



KPMG Taseer Hadi & Co.
Chartered Accountants

**Habib Metropolitan Financial
Services Limited**

Condensed Interim Financial
Statements
For the period ended 30 June 2021



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Report on Review of Interim Financial Statements

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 30 June 2021 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after-referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

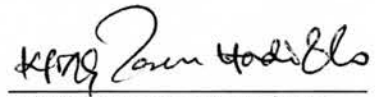


KPMG Taseer Hadi & Co.

The engagement partner on the review resulting in this independent auditors' review report is Aryn Malik.

Date: 25 AUG 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 June 2021

	Note	30 June 2021 (Un-audited) (Rupees)	31 December 2020 (Audited) (Rupees)
ASSETS			
Non-current assets			
Property and equipment	5	1,728,002	1,746,738
Right-of-use assets	6	8,759,393	4,428,795
Intangible assets		503,193	407,776
Long term investment	7	35,761,881	23,755,763
Deferred tax asset - net	8	657,576	1,012,962
		<u>47,410,045</u>	<u>31,352,034</u>
Current assets			
Receivables from customers	9	32,312,615	59,739,831
Loans to employees	10	1,770,865	1,536,038
Deposits and prepayments	11	78,460,121	128,885,606
Short term investments	12	98,626,787	98,410,469
Accrued profit		1,096,454	1,422,211
Other receivables		147,126	228,692
Advance taxation - net		31,701,590	30,633,261
Cash and bank balances	13	228,462,221	137,514,432
		<u>472,577,779</u>	<u>458,370,540</u>
Total assets		<u>519,987,824</u>	<u>489,722,574</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
30,000,000 (31 December 2020: 30,000,000) ordinary shares of Rs. 10 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up share capital			
30,000,000 (31 December 2020: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	14	300,000,000	300,000,000
Unappropriated profit		29,170,976	25,959,167
Surplus on revaluation of investments - net of tax		21,868,821	9,856,701
		<u>351,039,797</u>	<u>335,815,868</u>
Non-current liabilities			
Lease liability against right of use assets	16	8,130,880	4,150,586
Current liabilities			
Trade and other payables	15	160,817,147	149,756,120
Short term borrowing		-	-
Total equity and liabilities		<u>519,987,824</u>	<u>489,722,574</u>
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Manzar Mushtaq

Manzar Mushtaq
Chief Executive Officer

[Signature]
Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the six months period ended 30 June 2021

	Note	Six months period ended 30 June	
		2021	2020
		(Rupees)	
Brokerage income	18	28,136,202	25,582,997
Income from investments			
- Mark-up on treasury bills		3,543,964	5,435,488
Administrative expenses	19	(30,618,086)	(27,005,528)
Finance cost		(482,713)	(369,451)
Provision for workers' welfare fund		(103,603)	(238,826)
Provision against financial assets - net		428,416	(454,644)
		(30,775,986)	(28,068,449)
Other income		4,172,354	7,799,004
Profit before taxation		5,076,534	10,749,040
Provision for taxation			
- Current		(1,511,790)	(3,312,427)
- Deferred		(352,935)	20,205
- Prior year		-	
		(1,864,725)	(3,292,222)
Net profit for the period		3,211,809	7,456,818
Earnings per share - basic and diluted	21	0.11	0.25

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Manzar Mushtaq
Chief Executive Officer

[Signature]
Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Other Comprehensive Income (Un-audited)
For the six months period ended 30 June 2021

	Six months period ended 30 June	
	2021	2020
	(Rupees)	
Net profit for the period	3,211,809	7,456,818
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods		
- Surplus on revaluation of debt investments carried at fair value	8,453	127,493
- Related deferred tax	(2,451)	(33,558)
	6,002	93,935
Items not to be reclassified to profit or loss in subsequent periods		
- Surplus on revaluation of equity shares investments carried at fair value	12,006,118	(4,135,619)
Total comprehensive income for the period	15,223,929	3,415,134

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Kirkgo

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 2021

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	----- (Rupees) -----			
Balance as at 31 December 2019 (Audited)	300,000,000	16,457,855	6,095,254	322,553,109
Total comprehensive income for the period				
Net profit for the six months period ended 30 June 2020	-	7,456,818	-	7,456,818
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	(4,041,684)	(4,041,684)
	-	7,456,818	(4,041,684)	3,415,134
Balance as at 30 June 2020 (Un-audited)	<u>300,000,000</u>	<u>23,914,673</u>	<u>2,053,570</u>	<u>325,968,243</u>
Balance as at 31 December 2020 (Audited)	300,000,000	25,959,167	9,856,701	335,815,868
Total comprehensive income for the period				
Net profit for the six months period ended 30 June 2021	-	3,211,809	-	3,211,809
Other Comprehensive Income - surplus on revaluation of investments - net of tax	-	-	12,012,120	12,012,120
	-	3,211,809	12,012,120	15,223,929
Balance as at 30 June 2021 (Un-audited)	<u>300,000,000</u>	<u>29,170,976</u>	<u>21,868,821</u>	<u>351,039,797</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Manzar Mushtaq
Chief Executive Officer

[Signature]
Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the six months period ended 30 June 2021

Note	Six months period ended 30 June	
	2021	2020
	(Rupees)	
Cash flows from operating activities		
Profit for the period before taxation	5,076,534	10,749,040
Adjustments for:		
Mark-up on treasury bills	(3,543,964)	(5,435,488)
(Reversal) / provision against financial assets	(428,416)	454,644
Provision for Sindh workers' welfare fund	103,603	238,826
Mark-up on lease liability against right of use asset	16 456,834	324,365
Depreciation	19 1,237,789	693,715
Amortization	19 29,583	19,531
	(2,144,571)	(3,704,407)
Decrease / (increase) in current assets		
Receivable from customers	27,855,632	(26,268,368)
Loans and advances	(234,827)	113,863
Deposits and prepayments	50,425,485	(197,770)
Accrued profit	325,757	146,957
Other receivables	81,566	(48,360)
	78,453,613	(26,253,678)
Increase / (decrease) in current liabilities		
Trade and other payables	10,321,086	(15,585,060)
Cash generated from / (used in) operations	91,706,662	(34,794,105)
Income tax paid	(2,580,119)	(2,651,519)
Net cash generated from / (used in) operating activities	89,126,543	(37,445,624)
Cash flows from investing activities		
Proceeds from the maturity of investments	200,000,000	200,000,000
Purchase of investments - net	(196,663,901)	(195,163,297)
Property and equipment acquired during the period	(325,150)	(440,960)
Intangible acquired during the period	(125,000)	(375,000)
Net cash generated from investing activities	2,885,949	4,020,743
Cash flows from financing activities		
Repayment of liability against right of use assets	(1,064,703)	(654,354)
Net cash used in financing activities	(1,064,703)	(654,354)
Net increase / (decrease) in cash and cash equivalent	90,947,789	(34,079,235)
Cash and cash equivalent at beginning of the period	137,514,432	182,534,977
Cash and cash equivalent at end of the period	228,462,221	148,455,742
CASH AND CASH EQUIVALENTS		
Cash and bank balances	228,462,221	148,455,742

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Manzar Murtagh
Chief Executive Officer

[Signature]
Director

Habib Metropolitan Financial Services Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2021

1 STATUS AND NATURE OF BUSINESS

1.1 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 holding 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, Kheকাশan Clifton, Karachi. The Company commenced its operations on 06 March 2008.

1.2 Impact of COVID-19 on the condensed interim financial statements

The COVID-19 pandemic has spread rapidly all across the world and has not only endangered human lives but has also adversely impacted the global economy. In March 2020, the Government of Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. The management has taken all necessary steps to ensure smooth and adequate continuation of its business by following standard operating procedures (SOPs).

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these condensed interim financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements have 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 the Companies Act, 2017 and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

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

2.2 Basis of measurement

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

These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

K. M. Khan

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupees.

2.4 Use of estimates and judgment

The preparation of the condensed interim financial information 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. 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 audited annual financial statements for the year ended 31 December 2020.

2.5 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the audited annual financial statements as at and for the year ended 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these condensed interim financial information and are the same as those applied to the audited annual financial statements for the year ended 31 December 2020.

4 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

4.1 Standards, interpretations and amendments to accounting standards that are not yet effective

Following are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after 01 July 2021. However, these do not have any significant impact on the Company's financial reporting:

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of

Handwritten signature

persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
 - There is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS standards 2018-2020:

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
 - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Handwritten signature

- Reference to the Conceptual Framework (Amendments to IFRS 3) - issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified 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 shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted:
- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends 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.

Amend

5 PROPERTY AND EQUIPMENT

30 June 2021 (Un-audited) (Rupees)	31 December 2020 (Audited)
---	----------------------------------

Operating property and equipment

<u>1,728,002</u>	<u>1,746,738</u>
------------------	------------------

The following property and equipment have been added during the six months period ended 30 June:

	30 June 2021 (Un-audited) (Rupees)	30 June 2020
Office equipment	29,250	194,400
Furniture and fixtures	58,800	-
Computer equipment	<u>237,100</u>	<u>246,560</u>
	<u>325,150</u>	<u>440,960</u>

6 RIGHT-OF-USE ASSETS

	30 June 2021 (Un-audited) (Rupees)	31 December 2020 (Audited)
Opening Balance	4,428,795	5,314,554
Modification	5,224,501	-
Depreciation	<u>(893,903)</u>	<u>(885,759)</u>
Closing Balance	<u>8,759,393</u>	<u>4,428,795</u>

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

30 June 2021 (Number of shares)	31 December 2020		Note	30 June 2021 (Rupees)	31 December 2020
1,602,953	1,602,953	Cost of investment		13,900,000	13,900,000
-	-	Surplus on revaluation of investment		<u>21,861,881</u>	<u>9,855,763</u>
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	7.1	<u>35,761,881</u>	<u>23,755,763</u>

7.1 This represents ordinary shares of Pakistan Stock Exchange Limited (PSX) having face value of Rs.10 each which were listed from June 2017 and are carried at the market value. These shares are pledged in favour of PSX and are classified as "Pledged" in the Central Depository Company (CDC) report of the Company.

7.2 Required BMC amounted to Rs. 28 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;
- Cash deposited with the exchange amounting to Rs. 16.5 million to fulfill the BMC requirement and
- Shares of PSX (1,602,953 shares) pledged in favour of the exchange.

K. Khan

8 DEFERRED TAX ASSET - net

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

	Balance as at 1 January 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31 December 2020 (Rupees)	Recognised in profit or loss	Recognised in OCI	Balance as at 30 June 2021
Taxable Temporary difference:							
Property and equipment	(211,278)	118,230	-	(93,048)	32,820	-	(60,228)
Intangible assets	(2,268)	(401)	-	(2,669)	(861)	-	(3,530)
(Surplus) / deficit on revaluation of investments - net	(889)	-	506	(383)	-	(2,451)	(2,834)
	(214,435)	117,829	506	(96,100)	31,959	(2,451)	(66,592)
Deductible Temporary difference:							
Lease liability against right of use asset	-	141,291	-	141,291	82,950	-	224,241
Provision against Receivables from Customers	-	967,771	-	967,771	(467,844)	-	499,927
	-	1,109,062	-	1,109,062	(384,894)	-	724,168
	(214,435)	1,226,891	506	1,012,962	(352,935)	(2,451)	657,576

9 RECEIVABLES FROM CUSTOMERS

	Note	30 June 2021 (Rupees)	31 December 2020
Trade receivables from the customers		30,871,657	60,323,867
Less: Provision against receivable from customers	9.2	(1,723,885)	(3,337,141)
		29,147,772	56,986,726
Receivable from NCCPL		2,392,631	-
- ready market		772,212	2,753,105
- future market		32,312,615	59,739,831

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

Habib Bank AG Zurich	-	2,025,219
Habib Metropolitan Bank Limited	170,557	196,501

9.2 Provision against the balance receivable from the customers

Opening balance	3,337,141	3,420,739
Charged / (reversed)	(428,416)	(83,598)
Bad debts written off	(1,184,840)	-
Closing balance	1,723,885	3,337,141

9.3 Aging analysis

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

		30 June 2021	
		Amount	Custody value (Rupees)
Up to five days	9.3.1	23,051,132	3,341,189,125
More than five days	9.3.1	7,820,525	170,553,444
		30,871,657	3,511,742,569

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

24/7/21

10	LOANS TO EMPLOYEES	Note	30 June 2021	31 December 2020
	Unsecured, considered good			(Rupees)
	Loans to Key Management Personnel		882,367	752,867
	Loans to other employees		888,498	783,171
			<u>1,770,865</u>	<u>1,536,038</u>

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

11 DEPOSITS AND PREPAYMENTS

Deposits with:				
- NCCPL against the exposure	11.1	60,000,000	110,500,000	
- PSX under BMC requirement	11.2	16,500,000	16,500,000	
- NCCPL for deliverable future contracts, ready contracts and initial deposit	11.3	1,400,000	1,400,000	
- NCCPL for provisional trading deposit	11.4	100,000	100,000	
- Central Depository Company of Pakistan Limited	11.5	100,000	100,000	
- K-Electric Company Limited		34,390	34,390	
- Pakistan Beverage Limited		6,000	6,000	
		<u>78,140,390</u>	<u>128,640,390</u>	
Prepayments		<u>319,731</u>	<u>245,216</u>	
		<u>78,460,121</u>	<u>128,885,606</u>	

11.1 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 4.24%(31 December 2020: 4.61%) per annum.

11.2 This represents deposit with PSX to fulfil the base minimum capital requirement. These deposits carry mark-up at the rate of 6%. (31 December 2020: 4.61%).

11.3 This represents amount of Rs. 1 million (31 December 2020: Rs. 1 million) on account of basic deposit for deliverable future contracts market, Rs. 0.2 million (31 December 2020: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2020: Rs. 0.2 million) as initial deposit.

11.4 This represents amount deposited with NCCPL for trading of Initial Public Offer (IPO).

11.5 This represent amount of Rs.100,000 (31 December 2020: Rs.100,000) on account of deposit with CDC at the commencement of brokerage business.

12	SHORT TERM INVESTMENTS - at fair value through OCI	30 June 2021	31 December 2020
			(Rupees)
	Market treasury bills		
	Amortised cost	98,617,013	98,409,148
	Surplus arising on revaluation	9,774	1,321
	Market value	<u>98,626,787</u>	<u>98,410,469</u>

12.1 Government securities

Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2021	Purchased during the period	Matured during the period	As at 30 June 2021	Carrying value as at 30 June 2021 (before revaluation)	Market value as at 30 June 2021
(Units)							(Rupees)	
Treasury Bills - 3 months (face value of Rs 5,000)	9 Sep 2021	7.3124%	20,000	40,000	40,000	20,000	98,617,013	98,626,787

12.2 Market treasury bills have been placed as collateral with the NCCPL on account of ready market exposure in the current period.

12.3 Total face value of the above instruments is Rs.100 million.

Handwritten signature

13

Note	30 June 2021	31 December 2020
	(Rupees)	
13.1	<div style="border: 1px solid black; padding: 2px;"> 108,393,605 1,484,496 6,670 </div> 109,884,771	<div style="border: 1px solid black; padding: 2px;"> 32,349,327 - 6,570 </div> 32,355,897
13.2	<div style="border: 1px solid black; padding: 2px;"> 118,452,361 125,089 </div> 118,577,450	<div style="border: 1px solid black; padding: 2px;"> 103,548,418 1,610,117 </div> 105,158,535
	228,462,221	137,514,432

13.1

13.2

13.3

Note	30 June 2021	31 December 2020
	(Rupees)	
	<u>118,447,361</u>	<u>103,543,418</u>
	<u>4,974,698,554</u>	<u>4,776,359,322</u>

14

As of the balance sheet date, 29,999,997 (31 December 2020: 29,999,997) shares were held by the Holding Company and 3 (31 December 2020: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

Note	30 June 2021	31 December 2020
	(Rupees)	
	137,779,176	100,696,111
	-	31,638,398
15.1	2,485,314	2,381,711
	18,598,229	13,781,774
	552,670	492,706
	1,401,758	765,420
	<u>160,817,147</u>	<u>149,756,120</u>

15

Due to customers in respect of securities transactions
Payable to NCCPL
Payable to workers' welfare fund
Accrued expenses
Sindh sales tax payable
Lease liability against right of use assets - current portion

15.1

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 Company created provision of SWWF amounting to Rs.1.823 million out of which Company has paid SWWF of Rs. 1.123 million.

KPTG

16 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

30 June 2021	31 December 2020
(Rupees)	
Movement in lease liability is as follows:	
Balance at the beginning	4,916,006
Modification	5,224,501
Interest expense	456,834
Rentals	(1,064,703)
Balance at the end	<u>9,532,638</u>
Maturity of lease liability is as follows:	
Current	1,401,758
Non - Current	8,130,880
	<u>9,532,638</u>

17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2021 (31 December 2020: Rs. 0.125 million).

18 BROKERAGE INCOME

For the six months ended	
30 June 2021	30 June 2020
(Rupees)	

Brokerage income	18.1, 18.2 & 18.3	<u>28,136,202</u>	<u>25,582,997</u>
------------------	-------------------	-------------------	-------------------

18.1 Disaggregation revenue

In the following table, revenue is disaggregated by type of customers:

- Corporate customers	<u>12,598,254</u>	14,677,515
- Individual customers	<u>15,537,948</u>	10,905,482
	<u>28,136,202</u>	<u>25,582,997</u>

18.2 The amount of brokerage income includes brokerage from related parties amounting to 0.86 (30 June 2020: Rs. 6.97 million).

18.3 Brokerage income includes Rs. 0.4 million (30 June 2020: Rs.7.01 million) from customers outside the country.

19 ADMINISTRATIVE EXPENSES

Salaries and benefits	19.1	<u>19,458,338</u>	18,461,152
Rent		-	-
Repairs and maintenance		1,186,780	1,193,593
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		2,214,629	2,144,523
Communication		2,063,884	1,163,646
Utilities		284,615	199,814
Professional tax		41,626	56,000
Direct and indirect tax consultancy fees		1,162,194	445,030
PSX system audit fee		177,000	159,840
Printing and stationery		213,620	116,195
Auditors' remuneration		795,061	420,000
Legal and professional charges		289,560	90,000
Insurance		112,500	100,998
Travelling and conveyance		166,380	92,410
Entertainment and business promotions		329,238	112,396
Fees and subscription		359,808	361,744
Depreciation		1,237,789	693,715
Amortization of intangible assets		29,583	19,531
SECP penalty		-	825,000
Others		495,481	349,941
		<u>30,618,086</u>	<u>27,005,528</u>

19.1 This includes remuneration of the Chief Executive and an executive which is as follows:

	Chief Executive (CEO) For the 6 months period ended 30 June		Executive For the 6 months period ended 30 June	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Managerial remuneration	6,749,650	6,791,600	1,417,980	1,408,439
Bonus	-	-	116,120	116,120
	<u>6,749,650</u>	<u>6,791,600</u>	<u>1,534,100</u>	<u>1,524,559</u>

AKP

20 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.

- 20.1 Details of transactions during the period are other than those which have been disclosed else where in these condensed interim financial information is as follows:

For the six months ended	
30 June 2021	30 June 2020
(Rupees)	

Habib Metropolitan Bank Limited - the Holding Company

- Mark-up on bank balance	1,722,990	3,043,429
- Equity brokerage commission	150,627	164,082
- Repayment of lease obligation against right of use asset	-	600,000
- Finance cost	24,690	44,752

Key Management Personnel

- Salaries and benefits	9,537,748	8,316,159
- Equity brokerage commission	701,916	178,915

Ultimate Parent Company

Habib Bank AG Zurich (Switzerland) - Equity brokerage commission	-	6,750,522
--	---	-----------

Associated Companies - Equity Brokerage Commission

First Habib Modaraba - (Subsidiary of Holding Company)	-	40,412
Habib Metro Modaraba Management Company (Subsidiary of Holding Company)	6,510	1,335

- 20.2 Details of the balances with the related parties are as follows:

30 June 2021	31 December 2020
(Rupees)	

Habib Metropolitan Bank Limited - The Holding Company

- Bank balances	226,845,966	135,897,745
- Accrued profit on a bank balance	319,461	570,951
- Receivable / (payable) in respect of securities transactions	170,556	22,258
- Payable in respect of rent	2,071,000	-

Key Management Personnel

- Advances	609,500	752,867
- Receivable/(payable) against sale of securities	(2,411,350)	(1,296,307)

Ultimate Parent Company

Habib Bank AG Zurich (Switzerland)	-	55,623
- (Payable) / receivable against sale / purchase of securities	-	-

Associated Companies

First Habib Modaraba	-	-
- Receivable / (payable) against sale of securities	(1,033)	(1,033)
Habib Metropolitan Modaraba Management Company	-	4,556
- Receivable / (payable) against sale of securities	-	-

Director (Holding Company)

- Payable against sale of securities	(81,786)	(12,658)
--------------------------------------	----------	----------

Handwritten signature/initials.

21 **EARNINGS PER SHARE BASIC AND DILUTED**

Net profit for the period

For the six months ended	
30 June 2021	30 June 2020
(Rupees)	

3,211,809	7,456,818
-----------	-----------

Weighted average ordinary shares during the period

(Number)	
30,000,000	30,000,000

Earnings per share - basic and diluted

(Rupees)	
0.11	0.25

22 **DISCLOSURE UNDER REGULATION 5(4) OF THE RESEARCH ANALYST REGULATIONS 2015**

At present the Company employs six members in its Research Department (including Head of Research, one senior analysts, three junior analysts and one data base manager). All members report to Head of Research 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 period ended 30 June 2021, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 1.59 million which comprises basic salary, medical allowance and other benefits as per the Company's policy.

23 **FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is going concern without any intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company are current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires in the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

The different levels (methods) have been

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. These financial assets and financial liabilities, except investment in PSX, are short term and their fair value approximates their carrying value.

Handwritten signature

30 June 2021					
On balance sheet	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Financial assets measured at fair value					
- Short term investments					
- Market treasury bills	98,626,787	-	98,626,787	-	98,626,787
- Long term investments					
- Investment in the shares of Pakistan Stock Exchange Limited	35,761,881	35,761,881	-	-	35,761,881
Financial assets not measured at fair value					
- Receivable from customers	32,312,615	-	-	-	-
- Loan to employees	1,770,865	-	-	-	-
- Deposits	78,140,390	-	-	-	-
- Other receivables	147,126	-	-	-	-
- Accrued profit	1,096,454	-	-	-	-
- Bank balances	228,462,221	-	-	-	-
	476,318,339	35,761,881	98,626,787	-	134,388,668
Financial liabilities not measured at fair value					
- Trade and other payables	(165,910,043)	-	-	-	-
	310,408,296	35,761,881	98,626,787	-	134,388,668
31 December 2020					
On balance sheet financial instruments	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Financial assets measured at fair value					
- Short term investments					
- Market treasury bills	98,410,469	-	98,410,469	-	98,410,469
- Long term investments					
- Investment in shares of Pakistan Stock Exchange Limited	23,755,763	23,755,763	-	-	23,755,763
Financial assets not measured at fair value					
- Receivable from customers	59,739,831	-	-	-	-
- Loan to employees	1,536,038	-	-	-	-
- Deposits	128,640,390	-	-	-	-
- Other receivables	228,692	-	-	-	-
- Accrued profit	1,422,211	-	-	-	-
- Bank balances	137,514,432	-	-	-	-
	451,247,826	23,755,763	98,410,469	-	122,166,232
Financial liabilities not measured at fair value					
- Trade and other payables	(151,032,289)	-	-	-	-
	300,215,537	23,755,763	98,410,469	-	122,166,232

23.1 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) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

K. M. Khan

24 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.

25 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 30 June 2021 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 28 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 June 2021.

26 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised on 20-August-2021

[Signature]

Munir Mushtaq
Chief Executive Officer

[Signature]
Director