



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Habib Metropolitan Financial Services  
Limited**

Unconsolidated Condensed  
Interim Financial Information  
For the six months period ended  
30 June 2018



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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**Independent auditors' review report to the members of Habib  
Metropolitan Financial Services Limited**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Habib Metropolitan Financial Services Limited ("the Company") as at June 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

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

**Date: 15 August 2018**

**Karachi**

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

Habib Metropolitan Financial Services Limited  
Condensed Interim Statement of Financial Position  
As at 30 June 2018

	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
<b>(Rupees)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipments	6	1,037,480	1,193,859
Intangible assets	7	29,000	37,862
Investment in shares of Pakistan Stock Exchange Limited	8	31,658,322	35,906,147
Long term deposits	9	1,540,390	1,540,390
		<b>34,265,192</b>	<b>38,678,258</b>
<b>Current assets</b>			
Receivable from customers	11	74,390,337	114,952,936
Loans and advances	12	1,418,496	1,354,330
Deposits and prepayments	13	151,888,199	109,067,552
Short term investments	14	98,910,630	97,696,321
Accrued profit	15	802,802	883,001
Other receivables	16	840,813	5,487,155
Advance taxation - net		16,050,466	15,715,304
Bank balances	17	118,189,732	203,697,592
		<b>462,491,475</b>	<b>548,854,191</b>
<b>Total assets</b>		<b>496,756,667</b>	<b>587,532,449</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
30,000,000 (31 December 2017: 30,000,000) ordinary shares of Rs. 10 each		<b>300,000,000</b>	<b>300,000,000</b>
Issued, subscribed and paid up capital			
30,000,000 (31 December 2017: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	18	<b>300,000,000</b>	<b>300,000,000</b>
Unappropriated profit		<b>16,744,508</b>	<b>28,340,913</b>
Surplus on revaluation of available-for-sale investments - net of deferred tax		<b>17,758,322</b>	<b>22,012,389</b>
		<b>334,502,830</b>	<b>350,353,302</b>
<b>Non-Current liabilities</b>			
Deferred tax liability - net	10	-	1,102
<b>Current liabilities</b>			
Trade and other payables	19	<b>161,158,399</b>	<b>122,475,707</b>
Short term borrowing	20	<b>1,095,438</b>	<b>54,702,338</b>
Dividend payable - due to holding company		-	60,000,000
<b>Total equity and liabilities</b>		<b>496,756,667</b>	<b>587,532,449</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

*Munzir Mushtaq*  
Chief Executive Officer

*[Signature]*  
Director

**Habib Metropolitan Financial Services Limited**  
**Condensed Interim Profit and Loss Account (Un-Audited)**  
*For the six months period ended 30 June 2018*

	Note	<b>Six months period ended</b>	
		<b>30 June 2018</b>	<b>30 June 2017</b>
		<b>(Rupees)</b>	
Brokerage revenue		<b>16,078,205</b>	36,231,823
Gain on sale of shares of Pakistan Stock Exchange Limited		-	46,031,784
<b>Income from investments</b>			
- Mark-up on treasury bills		<b>2,740,153</b>	2,480,530
- Dividend income on the shares of Pakistan Stock Exchange Limited		<b>80,148</b>	240,443
		<b>2,820,301</b>	2,720,973
		<b>18,898,506</b>	84,984,580
Administrative expenses	22	<b>(27,962,239)</b>	(27,319,616)
		<b>(9,063,733)</b>	57,664,964
Finance cost		<b>(95,682)</b>	(1,235,479)
Provision for Sindh Workers' Welfare Fund		<b>(99,328)</b>	(1,215,944)
Reversal of provision against receivable from customers		-	485,530
		<b>(195,010)</b>	(1,965,893)
Other income	23	<b>2,584,635</b>	3,882,196
(Loss) / profit before taxation		<b>(6,674,108)</b>	59,581,267
Provision for taxation			
- Current		<b>(4,922,297)</b>	(4,377,192)
- Deferred		-	(13,198)
		<b>(4,922,297)</b>	(4,390,390)
Net (loss) / profit for the period		<b>(11,596,405)</b>	55,190,877

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

*Encl.*

*Manzar Mushtaq*  
**Chief Executive Officer**

*[Signature]*  
**Director**

Habib Metropolitan Financial Services Limited  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the six months period ended 30 June 2018

	<b>Six months period ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>(Rupees)</b>	
Net (loss) / profit for the period	<b>(11,596,405)</b>	55,190,877
Other comprehensive income:		
<b>Items to be reclassified to profit or loss in subsequent periods</b>		
- (Deficit) / surplus on revaluation of available-for-sale investments - net of deferred tax	<b>(4,254,067)</b>	3,211,999
<b>Total comprehensive income for the period</b>	<b><u>(15,850,472)</u></b>	<b><u>58,402,876</u></b>

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

For and on

  
Chief Executive Officer

  
Director

Habib Metropolitan Financial Services Limited  
Condensed Interim Statement of Cash Flow (Un-audited)  
For the six months period ended 30 June 2018

	Six months period ended	
	30 June 2018	30 June 2017
	(Rupees)	
<b>Cash flows from operating activities</b>		
(Loss) / profit before taxation	(6,674,108)	59,581,267
<b>Adjustments for:</b>		
Mark-up on bank accounts	(823,924)	(334,881)
Mark-up on treasury bills	(2,740,153)	(2,480,530)
Dividend income	(80,148)	(240,443)
Gain on sale of shares of Pakistan Stock Exchange Limited	-	(46,031,784)
Provision for Sindh Workers' Welfare Fund	99,328	1,215,944
Depreciation	187,384	138,042
Amortization	8,862	23,862
<b>Loss before working capital changes</b>	<b>(3,348,651)</b>	<b>(47,709,790)</b>
<b>Decrease / (increase) in current assets</b>		
Receivable from customers	40,562,599	(146,455,632)
Loans and advances	(64,166)	176,340
Deposits and prepayments	(42,820,647)	(138,448,611)
Accrued profit	(101,970)	(948,057)
Other receivables	4,646,342	(4,457,830)
	<b>2,222,158</b>	<b>(290,133,790)</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	38,583,364	42,739,069
	<b>30,782,763</b>	<b>(235,523,244)</b>
Mark-up received on bank account	1,006,093	410,551
Income tax paid	(5,257,459)	(9,701,641)
	<b>(4,251,366)</b>	<b>(9,291,090)</b>
<b>Net cash flows generated from / (used in) operating activities</b>	<b>26,531,397</b>	<b>(244,814,334)</b>
<b>Cash flows from investing activities</b>		
Sale / maturity of investments	100,000,000	144,882,684
Purchase of investments	(98,481,500)	(94,320,000)
Dividend received	80,148	240,443
Property and equipment acquired during the period	(31,005)	(301,600)
<b>Net cash flows generated from investing activities</b>	<b>1,567,643</b>	<b>50,501,527</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(60,000,000)	-
<b>Net cash flows used in financing activities</b>	<b>(60,000,000)</b>	<b>-</b>
<b>Net increase in cash and cash equivalent</b>	<b>(31,900,960)</b>	<b>(194,312,807)</b>
<b>Cash and cash equivalent at beginning of the period</b>	<b>148,995,254</b>	<b>83,123,243</b>
<b>Cash and cash equivalent at end of the period</b>	<b>117,094,294</b>	<b>(111,189,564)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	118,189,732	62,691,487
Short term borrowing	(1,095,438)	(173,881,051)
	<b>117,094,294</b>	<b>(111,189,564)</b>

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

For

*Manzar Mushtaq*  
Chief Executive Officer

*[Signature]*  
Director

Habib Metropolitan Financial Services Limited  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the six months period ended 30 June 2018

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus / (deficit) on revaluation of available-for- sale investments	Total
	(Rupees)			
Balance as at 1 January 2017	300,000,000	43,639,672	24,055,737	367,695,409
<b>Total comprehensive income for the period</b>				
Net profit for the period	-	55,190,877	-	55,190,877
Surplus on revaluation of available-for-sale investments - net of deferred tax	-	-	3,211,999	3,211,999
Balance as at 30 June 2017	300,000,000	98,830,549	27,267,736	426,098,285
Balance as at 1 January 2018	300,000,000	28,340,913	22,012,389	350,353,302
<b>Total comprehensive income for the period</b>				
Net Loss for the period	-	(11,596,405)	-	(11,596,405)
Deficit on revaluation of available-for-sale investments - net of deferred tax	-	-	(4,254,067)	(4,254,067)
Balance as at 30 June 2018	300,000,000	16,744,508	17,758,322	334,502,830

The annexed notes 1 to 26 form an integral part of the condensed interim financial information.

  
Chief Executive Officer

  
Director

# Habib Metropolitan Financial Services Limited

## Notes to the Financial Information

For the six months period ended 30 June 2018

### 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 Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is a wholly owned subsidiary of Habib Metropolitan Bank Limited (the Holding Company). 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, Khekashan Clifton, Karachi. The Company commenced its operations on 06 March 2008.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Functional and presentation currency

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2017.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentations and disclosure in the condensed interim financial information.

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#### 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as for the year ended 31 December 2017.

#### 5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the annual financial statements as at and for the year ended 31 December 2017.

#### 6. PROPERTY AND EQUIPMENTS

2018								
Particulars	Cost			Depreciation			Written down	Rate
	As at 1	Additions /	As at 30	As at 1	Charge for the	As at 30	value as at	
	January 2018	(disposals)	June 2018	January 2018	period	June 2018	30 June 2018	
	(Rupees)							
Office Equipment	771,292	-	771,292	206,002	56,496	262,498	508,794	15%
Furniture and fixtures	95,054	-	95,054	56,105	5,833	61,938	33,116	15%
Computer equipments	1,112,615	31,005	1,143,620	538,720	123,019	661,739	481,881	25%
Motor Vehicle	35,165	-	35,165	19,440	2,036	21,476	13,689	20%
	<u>2,014,126</u>	<u>31,005</u>	<u>2,045,131</u>	<u>820,267</u>	<u>187,384</u>	<u>1,007,651</u>	<u>1,037,480</u>	
2017								
Particulars	Cost			Depreciation			Written down	Rate
	As at 1	Additions /	As at 31	As at 1	Charge for the	As at 31	value as at	
	January 2017	(disposals)	December 2017	January 2017	year	December 2017	31 December 2017	
	(Rupees)							
Office Equipment	466,558	304,734	771,292	109,395	96,607	206,002	565,290	15%
Furniture and fixtures	95,054	-	95,054	44,339	11,766	56,105	38,949	15%
Computer equipments	803,237	309,378	1,112,615	321,831	216,889	538,720	573,895	25%
Motor vehicles	35,165	-	35,165	15,335	4,105	19,440	15,725	20%
	<u>1,400,014</u>	<u>614,112</u>	<u>2,014,126</u>	<u>490,900</u>	<u>329,367</u>	<u>820,267</u>	<u>1,193,859</u>	

#### 7. INTANGIBLE ASSETS

		2018							
Particulars	Cost			Depreciation			Written down value as at 30 June 2018	Rate	
	As at 1 January 2018	Additions / (disposals)	As at 30 June 2018	As at 1 January 2018	Charge for the period	As at 30 June 2018			
	(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%	
TRE Certificate	7.1	-	-	-	-	-	-	-	
Computer software		59,072	59,072	21,210	8,862	30,072	29,000	30%	
		<u>1,680,572</u>	<u>1,680,572</u>	<u>1,642,710</u>	<u>8,862</u>	<u>1,651,572</u>	<u>29,000</u>		
2017									
Particulars	Cost			Amortization			Written down value as at 31 December 2017	Rate	
	As at 1 January 2017	Additions / (disposals)	As at 31 December 2017	As at 1 January 2017	Charge for the year	As at 31 December 2017			
	(Rupees)								
Online trading software		1,070,000	-	1,070,000	1,052,500	17,500	1,070,000	-	30%
PSX gateway application for online trading		551,500	-	551,500	551,500	-	551,500	-	30%
TRE Certificate	7.1	-	-	-	-	-	-	-	-
Computer software		59,072	-	59,072	3,486	17,724	21,210	37,862	30%
		<u>1,680,572</u>	<u>-</u>	<u>1,680,572</u>	<u>1,607,486</u>	<u>35,224</u>	<u>1,642,710</u>	<u>37,862</u>	

7.1 The TRE Certificate acquired on surrender of stock exchange membership card is stated at nil value.

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

*Line 2*

## 8. INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED

30 June 2018 (Un-audited) (Number of Shares)	31 December 2017 (Audited) (Number of Shares)		Note	30 June 2018 (Un-audited) (Rupees)	31 December 2017 (Audited) (Rupees)
1,602,953	2,404,430	Opening Balance	8.1	13,900,000	20,850,000
-	(801,477)	Disposal during the period / year		-	(6,950,000)
		Closing balance		13,900,000	13,900,000
		Surplus on revaluation of investment		17,758,322	22,006,147
1,602,953	1,602,953	Closing Balance		31,658,322	35,906,147

8.1 This represents shares of Pakistan Stock Exchange (PSX). Out of the total 1,602,953 shares, 1,081,194 shares are pledged in favour of PSX as mentioned in note 8.2 below.

8.2 Every TREC holder shall maintain Base Minimum Capital (BMC) with PSX as per the slabs based on the Assets Under Custody (AUC). The Company is required to maintain BMC of Rs. 28 million. The Company has complied with the said requirement in the following manner:

- Transferable TRE Certificate (notional value: Rs.2.5 million) lien marked with irrevocable authority in favour of exchange;
- Transferable 27% shares of PSX (1,081,194 shares) pledged in favour of the exchange; and
- Cash deposited with the exchange amounting to Rs.11 million.

## 9. LONG TERM DEPOSITS

National Clearing Company of Pakistan Limited (NCCPL)	1,400,000	1,400,000
Central Depository Company of Pakistan Limited	100,000	100,000
K-Electric Company Limited	34,390	34,390
Pakistan Beverage Limited	6,000	6,000
	1,540,390	1,540,390

## 10. DEFERRED TAX ASSET / (LIABILITY) - NET

Deferred tax asset / (liability) comprises of temporary differences in respect of the following:

	Balance as at 1 January 2017	Recognised in profit and loss	Recognised in equity	Balance as at 31 December 2017	Recognised in profit and loss	Recognised in equity	Balance as at 30 June 2018
	(Rupees)						
Property and equipment and pre- operating expenses	(75,304)	75,304	-	-	-	-	-
Intangible assets	(5,366)	5,366	-	-	-	-	-
Provision for leave encashment	574,302	(574,302)	-	-	-	-	-
Provision against receivable from customers	313,405	(313,405)	-	-	-	-	-
(Surplus) / deficit on revaluation of investments - net	(6,990,028)	-	6,988,926	(1,102)	-	1,102	-
	(6,182,991)	(807,037)	6,988,926	(1,102)	-	1,102	-

## 11. RECEIVABLE FROM CUSTOMERS

	Note	30 June 2018 (Un-audited) (Rupees)	31 December 2017 (Audited) (Rupees)
Trade debts		55,889,757	113,615,039
Less: Provision against receivable from customers		(679,884)	(679,884)
		55,209,873	112,935,155
Receivable from NCCPL - ready market		17,035,535	683,365
Receivable from NCCPL - future market		2,144,929	1,334,416
		74,390,337	114,952,936

## 12. LOANS AND ADVANCES - Unsecured, considered good

Loans to employees (interest free)	1,418,496	1,354,330
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## 13. DEPOSITS AND PREPAYMENTS

Deposits with NCCPL against exposure	13.1	140,500,000	105,500,000
NCCPL provisional trading deposit		100,000	100,000
Deposit with PSX under BMC requirement (refer note 8.2)		11,000,000	3,000,000
Prepayments		288,199	467,552
		151,888,199	109,067,552

13.1 This represents margin deposit with NCCPL in accordance with the provisions of the Securities Act, 2015. These deposits carry markup at the rate of 2.10% (31 December 2017: 3.60% to 4.57%) per annum.

#### 14. SHORT TERM INVESTMENTS

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees)	
<b>Available-for-sale</b>		
- Market treasury bills - amortised cost	98,910,630	97,688,977
Surplus on revaluation of investments	-	7,344
<b>Fair value as at</b>	<b>98,910,630</b>	<b>97,696,321</b>

#### Designated as available-for-sale - Government securities

Name of security	Maturity upto	Yield	As at 01 January 2018	Purchased during the period	Sold / matured during the period	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as at 31 December 2017
			(Number of units)			(Rupees)			
Treasury Bills - 1 year (face value of Rs 5,000)	30-Aug-18	(6.0% - 6.7%)	20,000	20,000	(20,000)	20,000	98,910,630	98,910,630	97,696,321

#### 15. ACCRUED PROFIT

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
		(Rupees)	
Accrued profit on bank balance		135,346	317,515
Accrued profit on deposits against NCCPL exposure		667,456	565,486
		<b>802,802</b>	<b>883,001</b>

#### 16. OTHER RECEIVABLES

Receivable against CDC and NCCPL charges		840,813	678,296
Receivable from PSX	16.1	-	4,808,859
		<b>840,813</b>	<b>5,487,155</b>

16.1 This represents amount of Rs.nil (31 December 2017: Rs. 4.5 million) retained against sale proceeds from strategic investor.

#### 17. BANK BALANCES

Profit and loss sharing accounts:			
- Habib Metropolitan Bank Limited - The Holding Company	17.1	3,465,821	103,824,399
- Meezan Bank Limited		5,020	14,143
		<b>3,470,841</b>	<b>103,838,542</b>
Current accounts:			
- Habib Metropolitan Bank Limited - The Holding Company		114,712,742	99,658,794
- MCB Bank Limited		6,149	200,256
		<b>114,718,891</b>	<b>99,859,050</b>
		<b>118,189,732</b>	<b>203,697,592</b>

17.1 This carries markup at the rate of 3.75% to 4.50% (31 December 2017: 3.75% to 4.00%) per annum.

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

As of the balance sheet date, 29,999,997 (31 December 2017: 29,999,997) shares were held by the holding company and 3 (31 December 2017: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

*Signature*

**19. TRADE AND OTHER PAYABLES**

Note

**30 June****31 December****2018****2017****(Un-audited)****(Audited)****(Rupees)**

Due to customers in respect of securities transactions

**150,685,723**

114,802,529

Payable to Workers' Welfare Fund

**3,235,894**

3,136,566

Accrued expenses

**6,999,295**

4,284,171

Sindh Sales Tax payable

**237,487**

252,441

**161,158,399****122,475,707****20. SHORT TERM BORROWING**

-Habib Metropolitan Bank Limited - the Holding Company — 20.1

**1,095,438****54,702,338**

- 20.1** This represents running finance facility obtained from the holding company having credit limit upto Rs.500 million (31 December 2017: Rs. 500 million). This carries mark up at the rate of 3 months KIBOR plus 2% per annum (31 December 2017: 3 months KIBOR plus 2% per annum) payable quarterly. This facility will mature on 30 June 2018 and is renewable. It is secured by first hypothecation charge on receivables of the Company registered with Securities and Exchange Commission of Pakistan duly insured in holding company's favour amounting to Rs. 667 million.

**21. CONTINGENCIES AND COMMITMENTS**

The Company has received Order-in-Original from Sindh Revenue Board whereby a demand of Sindh Sales Tax amounting to Rs.1.234 million was made on account of short declaration of taxable revenues and claim of inadmissible input tax. The order has been challenged before Commissioner Appeals and stay order has been obtained from the High Court of Sindh staying recovery of the tax demand.

The Company, based on the legal advice of the tax advisor, is confident that the matter will be decided in its favour and accordingly no amount would be payable in respect of the matter.

**22. ADMINISTRATIVE EXPENSES****Six months period ended****30 June****30 June****2018****2017****(Rupees)**

Salaries and benefits

**20,728,893**

17,869,534

Ijarah payments

-

501,369

Rent

**649,410**

649,412

Repairs and maintenance

**815,809**

844,518

PSX clearing house, CDC and NCCPL charges

**2,026,144**

3,921,251

Communication

**1,123,836**

1,031,849

Utilities

**350,288**

403,597

Professional tax

**51,650**

51,421

Direct and indirect tax consultancy

**334,700**

369,700

Printing and stationery

**164,177**

83,918

Auditors' remuneration

**272,286**

336,726

Legal and professional charges

**360,000**

215,000

Insurance

**98,284**

103,789

Travelling and conveyance

**91,423**

102,584

Entertainment and business promotions

**251,479**

204,687

Fees and subscription

**33,780**

47,351

Depreciation

6

**187,384**

138,042

Amortization

7

**8,862**

23,862

Others

**413,834**

421,006

**27,962,239****27,319,616**

## 23. OTHER INCOME

	Six months period ended	
	30 June 2018	30 June 2017
	(Rupees)	
Markup on bank balances	823,924	334,881
Return on NCCPL exposure margin	1,402,300	3,359,836
Commission on book building and initial public offering	260	12,507
Others	358,151	174,972
	<u>2,584,635</u>	<u>3,882,196</u>

## 24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the holding company, companies with common directorship, associated companies, directors of the Company, other associated companies and key management personnel and their close family members including thereof the Holding Company. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions with related parties are at agreed terms.

### 24.1 Details of transactions during the year end are as follows:

	Six months period ended	
	30 June 2018	30 June 2017
	(Rupees)	

#### Habib Metropolitan Bank Limited - the Holding Company

- Markup on bank balance	823,789	334,687
- Equity brokerage commission	9,585	61,805
- Rent expense	600,000	600,000
- Bank charges	73,648	1,211,447

#### Key Management Personnel

- Salaries and benefits	10,719,172	8,985,251
- Equity brokerage commission	250,271	7,477

#### Associated Companies

Habib Bank AG Zurich (Switzerland)		
- Equity brokerage commission	225,903	632,134
Habib Bank AG Zurich (UAE)		
- Equity brokerage commission	1,592,588	3,661,024
First Habib Modaraba		
- Equity brokerage commission	140,750	73,688
Habib Insurance Company Limited		
- Equity brokerage commission	164,703	-

*Boat*

**24.2** Details of the balances with the related parties are as follows:

	30 June 2018 (Un-audited) (Rupees)	31 December 2017 (Audited)
<b>Habib Metropolitan Bank Limited - The Holding Company</b>		
- Bank balances	<u>118,178,563</u>	<u>203,483,193</u>
- Short term borrowing	<u>1,095,438</u>	<u>54,702,338</u>
- Accrued profit on a bank balance	<u>135,346</u>	<u>317,486</u>
<b>Key Management Personnel</b>		
- Advances	<u>439,993</u>	<u>595,995</u>
- Payable against sale of securities	<u>(7,217)</u>	<u>(97,293)</u>
<b>Associated Companies</b>		
Habib Bank AG Zurich (Switzerland)		
- Receivable / (payable) against purchase / sale of securities	<u>5,640,097</u>	<u>6,193</u>
Habib Bank AG Zurich (UAE)		
- (Payable) / receivable against sale / purchase of securities	<u>(429,038)</u>	<u>8,414,908</u>
First Habib Modaraba		
- Payable against sale of securities	<u>(11,717,376)</u>	<u>(1,034)</u>
<b>Associated Persons</b>		
Director (Holding Company)		
- Payable against sale of securities	<u>(362,691)</u>	<u>(322,439)</u>
<b>25. NUMBER OF EMPLOYEES</b>	<b>(Number of employees)</b>	
Number of employees as at	<u>24</u>	<u>25</u>
Average number of employees as at	<u>24</u>	<u>25</u>

**26. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on 15 August 2018.

*Encl*

*Manzar Mushtaq*  
Chief Executive Officer

*[Signature]*  
Director