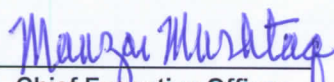


Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Financial Position
As at 30 September 2020

	Note	30 September 2020	31 December 2019
(Rupees)			
ASSETS			
Non-current assets			
Property and equipment	5	6,104,279	6,602,881
Intangible assets	6	416,332	69,419
Long term investment	7	26,448,725	20,004,853
		<u>32,969,336</u>	<u>26,677,153</u>
Current assets			
Receivables from customers	9	75,206,789	41,819,574
Loans to employees	10	2,035,345	2,422,201
Deposits and prepayments	11	79,048,074	78,953,763
Short term investments	12	98,789,354	98,444,913
Accrued profit	14	1,410,256	1,278,170
Other receivables	15	425,829	288,438
Advance taxation - net		31,118,994	31,628,485
Cash and bank balances	16	277,800,008	182,534,977
		<u>565,834,649</u>	<u>437,370,521</u>
Total assets		<u><u>598,803,985</u></u>	<u><u>464,047,674</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
30,000,000 (31 December 2019: 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 2019: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	17	300,000,000	300,000,000
Unappropriated profit		26,157,984	16,457,855
Surplus on revaluation of investments - net of tax	13	12,550,651	6,095,254
		<u>338,708,635</u>	<u>322,553,109</u>
Non-current liabilities			
Deferred tax liability - net	8	201,887	214,435
Current liabilities			
Trade and other payables	18	259,893,463	141,280,130
Total equity and liabilities		<u><u>598,803,985</u></u>	<u><u>464,047,674</u></u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 30 form an integral part of these condensed interim financial information.

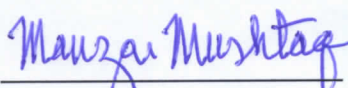

Chief Executive Officer


Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Profit or Loss
For the nine months period ended 30 September 2020

	Note	Nine months period ended 30 September	
		2020	2019
		(Rupees)	
Brokerage income	20	39,454,160	16,754,460
Income from investments			
- Mark-up on treasury bills		6,781,057	7,960,019
Administrative expenses	21	(40,950,063)	(38,579,743)
Finance cost	22	(644,147)	(1,124,631)
Provision for Workers' Welfare Fund		(294,043)	(378,838)
Provision against financial assets - net	9.2	(454,644)	(5,437)
		(42,342,897)	(40,088,649)
Other income	23	9,951,586	11,002,037
Profit before taxation		13,843,906	(4,372,133)
Provision for taxation			
- Current		(4,156,222)	(6,815,796)
- Deferred		12,445	6,377
- Prior year		-	6,647,837
		(4,143,777)	(161,582)
Net profit for the period		9,700,129	(4,533,715)
Earning per share - basic and diluted	25	0.323	(0.151)

The annexed notes 1 to 30 form an integral part of these condensed interim financial information.

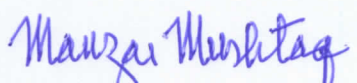

Chief Executive Officer


Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Comprehensive Income
For the nine months period ended 30 September 2020

		Nine months period ended 30 September	
	Note	2020	2019
		(Rupees)	
Net profit for the period		9,700,129	(4,533,715)
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent periods			
- Surplus on revaluation of debt investments carried at fair value through Other Comprehensive Income	13	11,422	5,085
- Related deferred tax	13	103	(763)
		11,525	4,322
Items not to be reclassified to profit or loss in subsequent periods			
- Deficit on revaluation of equity shares investments carried at fair value through Other Comprehensive Income	13	6,443,872	(8,239,178)
Total comprehensive income for the period		16,155,526	(12,768,571)

The annexed notes 1 to 30 form an integral part of these condensed interim financial information.

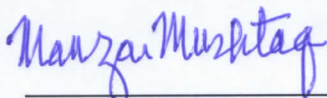

 Chief Executive Officer


 Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Changes in Equity
For the nine months period ended 30 September 2020

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	(Rupees)			
Balance as at 1 January 2019	300,000,000	12,499,193	7,839,630	320,338,823
Total comprehensive income for the period				
Net profit for the period ended 30 September 2019	-	(4,533,715)	-	(4,533,715)
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	(8,234,856)	(8,234,856)
	-	(4,533,715)	(8,234,856)	(12,768,571)
Balance as at 30 September 2019	<u>300,000,000</u>	<u>7,965,478</u>	<u>(395,226)</u>	<u>307,570,252</u>
Balance as at 1 January 2020	300,000,000	16,457,855	6,095,254	322,553,109
Total comprehensive income for the period				
Net profit for the year ended 30 September 2020	-	9,700,129	-	9,700,129
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	6,455,397	6,455,397
	-	9,700,129	6,455,397	16,155,526
Balance as at 30 September 2020	<u>300,000,000</u>	<u>26,157,984</u>	<u>12,550,651</u>	<u>338,708,635</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial information.

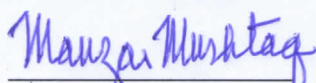

Chief Executive Officer



Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Cash Flow (Un-audited)
For the nine months period ended 30 September 2020

Note	Nine months period ended 30 September	
	2020	2019
	(Rupees)	
Cash flows from operating activities		
Profit / (loss) for the period before taxation	13,843,906	(4,372,133)
Adjustments for:		
Mark-up on treasury bills	(6,781,057)	(7,960,019)
Increase in provision against financial assets	454,644	5,437
Provision for Sindh Workers' Welfare Fund	294,043	378,838
Markup on lease liability	479,087	535,113
Depreciation	1,062,562	994,393
Amortization	28,087	38,961
Loss before working capital changes	(4,462,634)	(6,007,277)
<i>Decrease / (increase) in current assets</i>		
Receivable from customers	(33,841,859)	66,459,635
Loans and advances	386,856	(114,382)
Deposits and prepayments	(94,311)	120,740,909
Accrued profit	(132,086)	(224,760)
Other receivables	(137,391)	(111,521)
	(33,818,791)	186,749,881
<i>Decrease in current liabilities</i>		
Trade and other payables	118,821,734	(80,341,300)
	94,384,215	96,029,171
Income tax paid	(3,646,731)	(4,654,399)
Net cash flows from operating activities	90,737,484	91,374,772
Cash flows from investing activities		
Proceeds from the maturity of investments	300,000,000	300,000,000
Purchase of investments - net	(293,551,963)	(292,873,546)
Property and equipment acquired during the period	(938,960)	(598,370)
Net cash flows from investing activities	5,509,077	6,528,084
Cash flows from financing activities		
Repayment of lease obligation against right of use assets	(981,530)	(981,530)
Net cash flows from financing activities	(981,530)	(981,530)
Net increase in cash and cash equivalent	95,265,031	96,921,326
Cash and cash equivalent at beginning of the period	182,534,977	31,238,631
Cash and cash equivalent at end of the period	277,800,008	128,159,957
CASH AND CASH EQUIVALENTS		
Cash and bank balances	277,800,008	138,334,538
Short term borrowings	-	(10,174,581)
	277,800,008	128,159,957

The annexed notes 1 to 30 form an integral part of these condensed interim financial information.


Chief Executive Officer


Director

Habib Metropolitan Financial Services Limited

Notes to the Condensed Interim Financial Information

For the nine months period ended 30 September 2020

1 STATUS AND NATURE OF BUSINESS

Habib Metropolitan Financial Services Limited (the Company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is a wholly owned subsidiary of Habib Metropolitan Bank Limited (the Holding Company). Ultimate holding company is Habib Bank AG Zurich, based 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 6 March 2008.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 These condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at end for the year ended 31 December 2019.

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.

2.3 Functional and presentation currency

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

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 annual financial statements for the year ended 31 December 2019.

2.5 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 annual financial statements for the year ended 31 December 2019.

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

3.1 Effective but not relevant

Certain standards, interpretations and amendments to accounting and reporting standards were applicable during the current period. However, these have not been detailed here as the same had no impact on the Company.

3.2 That are not yet effective

Details of the standards, interpretations and amendments to accounting and reporting standards that are applicable from the subsequent period are as follows:

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

Amendments to IAS 19 'Employee Benefits' – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in

the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

4 FINANCIAL RISK MANAGEMENT AND IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the annual financial statements as at and for the year ended 31 December 2019.

During the period, the novel coronavirus (COVID19) emerged. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The COVID19 pandemic had significantly impacted the economy around the world and this may continue to do so in the coming months.. The scale and duration of this outbreak remains uncertain. The Government of Pakistan has taken various fiscal and regulatory stimulus measures to sustain economic activity during the period and mitigate its impact which provided both guidance on pandemic preparedness and regulatory relief to impacted industry units. Furthermore, the lifting of lockdown and normalisation of stock market enhanced the business and its financial performance as Pakistan Stock Exchange started to revive with increased trading activity as the business across the country started to show improved results which had earlier been at halt, resulting in increased

brokerage income for the business.

The Company's management is of the view that above situation will continue to favourably impact the Company in future years based on the business strategy and the measures taken thereon.

The Company management is of the view that there has not been a significant impact on the carrying amounts of assets and liabilities or items of income and expenses.

5 PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT				2020					
Note	Cost			Depreciation		Written down	Rate		
	At	Additions	At	At	Charge for	At			
	1 January 2020		30 September 2020	1 January 2020	the period	30 September 2020			
(Rupees)									
Owned									
Office equipment	983,262	317,400	1,300,662	469,447	122,517	591,964	708,698	15%	
Furniture and fixtures	131,053	-	131,053	88,115	12,887	101,002	30,051	15%	
Computer equipment	1,813,110	246,560	2,059,670	1,089,051	259,758	1,348,809	710,861	25%	
Motor vehicles	34,795	-	34,795	27,280	3,081	30,361	4,434	20%	
Leased									
Right of use asset	3.3.1	6,200,313	-	6,200,313	885,759	664,319	1,550,078	4,650,235	
		9,162,533	563,960	9,726,493	2,559,652	1,062,562	3,622,214	6,104,279	
				2019					
	Cost			Depreciation		Written down	Rate		
	At	Additions	At	At	Charge for the	At			
	1 January 2019		31 December 2019	1 January 2019	year	31 December 2019			
(Rupees)									
Owned									
Office equipments		917,492	65,770	983,262	330,560	138,887	469,447	513,815	15%
Furniture and fixtures		131,053	-	131,053	70,948	17,167	88,115	42,938	15%
Computer equipments		1,237,220	575,890	1,813,110	784,710	304,341	1,089,051	724,059	25%
Motor vehicles		34,795	-	34,795	23,175	4,105	27,280	7,515	20%
Leased									
Right of use asset	3.3.1	-	6,200,313	6,200,313	-	885,759	885,759	5,314,554	
		2,320,560	6,841,973	9,162,533	1,209,393	1,350,259	2,559,652	6,602,881	

5.1 Cost of fully depreciated assets which are still in use as at 30 September 2020 amounts to Rs. 0.6 million (31 December 2019: Rs. 0.37 million).

6 INTANGIBLE ASSETS

Note	30 September 2020	31 December 2019
	(Rupees)	
Operating intangible asset	6.1	41,332
Capital work-in-progress	6.4	375,000
	<u>416,332</u>	<u>69,419</u>

6.1 Operating intangible asset

Operating intangible asset				2020				
Note	Cost			Amortization		Written down value as at 30 2020	Rate	
	At 1 January 2020	Additions / (disposals)	At 30 September 2020	At 1 January 2020	Charge for the period			At 30 September 2020
				(Rupees)				
Online trading software	1,070,000	-	1,070,000	1,070,000	-	1,070,000	-	33%
PSX gateway application for online trading	551,500	-	551,500	551,500	-	551,500	-	33%
TRE Certificate	-	-	-	-	-	-	-	-
Computer software	173,147	-	173,147	103,728	28,087	131,815	41,332	33%
	1,794,647	-	1,794,647	1,725,228	28,087	1,753,315	41,332	
				2019				
Note	Cost			Amortization		Written down value as at 31 December 2019	Rate	
	At 1 January 2019	Additions / (disposals)	At 31 December 2017 2019	At 1 January 2017 2019	Charge for the year			At 31 December 2017 2019
				(Rupees)				
Online trading software	1,070,000	-	1,070,000	1,070,000	-	1,070,000	-	33%
PSX gateway application for online trading	551,500	-	551,500	551,500	-	551,500	-	33%
TRE Certificate	-	-	-	-	-	-	-	-
Computer software	173,147	-	173,147	51,780	51,948	103,728	69,419	33%
	1,680,572	-	1,794,647	1,673,280	51,948	1,725,228	69,419	

6.2 The TRE (trading right entitlement) Certificate acquired on surrender of stock exchange membership card is stated at nil value.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may be transferred once only to a company intending to carry out shares brokerage business.

6.3 Cost of fully amortized assets which are still in use as at 30 September 2020 amounts to Rs.1.62 million (31 December 2019 Rs. 1.62 million).

6.4 This represents advance for the development of a mobile application.

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

30 September 2020	31 December 2019		Note	30 September 2020	31 December 2019
(Number of shares)				(Rupees)	
1,602,953	1,602,953	Cost of investment		13,900,000	13,900,000
-	-	Surplus on revaluation of investment	13	12,548,725	6,104,853
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	7.3	<u>26,448,725</u>	<u>20,004,853</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 "Freeze" in the Central Depository Company (CDC) report of the Company.
- 7.2 The shares of Pakistan Stock Exchange Limited (PSX) were acquired in pursuance of the corporatization and demutualization of PSX as a public company limited by shares. The paid-up capital of PSX was equally distributed among 200 members (termed as initial shareholders of exchange after corporatization) of PSX by issuance of 4,007,383 shares to each initial shareholders in the following manner:
- 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account of Central Depository Company of Pakistan Limited (CDC) to each initial shareholder.
 - 60% of the total shares (i.e. 2,404,430 shares) were deposited in a sub-account in the Company's name under PSX's participant ID with CDC which were to remain blocked until they were divested by the Company to strategic investor(s), general public and financial institution (as per the provisions of the Act). These shares were divested during the year ended 31 December 2017.
- 7.3 In compliance with the Chapter 19 of Rule Book of PSX Governing Risk management, every TREC holder shall maintain Base Minimum Capital (BMC) as per the slabs with the exchange which shall be determined based on the Assets Under Custody (AUC).

Required BMC amounted to Rs. 26 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 fulfil the BMC requirement and
- Shares of PSX (1,602,953 shares) pledged in favour of the exchange;

8 DEFERRED TAX (LIABILITY) - net

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

	Balance as at 1 January 2019	Recognised in profit and loss	Recognised in equity	Balance as at 31 December 2019	Recognised in profit and loss	Recognised in equity	Balance as at 30 September 2020
	(Rupees)						
Taxable Temporary difference:							
Property and equipment	(159,069)	(52,209)	-	(211,278)	(116,017)	-	(327,295)
Intangible assets	(1,668)	(600)	-	(2,268)	(123)	-	(2,391)
(Surplus) / deficit on revaluation of investments - net	2,196	-	(3,085)	(889)	-	103	(786)
	(158,541)	(52,809)	(3,085)	(214,435)	(116,140)	103	(330,472)
Deductable Temporary difference:							
Provision for leave encashment	671,708	(671,708)	-	-	-	-	-
Lease liability against right of use asset - net	-	-	-	-	128,585	-	128,585
Provision against receivable from customer	196,738	(196,738)	-	-	-	-	-
	868,446	(868,446)	-	-	128,585	-	128,585
	709,905	(921,255)	(3,085)	(214,435)	12,445	103	(201,887)

9 RECEIVABLES FROM CUSTOMERS

	Note	30 September 2020	31 December 2019
		(Rupees)	
Trade receivables from the customers		49,828,759	20,964,020
Less: Provision against receivable from customers	9.2	(3,875,383)	(3,420,739)
		45,953,376	17,543,280
Receivable from NCCPL			
- ready market		27,391,386	23,683,180
- future market		1,862,027	593,114
		75,206,789	41,819,574

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

Habib Bank AG Zurich, Deira Dubai	2,025,219	4,096,409
Habib Metropolitan Bank Limited	196,501	349
First Habib Modaraba	-	3,471,995

9.2 Provision against the balance receivable from the customers

Opening balance	3,420,739	678,406
Charge during the period / year	454,644	2,742,333
Closing balance	3,875,383	3,420,739

10	LOANS TO EMPLOYEES	<i>Note</i>	30 September 2020	31 December 2019
	Unsecured, considered good			
			(Rupees)	
	Loan to Key Management Personnel	10.2	150,000	979,500
	Loans to other employees		1,885,345	1,442,701
			<u>2,035,345</u>	<u>2,422,201</u>
10.1	Above are unsecured interest free balances and are adjustable against the monthly salaries within six months.			
10.2	Loan to a Key Management Person			
	Opening balance		979,500	715,000
	Loan granted during the period / year		1,055,000	1,547,000
	Repayment of loan during the period / year		(1,505,000)	(1,282,500)
	Closing balance		<u>529,500</u>	<u>979,500</u>
11	DEPOSITS AND PREPAYMENTS			
	Deposits with:			
	- NCCPL against the exposure	11.1	60,500,000	60,500,000
	- 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>78,640,390</u>	<u>78,640,390</u>
	Prepayments		407,684	313,373
			<u>79,048,074</u>	<u>78,953,763</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 6.00% (31 December 2019: 10.18%) per annum.			
11.2	Following is the breakup of Deposit of Cash with PSX under BMC requirement.			
	Opening balance	11.2.1	16,500,000	12,500,000
	Further deposits during the period / year			
	16 August 2019		-	1,000,000
	29 August 2019		-	3,000,000
	Closing balance		<u>16,500,000</u>	<u>16,500,000</u>
11.2.1	This represents deposit with PSX to fulfil the base minimum capital requirement. No further deposits were made during the period ended 30 September 2020.			
11.3	This represents amount of Rs. 1 million (31 December 2019: Rs. 1 million) on account of basic deposit for deliverable future contracts market, Rs. 0.2 million (31 December 2019: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2019: 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 represents amount of Rs.100,000 (31 December 2019: 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 September 2020	31 December 2019
			(Rupees)	
	Market treasury bills			
	Carrying value (before revaluation)		98,786,642	98,436,203
	Surplus arising on revaluation during the period / year		2,712	(8,710)
	Market value		<u>98,789,354</u>	<u>98,427,493</u>

12.1 Government securities

Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2019	Purchased during the period / year	Matured during the period / year	As at 30 September 2020	Carrying value as at 30 September 2020 (before revaluation)	Market value as at 30 September 2020
----- (Units) -----							(Rupees)	
Treasury Bills - 3 months (face value of Rs 5,000)	3-Dec-20	7.12%	20,000	60,000	60,000	20,000	98,786,642	98,789,354

12.2 Market treasury bills are held as collateral with the NCCPL on account of ready market exposure.

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

13	SURPLUS ON REVALUATION OF INVESTMENTS - net of tax	Note	30 September 2020	31 December 2019
			(Rupees)	
	Short Term Investments			
	Opening balance		(8,710)	(14,638)
	Surplus arising on revaluation during the period / year		11,422	5,928
	Closing balance		2,712	(8,710)
	Long term investments			
	Opening balance		6,104,853	7,852,072
	Surplus/ (deficit) arising on revaluation during the period / year		6,443,872	(1,747,219)
	Closing balance		12,548,725	6,104,853
			12,551,437	6,096,143
	Related Deferred Tax:			
	Opening balance		(889)	2,196
	On revaluation during the period / year		103	(3,085)
	Closing balance		(786)	(889)
	Surplus - net of deferred tax		12,550,651	6,095,254
14	ACCRUED PROFIT			
	Accrued profit on bank balance		358,060	692,079
	Accrued profit on deposits against NCCPL exposure		685,254	586,091
	Accrued profit on deposits against PSX BMC deposit		366,942	-
			1,410,256	1,278,170
15	OTHER RECEIVABLES			
	Receivable from the customers against CDC and NCCPL charges		425,829	288,438
16	CASH AND BANK BALANCES			
	Profit and loss sharing accounts:			
	- Habib Metropolitan Bank Limited - The Holding Company	16.1	79,025,334	86,288,757
	- Meezan Bank Limited		6,570	6,357
			79,031,904	86,295,114
	Current accounts:			
	- Habib Metropolitan Bank Limited - The Holding Company	16.2	197,132,987	96,083,625
	- MCB Bank Limited		1,610,117	156,239
			198,743,104	96,239,863
	- Cash in Hand		25,000	-
			277,800,008	182,534,977
16.1	These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 6.50% per annum (31 December 2019: 11.25%) per annum.			
16.2	This includes Rs. 197.11 million pertaining to client fund balance included in trade payables. Trade liability balance is more than the clients' current account balance as the transactions under T+2 basis were settled subsequent to the period end.			

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2019: 29,999,997) shares were held by the Holding company and 3 (31 December 2019: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

18 TRADE AND OTHER PAYABLES

	Note	30 September 2020	31 December 2019
		(Rupees)	
Due to customers in respect of securities transactions		240,330,786	124,880,367
Payable to NCCPL		-	-
Payable to Workers' Welfare Fund	18.1	2,372,172	2,078,130
Accrued expenses		11,628,956	8,081,876
Sindh Sales Tax payable		467,916	643,681
Liability against right of use assets		5,093,633	5,596,076
		<u>259,893,463</u>	<u>141,280,130</u>

- 18.1 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 Lahore High Court, Sindh High Court and Peshawar High Court. 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 2017 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 Company created provision of SWWF amounting to Rs.1.705 million out of which Company has paid SWWF of Rs. 1.123 million.

19 CONTINGENCIES AND COMMITMENTS

- 19.1 The Company has received Orders-in-Original (ONO) from Federal Board of Revenue (FBR), whereby the demand of Federal Excise Duty (FED) of Rs. 6.02 million was raised for the non-payment of FED against which appeal was filed with Commissioner on 22 March 2016, whereby the demand of FED of Rs. 6.02 million was established against the company.

Currently the case is pending with the Tribunal. The Company, based on the legal advice of the tax advisor, anticipates a favourable outcome of the aforesaid appeal hence no provision has been made in the condensed interim financial statements.

- 19.2 The Company has also received a notice from Sindh Revenue Board (SRB) to the Company alleging Company's failure to withhold and deposit with-holding tax from certain expenses for the years 2012-2017 amounting to Rs. 58.16 million. In response thereto, the Company filed a Constitutional Petition (CP No. 3042 of 2018) in the Honourable High Court of Sindh against the notice and obtained interim stay order against the same.

The Company, based on the opinion of legal advisor, is confident about favourable outcome of the case and therefore no provision is required to be made in the financial statements.

19.3 Commitments

At 30 September 2020, the company had a capital commitment of Rs 0.175 million

20	BROKERAGE INCOME	Note	For the nine months ended	
			30 September 2020	30 September 2019
			(Rupees)	

Brokerage income	20.2	<u>39,454,160</u>	<u>16,754,460</u>
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20.1 Disaggregation revenue

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

- Corporate customers	19,970,271	9,228,044
- Individual customers	19,483,889	7,526,416
	<u>39,454,160</u>	<u>16,754,460</u>

20.2 This includes brokerage from related parties amounting to Rs. 6.97 million for 2020.

21 ADMINISTRATIVE EXPENSES

Salaries and benefits	21.1	28,187,699	28,485,993
Repairs and maintenance		1,823,312	1,603,878
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		3,217,317	2,264,631
Communication		1,760,393	1,721,778
Utilities		430,016	402,641
PSX system audit fee		159,840	-
Professional tax		76,812	79,800
Direct and indirect tax consultancy fees		625,030	603,398
Printing and stationery		182,455	110,059
Auditors' remuneration		821,633	783,360
Legal and professional charges		135,000	135,000
Insurance		157,498	140,875
Travelling and conveyance		153,620	170,403
Entertainment and business promotions		171,876	150,417
Fees and subscription		559,090	267,048
Depreciation	5	1,062,562	994,393
Amortization of intangible assets	6	28,087	38,961
Others	21.2	<u>1,397,823</u>	<u>627,108</u>
		<u>40,950,063</u>	<u>38,579,743</u>

21.1 This Includes remunerative of the Chief Executive and an Executive, details of which are as follows:

	Chief Executive (CEO) For the nine months period ended 30 September		Executive For the nine months period ended 30 September	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Managerial remuneration	10,155,200	10,152,680	2,114,619	1,419,636
Bonus	-	-	232,240	116,120
Utilities	-	-	-	-
Leave encashment	-	-	-	-
	<u>10,155,200</u>	<u>10,152,680</u>	<u>2,346,859</u>	<u>1,535,756</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

21.2 This includes penalty of Rs. 0.85 million levied by the Securities Exchange Commission of Pakistan vide its inspection on

certain AML and CFT compliances, most of which have already been addressed by the Company. The Company has preferred to file an appeal against the above penalty.

22	FINANCE COST	Note	For the nine months ended	
			30 September	30 September
			2020	2019
			(Rupees)	
	Mark-up on finance facility	22.1	47,787	567,176
	Bank charges	22.2	117,273	22,342
	Interest on lease liability against right of use assets		479,087	535,113
			<u>644,147</u>	<u>1,124,631</u>

22.1 This represents mark-up charged on running finance facility availed by the Company from the holding company.

22.2 This mainly represents bank charges from holding company amounting to Rs. 0.117 million.

23 OTHER INCOME

Income from financial assets

Mark-up on bank balances	4,112,582	2,928,630
Return on NCCPL exposure margin	4,138,928	8,053,246
Return on PSX BMC deposit	1,680,703	-
Others	19,373	20,161
	<u>9,951,586</u>	<u>11,002,037</u>

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the Holding Company including the ultimate holding company, Companies with common directorship, 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.

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

Habib Metropolitan Bank Limited - the Holding Company

- Mark-up on bank balance	4,112,344	2,928,504
- Equity brokerage commission	174,537	14,440
- Rent expense	900,000	900,000
- Finance Cost	164,726	588,961

Key Management Personnel

- Salaries and benefits	12,502,059	15,321,091
- Equity brokerage commission	273,005	126,526

Associated Companies

Habib Bank AG Zurich (Switzerland) - Equity brokerage commission	490,773	251,397
Habib Bank AG Zurich (UAE) - Equity brokerage commission	6,259,749	2,825,787
First Habib Modaraba - Equity brokerage commission	40,412	36,725
Habib Insurance Company Limited - Equity brokerage commission	-	43,673
Habib Metropolitan Modaraba management - Equity brokerage commission	1,335	-

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

	30 September	31 December
	2020	2019
	(Rupees)	

Habib Metropolitan Bank Limited - The Holding Company

- Bank balances	16	276,158,321	182,372,383
- Accrued profit on a bank balance		358,060	692,079
- Receivable/(payable) against sale of securities		12,163	-

Key Management Personnel

- Advances
- Receivable/(payable) against sale of securities

<u>150,000</u>	<u>979,500</u>
<u>(495,349)</u>	<u>-</u>

	30 September 2020	31 December 2019
	(Rupees)	
Associated Companies		
Habib Bank AG Zurich (UAE)		
-Receivable / (Payable) against sale of securities	<u>55,623</u>	<u>(15,386,257)</u>
First Habib Modaraba		
- Payable against sale of securities	<u>(1,033)</u>	<u>(1,033)</u>
Habib Metropolitan Modaraba Management		
- Receivable against sale of securities	<u>-</u>	<u>4,196</u>
Others		
Director (Holding Company)		
- Payable against sale of securities	<u>(2,732)</u>	<u>(464,251)</u>
24.3 Number of employees	(Number of employees)	
Number of Employees as at the period / year end	<u>21</u>	<u>21</u>
Average Number of Employees as at the period / year end	<u>23</u>	<u>23</u>
25 EARNINGS PER SHARE BASIC AND DILUTED		
Net Profit / loss for the period	<u>9,700,129</u>	<u>(4,533,715)</u>
	(Number)	
Weighted average ordinary shares during the period	<u>30,000,000</u>	<u>30,000,000</u>
	(Rupees)	
Earning / (loss) per share - basic and diluted	<u>0.323</u>	<u>(0.151)</u>

26. DISCLOSURE UNDER REGULATION 5(4) OF THE RESEARCH ANALYST REGULATIONS 2015

At present the Company employs five members in its Research Department (including Head of Research, one senior analysts, two junior analyst and one data base administrator). 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 September 2020, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 2.82 million which comprises basic salary, medical allowance and other benefits as per the Company's policy.

27 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 is. 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.

28 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.

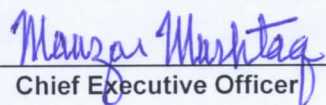
The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance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

29 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 2020 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 26 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 September 2020.

30 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised on 16 - OCT - 2020.


Chief Executive Officer


Director