



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Habib Metropolitan Financial  
Services Limited**

**Condensed Interim Financial  
Statements (Un-Audited)**

**For the half year ended 30 June 2024**



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

**Report on review of Condensed Interim Financial Statements**

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Habib Metropolitan Financial Services Limited** ("the Company") as at 30 June 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flow, and notes to the condensed interim financial statements for the half year ended 30 June 2024 (here-in-after referred to as the "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 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 auditor's review report is Zeeshan Rashid.

**Date: 28 August 2024**

**Karachi**

**UDIN: RR202410188GYzTcgJK**

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



**Habib Metropolitan Financial Services Limited**  
**Condensed Interim Statement of Financial Position**  
*As at 30 June 2024*

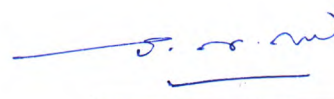
		(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	Note	----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	18,672,079	21,586,772
Intangible assets	6	2,725,461	3,435,360
Long term investment	7	20,533,828	16,173,796
		<u>41,931,368</u>	<u>41,195,928</u>
<b>Current assets</b>			
Receivables from customers	8	64,260,089	102,069,211
Loans to employees	9	1,824,853	2,389,219
Deposits and prepayments	10	82,790,134	80,405,128
Short term investments	11	96,478,467	95,539,733
Accrued profit		3,495,864	3,570,968
Other receivables		841,624	141,890
Advance taxation - net		43,222,098	40,351,141
Cash and bank balances	12	102,323,027	140,251,593
		<u>395,236,156</u>	<u>464,718,883</u>
<b>Total assets</b>		<u><b>437,167,524</b></u>	<u><b>505,914,811</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
30,000,000 (31 December 2023: 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 2023: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	13	300,000,000	300,000,000
Unappropriated (loss) / profit		(8,346,727)	6,232,009
Surplus on revaluation of investments - net of tax		6,600,188	2,276,750
		<u>298,253,461</u>	<u>308,508,759</u>
<b>Non-current liabilities</b>			
Liability against right of use assets		2,256,519	3,359,036
Deferred tax liabilities	14	540,958	721,631
<b>Current liabilities</b>			
Trade and other payables	15	136,116,586	193,325,385
Short term borrowing	16	-	-
<b>Total equity and liabilities</b>		<u><b>437,167,524</b></u>	<u><b>505,914,811</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		

The annexed notes 1 to 29 form an integral part of this condensed interim financial statements.

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**Chief Executive Officer**



**Director**

# Habib Metropolitan Financial Services Limited

## Condensed Interim Statement of Profit or Loss (Un-Audited)

For the half year ended 30 June 2024

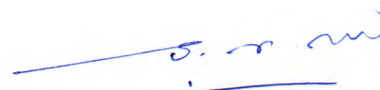
	Note	30 June	
		2024	2023
		----- (Rupees) -----	
Brokerage income	18	26,317,892	11,859,280
Income from investments - Mark-up on treasury bills		10,073,035	9,101,366
Administrative expenses	19	(60,326,902)	(48,602,862)
Finance cost		(247,609)	(334,053)
Provision for Sindh Workers' Welfare Fund		-	-
Provision against financial assets - net		(158,536)	457,785
		(60,733,047)	(48,479,130)
Other income	20	11,589,613	13,939,047
Loss before income tax and minimum tax differential		(12,752,507)	(13,579,437)
Minimum tax differential	22	(2,005,695)	(1,052,784)
Loss before income tax		(14,758,202)	(14,632,221)
Income tax			
Current			
- For the period		-	-
- Prior Period		-	(356,339)
Deferred		179,466	(150,416)
		179,466	(506,755)
Net loss for the period		(14,578,736)	(15,138,976)
Earning per share - basic and diluted	23	(0.49)	(0.50)

The annexed notes 1 to 29 form an integral part of this condensed interim financial statements.

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Chief Executive Officer



Director



**Habib Metropolitan Financial Services Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the half year ended 30 June 2024*

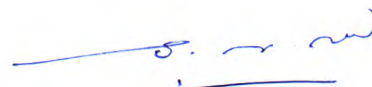
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>----- (Rupees) -----</b>	
Net loss for the period	<b>(14,578,736)</b>	<b>(15,138,976)</b>
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
- Deficit on revaluation of debt investments carried at fair value	<b>(37,801)</b>	<b>(46,643)</b>
- Related deferred tax	<b>1,207</b>	<b>10,356</b>
	<b>(36,594)</b>	<b>(36,287)</b>
<i>Items not to be reclassified to profit or loss in subsequent periods</i>		
- Surplus / (deficit) on revaluation of equity shares investments carried at fair value	<b>4,360,032</b>	<b>(1,090,008)</b>
<b>Total comprehensive loss for the period</b>	<b><u>(10,255,298)</u></b>	<b><u>(16,265,271)</u></b>

The annexed notes 1 to 29 form an integral part of this condensed interim financial statements.

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**Chief Executive Officer**



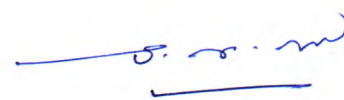
**Director**

**Habib Metropolitan Financial Services Limited**  
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
For the half year ended 30 June 2024

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus / (deficit) on revaluation of investments	Total
	----- (Rupees) -----			
<b>Balance as at 31 December 2022 (Audited)</b>	300,000,000	26,518,653	(922,787)	325,595,866
<b>Total comprehensive income for the period</b>				
Net loss for the half year ended 30 June 2023	-	(15,138,976)	-	(15,138,976)
Other Comprehensive Income - net surplus on revaluation of investments - net of tax	-	-	(1,126,295)	(1,126,295)
	-	(15,138,976)	(1,126,295)	(16,265,271)
<b>Balance as at 30 June 2023 (Un-Audited)</b>	<u>300,000,000</u>	<u>11,379,677</u>	<u>(2,049,082)</u>	<u>309,330,595</u>
<b>Balance as at 31 December 2023 (Audited)</b>	300,000,000	6,232,009	2,276,750	308,508,759
<b>Total comprehensive income for the period</b>				
Net loss for the half year ended 30 June 2024	-	(14,578,736)	-	(14,578,736)
Other Comprehensive Income - net deficit on revaluation of investments - net of tax	-	-	4,323,438	4,323,438
	-	(14,578,736)	4,323,438	(10,255,298)
<b>Balance as at 30 June 2024 (Un-Audited)</b>	<u>300,000,000</u>	<u>(8,346,727)</u>	<u>6,600,188</u>	<u>298,253,461</u>

The annexed notes 1 to 29 form an integral part of this condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**



**Habib Metropolitan Financial Services Limited**  
**Condensed Interim Statement of Cash Flow (Un-Audited)**  
For the half year ended 30 June 2024

	Note	30 June	
		2024	2023
		----- (Rupees) -----	
<b>Cash flow from operating activities</b>			
Loss before income tax and minimum tax differential		(12,752,507)	(13,579,437)
<b>Adjustments for:</b>			
Mark-up on treasury bills		(10,073,035)	(9,101,366)
Provision / (reversal) of provision against financial assets		158,536	(457,785)
Markup on lease liability against right of use asset		221,458	303,776
Depreciation	19	2,914,693	1,733,238
Amortization	19	709,899	393,184
Gain on sale of asset		-	(1,996,000)
		(6,068,449)	(9,124,953)
<b>Decrease / (increase) in current assets</b>			
Receivable from customers		37,650,586	56,829,729
Loans and advances		564,366	(941,535)
Deposits and prepayments		(2,385,006)	(3,131,079)
Accrued profit		75,104	(567,807)
Other receivables		(699,734)	(208,693)
		35,205,316	51,980,615
<b>Decrease in current liabilities</b>			
Trade and other payables		(57,363,167)	(50,725,801)
		(40,978,807)	(21,449,576)
Income taxes paid		(4,876,652)	(3,811,174)
<b>Net cash flow used in operating activities</b>		(45,855,459)	(25,260,750)
<b>Cash flow from investing activities</b>			
Proceeds from the maturity of investments		200,000,000	200,000,000
Purchase of investments - net		(190,903,500)	(191,244,900)
Property and equipment acquired during the period - net		-	(11,187,405)
Proceeds from sale of fixed assets		-	1,996,000
Intangible assets acquired during the period		-	(1,700,595)
<b>Net cash flow from investing activities</b>		9,096,500	(2,136,900)
<b>Cash flow from financing activities</b>			
Repayment of liability against right of use assets		(1,169,607)	(1,113,911)
<b>Net cash flow used in financing activities</b>		(1,169,607)	(1,113,911)
<b>Net decrease in cash and cash equivalent</b>		(37,928,566)	(28,511,561)
Cash and cash equivalents at beginning of the period		140,251,593	140,926,546
<b>Cash and cash equivalents at end of the period</b>		<u>102,323,027</u>	<u>112,414,985</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	12	102,323,027	112,414,985
Short term borrowings		-	-
		<u>102,323,027</u>	<u>112,414,985</u>

The annexed notes 1 to 29 form an integral part of this condensed interim financial statements.

  
Chief Executive Officer

  
Director



# Habib Metropolitan Financial Services Limited

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the half year ended 30 June 2024

### 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 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, Khekashan Clifton, Karachi. The Company commenced its operations on 06 March 2008.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 This condensed interim financial statements 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 and Directives issued by the Securities and Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Companies Act, 2017 or the directives issued by the SECP differ with the requirements of the IAS 34, the requirements of the Companies Act, 2017 and the said directives shall prevail.

#### 2.2 Basis of accounting

This condensed interim financial information of the Company does 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 2023. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

#### 2.3 Basis of measurement

This condensed interim financial statements has been prepared under the historical cost convention, except that investments are carried at fair values.

#### 2.4 Functional and presentation currency

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

#### 2.5 Use of estimates and judgment

The preparation of the condensed interim financial statements in conformity with approved accounting and reporting 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 annual audited financial statements for the year ended 31 December 2023.

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## 2.6 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the annual audited financial statements as at and for the year ended 31 December 2023.

## 3 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies applied for the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023 (except for the following mentioned in note 3.1).

- 3.1 The Institute of Chartered Accountants of Pakistan (ICAP), through Circular No. 07/2024 dated 15 May 2024, issued guidance on the accounting treatment of minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards. According to this guidance, Income taxes are defined as whose calculation use taxable profits and Levies are defined as whose calculation use data such as the gross amount of revenue, assets or liabilities that do not meet the definition of income taxes provided in IAS 12. Accordingly, final taxes paid are to be classified as a 'levy' rather than as income tax in the statement of profit or loss. Further, the circular also provides two approaches for the bifurcation of minimum taxes, offering the Company the option to select and consistently apply one approach. Each approach has distinct implications for deferred taxes.

The Company has opted to designate the amount calculated on taxable income using the notified tax rates as income tax within the scope of IAS 12 'Income Taxes' and to recognize this amount as a current income tax expense. Any excess amount beyond the designated income tax will be recognized as a levy, in accordance with IFRIC 21/IAS 37. As a result, deferred tax on the excess amount treated as a levy will be recorded at the enacted income tax rate.

Pursuant to the Income Tax Ordinance 2001, the Company is subject to the minimum tax regime as stipulated under Section 233. Since the tax liability under the aforesaid mentioned section exceeds the tax liability under the normal tax regime, the excess amount shall be recorded as a levy.

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

- 4.1 There are certain amendments to the standards and new interpretations that are mandatory for the Company's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

### 4.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Amendments	Effective date (annual periods beginning on or after)
- Amendments to IFRS 10 and IAS 28 - Loss of control of business or assets.	Not yet finalized
- Amendments to IAS 21 - lack of exchangeability	January 1, 2025
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7	January 1, 2026

The management is currently in the process of assessing the full impact of these amendments on the condensed interim financial statements of the Company.

## 5 PROPERTY AND EQUIPMENT

Operating Assets  
Right of use asset

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(Un-Audited) 30 June 2024	(Audited) 31 December 2023
----- (Rupees) -----	
15,386,468	17,444,045
3,285,611	4,142,727
<u>18,672,079</u>	<u>21,586,772</u>



5.1 The following assets have been added during the half year ended 30 June 2024:

		(Un-Audited) 30 June	
		2024	2023
		----- (Rupees) -----	
Office equipment		-	553,420
Furniture and fixtures		-	3,665,735
Computer equipment		-	696,250
Advance against purchase of vehicle		-	6,272,000
		<u>-</u>	<u>11,187,405</u>

## 6 INTANGIBLE ASSETS

		(Un-Audited) 30 June 2024	(Audited) 31 December 2023
		----- (Rupees) -----	
Operating intangible assets		<u>2,725,461</u>	<u>3,435,360</u>

6.1 The following intangible assets have been added during the half year ended 30 June 2024.

		(Un-Audited)	
		2024	2023
		----- (Rupees) -----	
Computer software		<u>-</u>	<u>1,700,595</u>

## 7 LONG TERM INVESTMENT

at fair value through other comprehensive income (OCI)

(Un-Audited) 30 June 2024 (Number of shares)		(Audited) 31 December 2023	Note	(Un-Audited) 30 June 2024 (Rupees)		(Audited) 31 December 2023
				----- (Rupees) -----		
1,602,953	1,602,953	Cost of investment		13,900,000	13,900,000	
-	-	Surplus on revaluation of investment		6,633,828	2,273,796	
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	7.1	<u>20,533,828</u>	<u>16,173,796</u>	

7.1 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 and are classified as "Pledged" in the Central Depository Company (CDC) report of the Company.

7.2 At 30 June 2024, the required BMC amounted to Rs. 31.05 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. 18.5 million to fulfil the BMC requirement; and
- Shares of PSX (1,602,953 shares) pledged in favour of the exchange.

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## 8 RECEIVABLES FROM CUSTOMERS

		(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	Note	(Rupees)	
Trade receivables from the customers	8.1	55,624,444	102,809,886
Less: Loss allowance for expected credit loss (ECL)	8.2	(2,901,428)	(2,742,892)
		<u>52,723,016</u>	<u>100,066,994</u>
Receivable from NCCPL			
- ready market		11,142,000	-
- future market		395,073	2,002,217
		<u>64,260,089</u>	<u>102,069,211</u>

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

	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees)	
Habib Metropolitan Bank Limited (holding company)	1,337,835	572,561
First Habib Modaraba	67	67
Habib Metro Modaraba Management Company	7,096	7,096

### 8.2 Loss allowance for expected credit loss (ECL)

Opening Balance	2,742,892	2,802,511
Charge / (reversal) during the period / year	158,536	(59,619)
Closing Balance	<u>2,901,428</u>	<u>2,742,892</u>

### 8.3 Aging analysis

	(Un-Audited) 30 June 2024
	Amount Custody value

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

	(Rupees)	
Up to five days	45,830,594	932,881,044
More than five days	9,793,850	3,007,792,450
	<u>55,624,444</u>	<u>3,940,673,494</u>

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

## 9 LOANS TO EMPLOYEES

	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees)	
Unsecured, considered good		
Loans to Key Management Personnel	1,140,003	1,478,249
Loans to other employees	684,850	910,970
	<u>1,824,853</u>	<u>2,389,219</u>

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

## 10 DEPOSITS AND PREPAYMENTS

		(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	Note	(Rupees)	
Deposits with:			
- NCCPL against the exposure	10.1	59,916,627	59,916,627
- PSX under BMC requirement	10.2	18,500,000	18,500,000
- NCCPL for deliverable future contracts, ready contracts and initial deposit	10.3	1,400,000	1,400,000
- Central Depository Company of Pakistan Limited	10.4	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		2,833,117	448,111
		<u>82,790,134</u>	<u>80,405,128</u>

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- 10.1 This represents margin deposit with NCCPL in accordance with the provisions of the Securities Act, 2015. These deposits currently carry mark-up at the rate of 19.07% (31 December 2023: 19.04%) per annum.
- 10.2 This represents deposit with PSX to fulfil the base minimum capital requirement. These deposits carry mark-up at the rate of 21.87% (31 December 2023: 19.66%) per annum.
- 10.3 This represents amount of Rs. 1 million (31 December 2023: Rs. 1 million) on account of basic deposit for deliverable future contracts market, Rs. 0.2 million (31 December 2023: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2023: Rs. 0.2 million) as initial deposit.
- 10.4 This represent amount of Rs.100,000 (31 December 2023: Rs.100,000) on account of deposit with CDC at the commencement of brokerage business.

11	SHORT TERM INVESTMENTS - at fair value through OCI	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees)	
	Market treasury bills		
	Amortised cost	96,512,107	95,535,572
	(Deficit) / surplus arising on revaluation during the period / year	(33,640)	4,161
	Market Value	<u>96,478,467</u>	<u>95,539,733</u>

11.1 Government securities

Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2024	Purchased during the period	Matured during the period	As at 30 June 2024	Carrying value as at 30 June 2024 (before revaluation)	Market value as at 30 June 2024
							(Rupees)	
							(Units)	
Treasury Bills - 3 months (face value of Rs 5,000)	5-Sep-24	19.9862%	20,000	40,000	40,000	20,000	96,512,107	96,478,467

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

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

12	CASH AND BANK BALANCES	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees)	
	Cash in hand	25,000	25,000
	Profit and loss sharing accounts:		
	- Habib Metropolitan Bank Limited - The Holding Company	37,381,996	50,001
	- Habib Bank Limited	100,774	1,443,218
	- Meezan Bank Limited	6,670	6,670
		37,489,440	1,499,889
	Current accounts:		
	- Habib Metropolitan Bank Limited - The Holding Company	63,803,726	106,125,931
	- MCB Bank Limited	1,004,861	32,600,773
		64,808,587	138,726,704
		<u>102,323,027</u>	<u>140,251,593</u>

12.1 These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 20.50% per annum (31 December 2023: 20.50%) per annum.

	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
	(Rupees)	
12.2 Customers' assets held in the designated bank accounts	<u>63,803,726</u>	<u>90,534,517</u>
12.3 Customers' assets held in the CDC	<u>6,695,123,550</u>	<u>5,495,272,472</u>
12.4 Customers' securities pledged with financial institutions	<u>88,143,852</u>	<u>72,327,997</u>

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2023: 29,999,997) shares were held by the Holding company and 3 (31 December 2023: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

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# 14 DEFERRED TAX ASSET LIABILITIES - net

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

	Balance as at 1 January 2023	Recognised in profit and loss	Recognised in OCI	(Audited) Balance as at 31 December 2023	Recognised in profit and loss	Recognised in OCI	(Un-Audited) Balance as at 30 June 2024
	(Rupees)						
<b>Taxable Temporary difference:</b>							
Property and equipment	-	(677,724)	-	(677,724)	202,367	-	(475,357)
Intangible assets	(12,329)	(30,371)	-	(42,700)	(22,901)	-	(65,601)
(Surplus) / deficit on revaluation of investments - net	(10,356)	-	9,149	(1,207)	-	1,207	-
	(22,685)	(708,095)	9,149	(721,631)	179,466	1,207	(540,958)
<b>Deductible Temporary difference:</b>							
Provision for leave encashment	-	-	-	-	-	-	-
Liability against right of use asset - net	-	-	-	-	-	-	-
Provision against Receivables from Customers	-	-	-	-	-	-	-
	(22,685)	(708,095)	9,149	(721,631)	179,466	1,207	(540,958)

The Company, as a measure of prudence, has not recognized deferred tax asset of Rs. 1.61 million on deductible temporary differences.

# 15 TRADE AND OTHER PAYABLES

	Note	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees)	
Due to customers in respect of securities transactions		116,920,642	131,902,523
Accrued expenses		14,489,471	8,604,087
Payable to workers' welfare fund	15.1	2,561,057	2,561,057
Liability against right of use assets - current portion		2,145,416	1,991,048
Payable to NCCPL		-	48,266,670
		<u>136,116,586</u>	<u>193,325,385</u>

- 15.1 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.

	Note	(Un-Audited) 30 June 2024	(Audited) 31 December 2023
		(Rupees)	
<b>16 SHORT TERM BORROWING</b>			
Habib Metropolitan Bank Limited - The Holding Company	16.1	-	-

- 16.1 The Company has obtained running finance facility from the Holding Company having credit limit up to Rs. 350 million (31 December 2023: Rs. 350 million). This carries mark up at the rate of 3 months KIBOR plus 2% per annum (31 December 2023: 3 months KIBOR plus 2% per annum) payable quarterly. This facility is available till 31 August 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. During the period the facility was not used by the Company.

# 17 CONTINGENCIES AND COMMITMENTS

- 17.1 There were no contingencies as at 30 June 2024
- 17.2 Capital commitment as at 30 June 2024 was Rs. 0.3 million against software.

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**18 BROKERAGE INCOME**

Note	(Un-Audited) 30 June	
	2024	2023
	----- (Rupees) -----	

Brokerage income	18.1, 18.2 & 18.3	<u>26,317,892</u>	<u>11,859,280</u>
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**18.1 Disaggregation revenue**

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

- Corporate customers	16,714,127	8,414,346
- Individual customers	<u>9,603,765</u>	<u>3,444,934</u>
	<u>26,317,892</u>	<u>11,859,280</u>

**18.2** This includes brokerage from related parties amounting to Rs. 1.99 million (30 June 2023: Rs. Rs. 0.36 million).

**18.3** Brokerage revenue includes Rs. 1.35 million ( 30 June 2023: Rs. Rs. 0.39 million) from customers outside the country.

**19 ADMINISTRATIVE EXPENSES**

Note	(Un-Audited) 30 June	
	2024	2023
	----- (Rupees) -----	

Salaries and benefits	19.1	37,429,504	33,680,269
Provision against penalty	19.2	4,552,500	-
Rent		66,003	56,797
Repairs and maintenance		3,112,159	1,888,100
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		2,271,159	1,117,720
Communication		3,258,557	3,047,465
Utilities and office general expenses		1,090,299	839,286
Professional tax		55,500	56,400
Auditors' remuneration		1,268,052	1,141,850
Legal and professional charges		607,230	853,510
Printing and stationery		110,265	127,660
Insurance		1,273,731	1,229,367
Travelling and conveyance		91,470	109,479
Entertainment and business promotions		362,349	626,332
Fees and subscription		898,608	1,241,075
Depreciation		2,914,693	1,733,238
Amortization of intangible assets		709,899	393,184
Others		254,924	461,130
		<u>60,326,902</u>	<u>48,602,862</u>

**19.1** This includes remunerative of the Chief Executive and executive as follows:

	Chief Executive (CEO) (Un-Audited) 30 June		Executive (Un-Audited) 30 June	
	2024	2023	2024	2023
	----- (Rupees) -----			
Managerial remuneration	7,960,832	7,950,229	12,440,987	8,431,308
Bonus	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,764,954</u>	<u>1,356,237</u>
	<u>9,210,832</u>	<u>9,200,229</u>	<u>14,205,941</u>	<u>9,787,545</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>5</u>

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

**19.2** This represents provision against penalty of Rs 4.55 million as imposed by the Federal Board of Revenue under section 182/(2) subsequent to the period end on 30 July 2024. The Company is in the process of filing an appeal against the above order.

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20 OTHER INCOME

(Un-Audited) 30 June	
2024	2023
----- (Rupees) -----	
Return on NCCPL exposure margin	5,763,477
Mark-up on bank balances	4,485,263
Return on PSX BMC deposit	3,629,362
IPO / book building brokerage income	2,017,377
Physical shares transfer	4,181
Gain on sale of fixed assets	94
Others	-
	1,996,000
	175,122
	174,801
	11,589,613
	13,939,047

21 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.

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

(Un-Audited) 30 June	
2024	2023
----- (Rupees) -----	

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

- Mark-up on bank balance	3,568,831	5,630,627
- Equity brokerage commission	1,807,569	301,860
- Repayment of lease obligation against right of use asset	1,169,607	1,113,911
- Finance Cost	246,856	333,496

**Key Management Personnel**

- Salaries and benefits	23,417,829	20,307,370
- Equity brokerage commission	21,459	29,128
- Sale of fixed asset having nil book value.	-	1,975,000

**Ultimate Parent Company**

Habib Bank AG Zurich - Equity brokerage commission	156,786	29,250
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21.2 Details of the balances with the related parties are as follows:

(Un-Audited) 30 June 2024	(Audited) 31 December 2023
----- (Rupees) -----	

**Habib Metropolitan Bank Limited - The Holding Company**

- Bank balances	101,185,722	106,175,932
- Accrued profit on bank balance	460,243	578,043
- Receivable in respect of securities transactions - net	334,222	351,047

**Key Management Personnel**

- Advances	1,140,003	1,478,249
- Payable against sale / purchase of securities - net	(109,147)	(939,822)

**Associated Entities**

First Habib Modaraba		
- Receivable against sale / purchase of securities - net	67	67
Habib Metro Modaraba Management Company		
- Receivable against sale / purchase of securities - net	7,096	7,096

**Directors (Holding Company)**

- Payable against sale of securities -net	(449,526)	(352,202)
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**21.3 Number of employees**

30 June 2024 (Un-Audited) (Number of employees)	31 December 2023 (Audited) (Number of employees)
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Number of Employees as at the period / year end

<u>25</u>	<u>26</u>
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Average Number of Employees as at the period / year end

<u>26</u>	<u>25</u>
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**22 TAXATION**

This represents portion of minimum tax under section 233 of Income Tax Ordinance (ITO), 2001 amounting to Rs. 2,005,695, representing levy in terms of requirements of IFRIC 21 / IAS 37. This amount pertains to withholding tax under the section 233 of ITO, 2001.

**23 EARNING PER SHARE BASIC AND DILUTED**

(Un-Audited) 30 June	
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2024	2023
----- (Rupees) -----	----- (Rupees) -----

Net Loss for the period

<u>(14,578,736)</u>	<u>(15,138,976)</u>
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(Number)

Weighted average ordinary shares during the period

<u>30,000,000</u>	<u>30,000,000</u>
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----- (Rupees) -----

Earning per share - basic and diluted

<u>(0.49)</u>	<u>(0.50)</u>
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**24 DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS 2015**

At present the Company has five members in its Research Department (including head of research, three research analysts and one data base administrator). All members report to the 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 2024, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 4.2 million which comprises basic salary, medical allowance and other benefits and bonus as per the Company's policy.

**25 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 materially 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 prices.

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 Measurements' requires 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).

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

On balance sheet	Note	30 June 2024 (Un-Audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		96,478,467	-	96,478,467	-	96,478,467
- Long term investments						
- Investment in the shares of Pakistan Stock Exchange Limited		20,533,828	20,533,828	-	-	20,533,828
		117,012,295	20,533,828	96,478,467	-	117,012,295
Financial assets not measured at fair value	25.2					
- Receivable from customers		64,260,089	-	-	-	-
- Loan to employees		1,824,853	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		118,402	-	-	-	-
- Accrued Profit		3,495,864	-	-	-	-
- Cash and bank balances		102,323,027	-	-	-	-
		368,991,547	20,533,828	96,478,467	-	117,012,295
Financial liabilities not measured at fair value	25.2					
- Trade and other payables		(135,812,048)	-	-	-	-
On Balance Sheet Gap		233,179,499	20,533,828	96,478,467	-	117,012,295
On balance sheet financial instruments	Note	31 December 2023 (Audited)				
		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 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	25.2					
- 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	-	-	-	-
- Cash and bank balances		140,251,593	-	-	-	-
		440,075,721	16,173,796	95,539,733	-	111,713,529
Financial liabilities not measured at fair value	25.2					
- Trade and other payables		(194,123,364)	-	-	-	-
On Balance Sheet Gap		245,952,357	16,173,796	95,539,733	-	111,713,529

## 25.1 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).

25.2 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.

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

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## 26 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.

## 27 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 2024 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 31.05 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 June 2024.

## 28 CORRESPONDING FIGURES

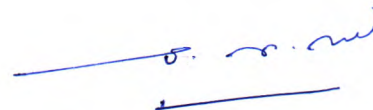
Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation. However, no material changes have been made.

## 29 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on 28 August 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director