>141,890</u>	<u>63,173</u>

17 CASH AND BANK BALANCES

Cash in Hand		25,000	-
Profit and loss sharing accounts:			
- Habib Metropolitan Bank Limited - The Holding Company	17.1	50,001	78,302,415
- Habib Bank Limited	17.1	1,443,218	1,970,190
- Meezan Bank Limited		6,670	6,670
		1,499,889	80,279,275
Current accounts:			
- Habib Metropolitan Bank Limited - The Holding Company	17.2	106,125,931	59,500,362
- MCB Bank Limited		32,600,773	1,146,909
		138,726,704	60,647,271
		<u>140,251,593</u>	<u>140,926,546</u>

17.1 These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 20.50% per annum (31 December 2022: 14.50%) per annum.

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		31 December 2023	31 December 2022
		(Rupees)	
17.2	Customers' assets held in the designated bank accounts	<u>90,534,517</u>	<u>59,495,362</u>
17.3	Customers' assets held in the CDC account	<u>5,495,272,472</u>	<u>3,811,870,192</u>
17.4	Customers' securities pledged with financial institutions	<u>72,327,997</u>	<u>44,646,272</u>

#### 18 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2022: 29,999,997) shares were held by the Holding company and 3 (31 December 2022: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

19	TRADE AND OTHER PAYABLES	Note	31 December 2023	31 December 2022
			(Rupees)	
	Due to customers in respect of securities transactions		131,902,523	93,791,106
	Payable to NCCPL		48,266,670	51,680,808
	Payable to workers' welfare fund	19.1	2,561,057	2,561,057
	Accrued expenses		8,604,087	6,355,416
	Sindh sales tax payable		-	143,264
	Liability against right of use assets - current portion	19.2	1,991,048	1,706,110
			<u>193,325,385</u>	<u>156,237,761</u>

- 19.1 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the different High Courts. The Company is of the view that it is not liable to pay this liability. However, the management has made provision for WWF for the years from 2008 to 2014 amounting to Rs. 1.79 million as a matter of abundant caution.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2008 are ultra vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The management, as a matter of abundant caution, has decided to maintain the provision of WWF till the decision of Supreme Court in respect of Civil Review Petition.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on 21 May 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 0.5 million or more in any year of account commencing on or after the date of closing of account on or after 31 December 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. From 2015 to the date, the Company has created provision of SWWF amounting to Rs.2.756 million out of which Company has paid SWWF of Rs. 1.984 million.

#### 19.2 Liability against right of use assets

Movement in lease liability against right of use assets (office premises) is as follows:

	Note	31 December 2023	31 December 2022
		(Rupees)	
Balance at the beginning of the year		7,056,194	8,852,504
Transaction during the year (modification)		-	(344,763)
Interest expense		567,741	714,026
Rentals		(2,273,851)	(2,165,573)
Balance at the end of the year		<u>5,350,084</u>	<u>7,056,194</u>

Maturity of liability against right of use assets (Office premises) is as follows:

Current (within one year)	19.2.1	1,991,048	1,706,110
Non - Current (more than one year)		3,359,036	5,350,084
		<u>5,350,084</u>	<u>7,056,194</u>

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## 19.2.1 Liability against right of use assets

	2023		
	Total		
	Minimum lease payments	Future finance cost	Present value of minimum lease payments
	(Rupees)		
Not later than one year	2,387,544	396,496	1,991,048
Later than one year and not later than five years	3,572,616	213,580	3,359,036
Later than five years	-	-	-
	<u>5,960,160</u>	<u>610,076</u>	<u>5,350,084</u>
Less: Current portion			<u>(1,991,048)</u>
			<u>3,359,036</u>

	2022		
	Total		
	Minimum lease payments	Future finance cost	Present value of minimum lease payments
	(Rupees)		
Not later than one year	2,273,851	567,741	1,706,110
Later than one year and not later than five years	5,960,161	610,077	5,350,084
Later than five years	-	-	-
	<u>8,234,012</u>	<u>1,177,818</u>	<u>7,056,194</u>
Less: Current portion			<u>(1,706,110)</u>
			<u>5,350,084</u>

Above liability has been discounted at 9.29% (2022: 9.29%) per annum.

20	SHORT TERM BORROWING	Note	31 December 2023	31 December 2022
			(Rupees)	
	Habib Metropolitan Bank Limited - The Holding Company	20.1	<u>-</u>	<u>-</u>
20.1	The company has obtained running finance facility from the Holding Company having credit limit up to Rs. 350 million (31 December 2022: Rs. 350 million). This carries mark up at the rate of 3 months KIBOR plus 2% per annum (31 December 2022: 3 months KIBOR plus 2% per annum) payable quarterly. This facility will mature on 30 June 2024 and is renewable. It is secured by first hypothecation charge on the receivables of the Company registered with Securities and Exchange Commission of Pakistan duly insured in the Holding Company's favour amounting to Rs. 667 million.			
21	CONTINGENCIES AND COMMITMENTS			
21.1	There were no contingencies as at 31 December 2023.			
21.2	Capital commitment as at the year end was Rs. 0.3 million.			
22	BROKERAGE INCOME	Note	2023	2022
			(Rupees)	
	Brokerage income	22.1 & 22.2	<u>33,948,994</u>	<u>32,336,829</u>
22.1	Disaggregation revenue			
	In the following table, revenue is disaggregated by type of customers:			
	- Corporate customers		22,750,087	16,536,907
	- Individual customers		<u>11,198,907</u>	<u>15,799,922</u>
			<u>33,948,994</u>	<u>32,336,829</u>
22.2	This includes brokerage from related parties amounting to Rs. 2.07 million (2022: Rs. 1.88 million).			
22.3	Brokerage revenue includes Rs. 3.01 million (2022: Rs. 0.395 million) from customers outside the country.			

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23	ADMINISTRATIVE EXPENSES	Note	2023	2022
			(Rupees)	
	Salaries and benefits	23.1	64,239,150	43,098,211
	Rent		132,007	123,653
	Repairs and maintenance		4,745,998	1,808,073
	Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		3,002,438	2,931,880
	Communication		6,191,344	4,855,599
	Utilities and office general expenses		2,247,877	1,665,220
	Professional tax		55,500	112,800
	Auditors' remuneration	23.2	1,789,588	1,075,546
	Legal and professional charges		1,997,430	1,101,707
	Printing and stationery		206,880	253,395
	Insurance		2,455,756	1,280,111
	Travelling and conveyance		203,981	171,499
	Entertainment and business promotions		1,189,700	671,367
	Fees and subscription		1,897,496	967,390
	Depreciation	6	4,585,690	2,300,109
	Amortization of intangible assets	7	941,387	271,620
	Others		687,933	403,165
			<u>96,570,155</u>	<u>63,091,345</u>

23.1 This includes remuneration of the Chief Executive and executives as follows:

	Chief Executive For the year ended 31 December		Executives For the year ended 31 December	
	2023	2022	2023	2022
	(Rupees)		(Rupees)	
Managerial remuneration	15,929,147	14,911,265	18,921,522	7,965,404
Bonus	1,875,000	625,000	2,125,122	801,615
	<u>17,804,147</u>	<u>15,536,265</u>	<u>21,046,644</u>	<u>8,767,019</u>
Number of persons	<u>1</u>	<u>* 2</u>	<u>5</u>	<u>4</u>

In addition to the above, the Chief Executive is entitled to company maintained car in accordance with the Company's HR policy.

\* Represents the number of CEOs at two different points of time.

23.2 Auditors' remuneration

	For the year ended	
	31 December 2023	31 December 2022
	(Rupees)	
Annual audit	600,000	350,000
Half yearly review	300,000	150,000
Certifications	375,000	150,000
Out of pocket expenses	514,588	425,546
	<u>1,789,588</u>	<u>1,075,546</u>

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24	FINANCE COST	2023	2022
		(Rupees)	
	Interest on lease liability against right of use asset	567,741	714,026
	Bank charges	155,057	131,471
	Mark-up on finance facility	2,689	-
		<u>725,487</u>	<u>845,497</u>
25	OTHER INCOME		
	Mark-up on bank balances	10,570,560	9,928,779
	Return on NCCPL exposure margin	10,356,926	6,472,780
	Return on PSX BMC deposit	3,633,352	2,110,922
	Physical shares transfer	1,789	423,127
	IPO / book building brokerage income	215	44,673
	Gain on sale of fixed assets	1,996,000	-
	Others	468,255	50,465
		<u>27,027,097</u>	<u>19,030,746</u>

25.1 This includes Rs. 0.41 million in respect of the interest unwinding of loans to employee carried at fair value.

## 26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the Holding Company including the Ultimate Parent Company, associated companies, directors of the Company 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.

26.1 Details of transactions during the period are other than those who have been disclosed else where in these financial statements as follows:

	For the year ended	
	31 December 2023	31 December 2022
	(Rupees)	
<b>Habib Metropolitan Bank Limited - the Holding Company</b>		
- Mark-up on bank balance	10,317,262	9,739,256
- Equity brokerage commission	1,778,923	899,267
- Rent / repayment of lease obligation against right of use asset	2,273,851	2,165,573
- Finance cost	155,914	130,872
<b>Key Management Personnel</b>		
- Salaries and benefits	41,450,949	25,026,784
- Equity brokerage commission	200,085	272,536
<b>Ultimate Parent Company</b>		
Habib Bank AG Zurich - Equity brokerage commission	44,636	235,737
<b>Associated Entities - Equity Brokerage Commission</b>		
First Habib Modaraba - (Subsidiary of Holding Company)	-	474,402

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26.2 Details of the balances with the related parties are as follows:

31 December 2023	31 December 2022
(Rupees)	
<b>Habib Metropolitan Bank Limited - The Holding Company</b>	
- Bank balances	106,175,932
- Accrued profit on a bank balance	578,043
- Receivable in respect of securities transactions (subsequently cleared).	351,047

**Key Management Personnel**

- Advances
- Payable in respect of securities transactions

1,478,249	369,867
(939,822)	(180,577)

**Associated Entities**

**First Habib Modaraba**

- Receivable / (payable) in respect of securities transactions

67	(433)
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**Habib Metro Modaraba Management Company**

- Receivable in respect of securities transactions

7,096	7,069
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**Directors (Holding Company)**

- Payable against sale of securities

(352,202)	(242,358)
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26.3 Number of employees

(Number of employees)

Number of employees as at the year end

26	24
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Average number of employees as at the year end

25	22
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27 TAXATION

The Company has filed returns of total income for the tax years up to 2023 (up to financial year ended 31 December 2022) which are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

The Deputy Commissioner Inland Revenue (DCIR) had passed an impugned order under section 161/205 of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2016 in respect of disallowance of various expenses amounting to Rs. 4,762,351 against which the Company had filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The concerned CIR(A) has decided the appeal vide its order dated 07 February 2023 wherein the CIR(A) has deleted the penalty imposed by the DCIR and has remanded back the impugned order for re-examination. The remand back proceedings of the subject year have not yet been initiated. Moreover, the tax department has also issued notices under section 161/205 of the Ordinance for the tax years 2017 to 2020 in respect of monitoring of withholding taxes and the same have not yet been finalized. The management expects decisions in its favour.

**Reconciliation of the tax charge for the period**

	For the year ended	
	31 December 2023	31 December 2022
	(Rupees)	
Loss before tax	(16,352,214)	(361,792)
Tax (asset) at the applicable tax rate of 29% (2022: 29%)	(4,742,142)	(104,920)
Deferred tax asset not recognised / permanent difference	4,742,142	104,920
Effect of minimum tax applicable	2,869,996	2,118,373
Prior year	356,339	-
Others	708,095	1,311,149
	3,934,430	3,429,522

28 EARNING PER SHARE BASIC AND DILUTED

Net Loss for the year

(20,286,644)	(3,791,314)
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(Number)

Weighted average ordinary shares during the period

30,000,000	30,000,000
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(Rupees)

Earning per share - basic and diluted

(0.68)	(0.13)
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29 DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS 2015

At present the Company has five members in its Research Department (including one senior analysts, three junior analyst and one data administrator). All members report to the senior analyst who in turn reports to CEO.

Compensation structure of research analysts is flat and is subject to qualification, experience and skill set of the person. However, the compensation of anyone employed in the research department does not in anyway depend on the contents/outcome of research report.

During the year ended December 31, 2023, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 7.06 million which comprises basic salary, medical allowance and other benefits and bonus as per the Company's policy.

30 RECONCILAITION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities	Equity			Total
	Trade and other payables (includes the lease related liability refer note 19)	Issued, subscribed and paid up capital	Unappropriated profit	Unrealised gain on revaluation of investments	
	(Rupees)				
Balance as at 1 January 2023	161,587,845	300,000,000	26,518,653	(922,787)	487,183,711
<b>Changes from financing cash flows</b>					
<b>Liability-related</b>					
Changes in trade and other payables	35,096,576	-	-	-	35,096,576
Loss for the year	-	-	(20,286,644)	-	(20,286,644)
Deficit on revaluation of investments - net of deferred tax	-	-	-	3,199,537	3,199,537
	35,096,576	-	(20,286,644)	3,199,537	18,009,469
<b>Balance as at 31 December 2023</b>	<b>196,684,421</b>	<b>300,000,000</b>	<b>6,232,009</b>	<b>2,276,750</b>	<b>505,193,180</b>

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board meet frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economic, political or other conditions. Concentration of the credit risk indicate the relative sensitivity of the Company's performance to developments effecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affect Company's or counter parties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Credit risk of the Company arises principally from the receivable from customers, long and short term deposits, loans and advances, short term investments, accrued markup, other.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	31 December 2023	31 December 2022
	(Rupees)	
Receivable from customers	100,066,994	105,220,126
Receivable from National Clearing Company Limited (NCCPL)	2,002,217	123,468
Loans to employees	2,389,219	1,413,095
Deposits - long term and short term	79,957,017	79,957,017
Other receivables	124,184	63,173
Accrued Profit	3,570,968	2,818,763
Bank balances	140,251,593	140,926,546
Financial Instruments exposed to credit risk	328,362,192	330,522,188



### Past due balances and impairment losses

The maximum exposure to credit risk for trade debts at the balance sheet date are as follows:

	31 December 2023		31 December 2022	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Past due 1-14 days	93,933,156	-	95,584,398	-
Past due 15 days -90 days	5,375,364	-	8,807,303	-
Past due 91 days -180 days	1,116,853	(457,084)	1,194,963	(366,538)
Past due 181 days -365 days	335,849	(335,849)	306,970	(306,970)
More than 365 days	2,048,664	(1,949,959)	2,129,003	(2,129,003)
	<u>102,809,886</u>	<u>(2,742,892)</u>	<u>108,022,637</u>	<u>(2,802,511)</u>

### Bank balances

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency
	Short Term	Long Term	
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Meezan Bank Limited	A-1+	AAA	JCR-VIS

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of the industrial sector analysis of the financial assets are as follows:

	31 December 2023		31 December 2022	
	(Rupees)	%	(Rupees)	%
Banks	141,724,562	43.16%	142,627,951	43.15%
Mutual Funds	5,362,345	1.63%	2,876,100	0.87%
Other Financial Institutions	89,808,663	27.35%	169,542,597	51.30%
Individuals and others	91,466,622	27.86%	15,475,540	4.68%
	<u>328,362,192</u>	<u>100.00%</u>	<u>330,522,188</u>	<u>100.00%</u>

### 31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities:

	31 December 2023			
	Carrying amount	Contractual cash flows	Six months or less	Above six months
	(Rupees)			
<b>Financial liabilities</b>				
Trade and other payables	194,123,364	194,733,440	189,942,887	4,790,553
	<u>194,123,364</u>	<u>194,733,440</u>	<u>189,942,887</u>	<u>4,790,553</u>
	31 December 2022			
	Carrying amount	Contractual cash flows	Six months or less	Above six months
	(Rupees)			
<b>Financial liabilities</b>				
Trade and other payables	158,883,524	160,061,342	154,642,696	5,418,646
	<u>158,883,524</u>	<u>160,061,342</u>	<u>154,642,696</u>	<u>5,418,646</u>

### 31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to interest rate risk and other price risk only.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	31 December 2023	31 December 2022
	(Rupees)	
<b>Fixed rate investments</b>		
- Deposit with NCCPL against the exposure	59,916,627	59,916,627
- Deposit with PSX under BMC requirement	18,500,000	18,500,000
- Investment in treasury bills	95,539,733	98,971,863
- Bank balance in profit and loss sharing account	1,499,889	80,279,275

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not have effected the after tax profit of the Company.

#### Cashflow sensitivity analysis for variable rate instruments

The Company is not exposed to variable rate risk.

#### Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at the year end was as follows:

	31 December 2023		
	Rate of mark-up / return (%)	Exposed to interest rate risk - up to three months	Not exposed to interest rate risk
		(Rupees)	
<b>Financial assets</b>			
Investment in shares of PSX	-	-	16,173,796
Receivable from customers	-	-	102,069,211
Loans to employees	-	-	2,389,219
Short-term investments	21.32%	95,539,733	-
Deposits	19.04%-19.66%	78,416,627	1,540,390
Accrued profit	-	-	3,570,968
Other receivables	-	-	124,184
Bank balances	20.50%	1,499,889	138,751,704
		175,456,249	264,619,472
<b>Financial liabilities</b>			
Trade and other payables including lease liability against right of use assets	-	-	(194,123,364)
<b>On-balance sheet gap</b>		175,456,249	70,496,108
			245,952,357
	31 December 2022		
	Rate of mark-up / return (%)	Exposed to interest rate risk - up to three months	Not exposed to interest rate risk
		(Rupees)	
<b>Financial assets</b>			
Investment in shares of PSX	-	-	12,951,860
Receivable from customers	-	-	105,343,594
Loans to employees	-	-	1,413,095
Short-term investments	15.70%	98,971,863	-
Deposits	12.18% - 13.56%	78,416,627	1,540,390
Accrued profit	-	-	2,818,763
Other receivables	-	-	63,173
Bank balances	14.50%	80,279,275	60,647,271
		257,667,765	184,778,146
<b>Financial liabilities</b>			
Trade and other payables including lease liability against right of use assets	-	-	(158,883,524)
<b>On-balance sheet gap</b>		257,667,765	25,894,622
			283,562,387



Fair value of the financial assets that are traded in active markets are based on quoted market prices.

On balance sheet	Note	31 December 2023				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		95,539,733	-	95,539,733	-	95,539,733
- Long term investments						
- Investment in the shares of Pakistan Stock Exchange Limited		16,173,796	16,173,796	-	-	16,173,796
		111,713,529	16,173,796	95,539,733	-	111,713,529
Financial assets not measured at fair value	32.2					
- Receivable from customers		102,069,211	-	-	-	-
- Loan to employees		2,389,219	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		124,184	-	-	-	-
- Accrued Profit		3,570,968	-	-	-	-
- Bank balances		140,251,593	-	-	-	-
		440,075,721	16,173,796	95,539,733	-	111,713,529
Financial liabilities not measured at fair value	32.2					
- Trade and other payables		(194,123,364)	-	-	-	-
On Balance Sheet Gap		245,952,357	16,173,796	95,539,733	-	111,713,529
On balance sheet financial instruments						
		31 December 2022				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		98,971,863	-	98,971,863	-	98,971,863
- Long term investments						
- Investment in shares of Pakistan Stock Exchange Limited		12,951,860	12,951,860	-	-	12,951,860
		111,923,723	12,951,860	98,971,863	-	111,923,723
Financial assets not measured at fair value	32.2					
- Receivable from customers		105,343,594	-	-	-	-
- Loan to employees		1,413,095	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		63,173	-	-	-	-
- Accrued Profit		2,818,763	-	-	-	-
- Bank balances		140,926,546	-	-	-	-
		442,445,911	12,951,860	98,971,863	-	111,923,723
Financial liabilities not measured at fair value	32.2					
- Trade and other payables		(158,883,524)	-	-	-	-
On Balance Sheet Gap		283,562,387	12,951,860	98,971,863	-	111,923,723

### 32.1 Valuation techniques used in determination of fair values within level 2:

Investments in Market Treasury Bills are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP).

32.2 Fair values of these financial instruments have not been disclosed as these are either short term in nature or repriced frequently. As such their carrying values are reasonable approximation of their Fair values.

32.3 Financial instruments not measured at fair values are stated at amortised cost.



### 33. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost to safeguard the entity's ability to continue as a going concern.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

#### 33.1 Base minimum capital

Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), all trading right entitlement certificate (TRE) certificate holders of Pakistan Stock Exchange (PSX), in compliance with the Schedule-I of Chapter 19: Risk Management Regulations of the PSX Rule Book, are required to maintain a Base Minimum Capital (BMC). As at 31 December 2023 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 30.07 million with PSX. The Company is in compliance with the aforementioned requirement as at 31 December 2023.

33.2 In addition, the Company is required to have a minimum liquid capital of Rs. 10 million. Company's liquidity capital was more than the above mentioned requirements. Refer note 34 for details.

### 34 STATEMENT OF LIQUID CAPITAL

The below statement of liquid capital has been prepared in accordance with the requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP).

S. No.	Head of Account	Value (Rupees)	Hair Cut / Adjustments	Net Adjusted Value (Rupees)
<b>1. Assets</b>				
1.1	Property & Equipments	21,586,772	100.00%	-
1.2	Intangible Assets	3,435,360	100.00%	-
1.3	Investment in Government Securities	95,539,733	-	95,539,733
	<b>Investment in Debt Securities</b>			
	<b>If listed then:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	<b>If unlisted then:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	<b>Investment in Equity Securities</b>			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	16,173,796	16,173,796	-
	ii. If unlisted, 100% of carrying value.	-	-	-
1.6	Investment in subsidiaries	-	-	-
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	20,000,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	59,916,627	-	59,916,627
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	488,501	100.00%	-
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	3,570,968	-	3,570,968
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.			
	Amount paid as purchaser under the REPO agreement. ( <b>Securities purchased under repo arrangement shall not be included in the investments.</b> )	-	-	-

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### 33. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost to safeguard the entity's ability to continue as a going concern.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

#### 33.1 Base minimum capital

Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), all trading right entitlement certificate (TRE) certificate holders of Pakistan Stock Exchange (PSX), in compliance with the Schedule-I of Chapter 19: Risk Management Regulations of the PSX Rule Book, are required to maintain a Base Minimum Capital (BMC). As at 31 December 2023 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 30.07 million with PSX. The Company is in compliance with the aforementioned requirement as at 31 December 2023.

33.2 In addition, the Company is required to have a minimum liquid capital of Rs. 10 million. Company's liquidity capital was more than the above mentioned requirements. Refer note 34 for details.

### 34 STATEMENT OF LIQUID CAPITAL

The below statement of liquid capital has been prepared in accordance with the requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP).

S. No.	Head of Account	Value (Rupees)	Hair Cut / Adjustments	Net Adjusted Value (Rupees)
<b>1. Assets</b>				
1.1	Property & Equipments	21,586,772	100.00%	-
1.2	Intangible Assets	3,435,360	100.00%	-
1.3	Investment in Government Securities	95,539,733	-	95,539,733
	<b>Investment in Debt Securities</b>			
	<b>If listed then:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	<b>If unlisted then:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	16,173,796	16,173,796	-
	ii. If unlisted, 100% of carrying value.	-	-	-
1.6	Investment in subsidiaries	-	-	-
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	20,000,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	59,916,627	-	59,916,627
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	488,501	100.00%	-
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	3,570,968	-	3,570,968
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing.			
	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-

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S. No.	Head of Account	Value (Rupees)	Hair Cut / Adjustments	Net Adjusted Value (Rupees)
	<b>Advances and receivables other than trade Receivables</b>			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	-	-	-
1.15	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	40,351,141	40,351,141	-
	(iii) In all other cases 100% of net value	2,531,109	100%	-
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	2,002,217	100.00%	-
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut.	-	-	-
	<b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value.	-	5.00%	-
	<b>ii. Net amount after deducting haircut</b>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,	-	-	-
	<b>iii. Net amount after deducting haircut</b>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	92,636,048	-	92,636,048
	<b>iv. Balance sheet value</b>			
1.17	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	9,812,044	741,101	741,101
	<b>v. Lower of net balance sheet value or value determined through adjustments</b>			
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner;			
	(a) Up to 30 days, values determined after applying var based haircuts.	361,794	361,794	-
	(b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher.			
	(c) above 90 days 100% haircut shall be applicable.			
	<b>vi. Lower of net balance sheet value or value determined through adjustments</b>			
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	49,692,076	-	49,692,076
	ii. Bank balance-customer accounts	90,534,517	-	90,534,517
	iii. Cash in hand	25,000	-	25,000
	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.19	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.	-	-	-
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	<b>Total Assets</b>	<b>508,657,703</b>		<b>392,656,070</b>
<b>1. Liabilities</b>				
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house	48,266,670	-	48,266,670
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	131,902,523	-	131,902,523

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S. No.	Head of Account	Value (Rupees)	Hair Cut / Adjustments	Net Adjusted Value (Rupees)
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	3,023,291	-	3,023,291
	ii. Accruals and other payables	8,141,853	-	8,141,853
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
2.2	v. Current portion of long term liabilities	1,991,048	-	1,991,048
	vi. Deferred Liabilities	721,631	-	721,631
	vii. Provision for taxation	-	-	-
	viii. Provision for bad debts	2,742,892	-	2,742,892
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	3,359,036	-	3,359,036
	ii. Other long-term financing	-	-	-
2.3	ii. Staff retirement benefits	-	-	-
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.			
	(b) Nil in all other cases			
	<b>Subordinated Loans</b>	-	-	-
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	-	-	-
2.5	<b>Advance against shares for Increase in Capital of Securities broker</b>			
	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	<b>Total Liabilities</b>	<b>200,148,944</b>		<b>200,148,944</b>
3.	<b>Ranking Liabilities Relating to :</b>			
	<b>Concentration in Margin Financing</b>			
	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.			
3.1	(Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million)	-	-	-
	Note: Only amount exceeding by 10% of each finance from aggregate amount shall be include in the ranking liabilities			
	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of:			
	(i) Amount deposited by the borrower with NCCPL			
3.2	(I) Cash margins paid and	-	-	-
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
	(Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	<b>Net underwriting Commitments</b>			
	<u>(a) In the case of right issues :</u> if the market value of securities is less than or equal to the subscription price;			
	the aggregate of:			
3.3	(i) the 50% of Haircut multiplied by the underwriting commitments and	-	-	-
	(ii) the value by which the underwriting commitments exceeds the market price of the securities.			
	In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment			
	<u>(b) In any other case :</u> 12.5% of the net underwriting commitments	-	-	-

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S. No.	Head of Account	Value (Rupees)	Hair Cut / Adjustments	Net Adjusted Value (Rupees)
	<b>Negative equity of subsidiary</b>			
3.4	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	<b>Foreign exchange agreements and foreign currency positions</b>			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	<b>Repo adjustment</b>			
	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities.			
3.7	<b>In the case of finance/seller</b> the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	<b>Concentrated proprietary positions</b>			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
	<b>Opening Positions in futures and options</b>			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
3.9	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	<b>Short sell positions</b>			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
3.10	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	-	-	-
	<b>Liquid Capital</b>	<u>308,508,759</u>		<u>192,507,126</u>
34.1	<b>Summary of Liquid Capital</b>			<b>31 December 2023 (Rupees)</b>
	(i) Adjusted value of assets (Serial number 1.20)			392,656,070
	(ii) Less: Adjusted value of liabilities (Serial number 2.6)			200,148,944
	(iii) Less: Total ranking liabilities (Serial number 3.11)			-
				<u>192,507,126</u>

### 35 CORRESPONDING FIGURES

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation. However no material changes have been made.

### 36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on 4 April 2024.

  
Chief Executive Officer

  
Director



# Habib Metropolitan Financial Services Limited

## Pattern of Shareholding

As on 31 December 2023

S. No.	Name of Shareholder	Category of Shareholder	Number of Shares Held
1	Habib Metropolitan Bank Limited	the Holding Company	= 29,999,997 =
2	Syed Ather Ahmed	Director	= 1 =
3	Syed Hasnain Haider Rizvi	Director	= 1 =
4	Ather Ali Khan	Director	= 1 =
Total			= 30,000,000 =