

**Habib Metropolitan Financial Services Limited**

**Condensed Interim Financial Statements (Un-Audited)  
For the Nine Months Period ended 30 September 2024**

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

	(Un-Audited) 30 September 2024	(Audited) 31 December 2023
Note	----- (Rupees) -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	5 17,932,775	21,586,772
Intangible assets	6 2,366,852	3,435,360
Long term investment	7 22,409,283	16,173,796
	<u>42,708,910</u>	<u>41,195,928</u>
<b>Current assets</b>		
Receivables from customers	8 73,601,932	102,069,211
Loans to employees	9 1,946,239	2,389,219
Deposits and prepayments	10 81,611,574	80,405,128
Short term investments	11 94,025,133	95,539,733
Accrued profit	3,110,828	3,570,968
Other receivables	619,149	141,890
Advance taxation - net	44,213,532	40,351,141
Cash and bank balances	12 112,695,327	140,251,593
	<u>411,823,714</u>	<u>464,718,883</u>
<b>Total assets</b>	<u><u>454,532,624</u></u>	<u><u>505,914,811</u></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	(8,708,688)	6,232,009
Surplus on revaluation of investments - net of tax	9,239,066	2,276,750
	<u>300,530,378</u>	<u>308,508,759</u>
<b>Non-current liabilities</b>		
Liability against right of use assets	1,659,964	3,359,036
Deferred tax liabilities	14 832,170	721,631
<b>Current liabilities</b>		
Trade and other payables	15 151,510,112	193,325,385
Short term borrowing	16 -	-
<b>Total equity and liabilities</b>	<u><u>454,532,624</u></u>	<u><u>505,914,811</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	

The annexed notes 1 to 28 form an integral part of this condensed interim financial statements.

Chief Executive Officer

Director

# Habib Metropolitan Financial Services Limited

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

For the nine months period ended 30 September 2024

	Note	30 September	
		2024	2023
		----- (Rupees) -----	
Brokerage income	18	44,980,855	19,301,501
Income from investments			
- Mark-up on treasury bills		14,633,798	14,544,880
Administrative expenses	19	(87,371,464)	(71,989,781)
Finance cost		(352,259)	(485,347)
Provision for Sindh Workers' Welfare Fund		-	-
Provision against financial assets - net		(465,622)	336,955
		(88,189,345)	(72,138,173)
Other income	20	16,755,024	20,701,824
Loss before income tax and minimum tax differential		(11,819,668)	(17,589,968)
Minimum tax differential		(3,307,363)	(1,582,009)
Loss before income tax		(15,127,031)	(19,171,977)
Income tax			
Current			
- For the period		-	-
- Prior Period		-	(356,339)
Deferred		186,334	(729,928)
		186,334	(1,086,267)
Net loss for the period		(14,940,697)	(20,258,244)
<b>Earning per share - basic and diluted</b>	22	<b>(0.50)</b>	<b>(0.68)</b>

The annexed notes 1 to 28 form an integral part of this condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

Habib Metropolitan Financial Services Limited  
 Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the nine months period ended 30 September 2024

	30 September	
	2024	2023
	----- (Rupees) -----	
Net loss for the period	(14,940,697)	(20,258,244)
Other comprehensive income:		
<b><i>Items to be reclassified to profit or loss in subsequent periods</i></b>		
- Surplus / (deficit) on revaluation of debt investments carried at fair value	1,023,702	(27,123)
- Related deferred tax	(296,873)	7,866
	726,829	(19,257)
<b><i>Items not to be reclassified to profit or loss in subsequent periods</i></b>		
- Surplus / (deficit) on revaluation of equity shares investments carried at fair value	6,235,487	(304,561)
<b>Total comprehensive loss for the period</b>	<b>(7,978,381)</b>	<b>(20,582,062)</b>

The annexed notes 1 to 28 form an integral part of this condensed interim financial statements.

\_\_\_\_\_  
 Chief Executive Officer

\_\_\_\_\_  
 Director

Habib Metropolitan Financial Services Limited  
Condensed Interim Statement of Changes in Equity (Un-Audited)  
For the nine months period ended 30 September 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 nine months period ended 30 September 2023	-	(20,258,244)	-	(20,258,244)
Other Comprehensive Income - net surplus on revaluation of investments - net of tax	-	-	(323,818)	(323,818)
	-	(20,258,244)	(323,818)	(20,582,062)
<b>Balance as at 30 September 2023 (Un-Audited)</b>	<u>300,000,000</u>	<u>6,260,409</u>	<u>(1,246,605)</u>	<u>305,013,804</u>
<b>Balance as at 31 December 2023 (Audited)</b>	<b>300,000,000</b>	<b>6,232,009</b>	<b>2,276,750</b>	<b>308,508,759</b>
<b>Total comprehensive income for the period</b>				
Net loss for the nine months period ended 30 September 2024	-	(14,940,697)	-	(14,940,697)
Other Comprehensive Income - net deficit on revaluation of investments - net of tax	-	-	6,962,316	6,962,316
	-	(14,940,697)	6,962,316	(7,978,381)
<b>Balance as at 30 September 2024 (Un-Audited)</b>	<u>300,000,000</u>	<u>(8,708,688)</u>	<u>9,239,066</u>	<u>300,530,378</u>

The annexed notes 1 to 28 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 nine months period ended 30 September 2024

	30 September	
	2024	2023
Note	----- (Rupees) -----	
<b>Cash flow from operating activities</b>		
Loss before income tax and minimum tax differential	(11,819,668)	(17,589,968)
<b>Adjustments for:</b>		
Mark-up on treasury bills	(14,633,798)	(14,544,880)
Provision / (reversal) of provision against financial assets	465,622	(336,955)
Markup on lease liability against right of use asset	315,008	440,940
Depreciation	19 4,411,957	3,101,423
Amortization	19 1,068,508	633,280
Gain on sale of asset	-	(1,996,000)
	(8,372,703)	(12,702,192)
<b>Decrease / (increase) in current assets</b>		
Receivable from customers	28,001,657	73,524,422
Loans and advances	442,980	(1,298,341)
Deposits and prepayments	(1,206,446)	(2,138,901)
Accrued profit	460,140	(798,351)
Other receivables	(477,259)	(414,832)
	27,221,072	68,873,997
<b>Decrease in current liabilities</b>		
Trade and other payables	(42,050,777)	(28,791,636)
	(35,022,076)	9,790,201
Income taxes paid	(7,169,754)	(5,843,137)
<b>Net cash flow used in operating activities</b>	(42,191,830)	3,947,064
<b>Cash flow from investing activities</b>		
Proceeds from the maturity of investments	300,000,000	300,000,000
Purchase of investments - net	(282,827,900)	(286,270,300)
Property and equipment acquired during the period - net	(757,960)	(17,135,459)
Proceeds from sale of fixed assets	-	1,996,000
Intangible assets acquired during the period	-	(2,308,490)
<b>Net cash flow from investing activities</b>	16,414,140	(3,718,249)
<b>Cash flow from financing activities</b>		
Repayment of liability against right of use assets	(1,778,576)	(1,693,881)
<b>Net cash flow used in financing activities</b>	(1,778,576)	(1,693,881)
<b>Net decrease in cash and cash equivalent</b>	(27,556,266)	(1,465,066)
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>	112,695,327	139,461,480
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	12 112,695,327	139,461,480
Short term borrowings	-	-
	112,695,327	139,461,480

The annexed notes 1 to 28 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 nine months period ended 30 September 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 statements 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.

## 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, 2024 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:

<b>Amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
- 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

	<b>(Un-Audited) 30 September 2024</b>	<b>(Audited) 31 December 2023</b>
	<b>----- (Rupees) -----</b>	
Operating Assets	<b>15,075,722</b>	17,444,045
Right of use asset	<b>2,857,053</b>	4,142,727
	<b><u>17,932,775</u></b>	<b><u>21,586,772</u></b>



5.1 The following assets have been added during the nine months period ended 30 September 2024:

	<b>(Un-Audited)</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	----- (Rupees) -----	
Office equipment	-	2,369,205
Furniture and fixtures	-	3,665,735
Computer equipment	<b>757,960</b>	4,828,519
Advance against purchase of vehicle	-	6,272,000
	<b>757,960</b>	<b>17,135,459</b>

<b>6 INTANGIBLE ASSETS</b>	<b>(Un-Audited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	----- (Rupees) -----	
Operating intangible assets	<b>2,366,852</b>	<b>3,435,360</b>

6.1 The following intangible assets have been added during the nine months period ended 30 September 2024.

	<b>(Un-Audited)</b>	
	<b>2024</b>	2023
	----- (Rupees) -----	
Computer software	-	2,308,490

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

<b>(Un-Audited)</b>	(Audited)		<b>(Un-Audited)</b>	(Audited)
<b>30 September</b>	31 December		<b>30 September</b>	31 December
<b>2024</b>	2023	Note	<b>2024</b>	2023
<b>(Number of shares)</b>			----- (Rupees) -----	
<b>1,602,953</b>	1,602,953	Cost of investment	<b>13,900,000</b>	13,900,000
-	-	Surplus on revaluation of investment	<b>8,509,283</b>	2,273,796
<b>1,602,953</b>	<b>1,602,953</b>	Closing balance	<b>22,409,283</b>	<b>16,173,796</b>

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 September 2024, the required BMC amounted to Rs. 31.29 million. Accordingly, the Company has complied with the said requirement in the following manner:

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

<b>8 RECEIVABLES FROM CUSTOMERS</b>	<i>Note</i>	<b>(Un-Audited) 30 September 2024</b>	<b>(Audited) 31 December 2023</b>
		----- (Rupees) -----	
Trade receivables from the customers	8.1	<b>76,196,590</b>	102,809,886
Less: Loss allowance for expected credit loss (ECL)	8.2	<b>(3,208,514)</b>	(2,742,892)
		<u><b>72,988,076</b></u>	<u>100,066,994</u>
Receivable from NCCPL			
- ready market		-	-
- future market		<b>613,856</b>	2,002,217
		<u><b>73,601,932</b></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:

	<b>(Un-Audited) 30 September 2024</b>	<b>(Audited) 31 December 2023</b>
		----- (Rupees) -----
Habib Bank AG Zurich (ultimate parent company)	<u><b>4,000</b></u>	-
Habib Metropolitan Bank Limited (holding company)	<u><b>1,337,835</b></u>	<u>572,561</u>
First Habib Modaraba	<u><b>67</b></u>	<u>67</u>
Habib Metro Modaraba Management Company	<u><b>7,096</b></u>	<u>7,096</u>

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

Opening Balance	<b>2,742,892</b>	2,802,511
Charge / (reversal) during the period / year	<b>465,622</b>	(59,619)
Closing Balance	<u><b>3,208,514</b></u>	<u>2,742,892</u>

**8.3 Aging analysis**

<b>(Un-Audited) 30 September 2024</b>	
Amount	Custody value

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

	----- (Rupees) -----	
Up to five days	<b>60,997,229</b>	<b>2,006,956,368</b>
More than five days	<b>15,199,361</b>	<b>2,273,628,205</b>
	<u><b>76,196,590</b></u>	<u><b>4,280,584,573</b></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**

<b>(Un-Audited) 30 September 2024</b>	<b>(Audited) 31 December 2023</b>
----- (Rupees) -----	

Unsecured, considered good		
Loans to Key Management Personnel	<b>1,537,716</b>	1,478,249
Loans to other employees	<b>408,523</b>	910,970
	<u><b>1,946,239</b></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**

<i>Note</i>	<b>(Un-Audited) 30 September 2024</b>	<b>(Audited) 31 December 2023</b>
		----- (Rupees) -----

Deposits with:		
- NCCPL against the exposure	10.1	<b>59,916,627</b>
- PSX under BMC requirement	10.2	<b>18,500,000</b>
- NCCPL for deliverable future contracts, ready contracts and initial deposit	10.3	<b>1,400,000</b>
- Central Depository Company of Pakistan Limited	10.4	<b>100,000</b>
- K-Electric Company Limited		<b>34,390</b>
- Pakistan Beverage Limited		<b>6,000</b>
		<u><b>79,957,017</b></u>
Prepayments		<b>1,654,557</b>
		<u><b>81,611,574</b></u>
		<u>80,405,128</u>

- 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 17.85% (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 19.03% (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 September 2024	(Audited) 31 December 2023
	----- (Rupees) -----	
<b>Market treasury bills</b>		
Amortised cost	92,997,270	95,535,572
Surplus arising on revaluation during the period / year	1,027,863	4,161
Market Value	<u>94,025,133</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 September 2024	Carrying value as at 30 September 2024 (before revaluation)	Market value as at 30 September 2024
						----- (Units) -----	----- (Rupees) -----	
Treasury Bills - 3 months (face value of Rs 5,000)	6-Mar-25	17.6184%	<u>20,000</u>	60,000	60,000	<u>20,000</u>	92,997,270	94,025,133

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 September 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	12.1 <u>31,046,167</u>	50,001
- Habib Bank Limited	<u>112,960</u>	1,443,218
- Meezan Bank Limited	<u>6,670</u>	6,670
	<u>31,165,797</u>	1,499,889
Current accounts:		
- Habib Metropolitan Bank Limited - The Holding Company	12.2 <u>80,499,669</u>	106,125,931
- MCB Bank Limited	<u>1,004,861</u>	32,600,773
	<u>81,504,530</u>	138,726,704
	<u>112,695,327</u>	<u>140,251,593</u>

12.1 These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 18.00% per annum (31 December 2023: 20.50%) per annum.

	(Un-Audited) 30 September 2024	(Audited) 31 December 2023
	----- (Rupees) -----	
12.2 Customers' assets held in the designated bank accounts	<u>80,499,669</u>	<u>90,534,517</u>
12.3 Customers' assets held in the CDC	<u>6,966,490,029</u>	<u>5,495,272,472</u>
12.4 Customers' securities pledged with financial institutions	<u>82,898,582</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.

**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 equity	(Audited) Balance as at 31 December 2023 (Rupees)	Recognised in profit and loss	Recognised in equity	(Un-Audited) Balance as at 30 September 2024
<b>Taxable Temporary difference:</b>							
Property and equipment	-	(677,724)	-	(677,724)	220,881	-	(456,843)
Intangible assets	(12,329)	(30,371)	-	(42,700)	(34,547)	-	(77,247)
(Surplus) / deficit on revaluation of investments - net	(10,356)	-	9,149	(1,207)	-	(296,873)	(298,080)
	(22,685)	(708,095)	9,149	(721,631)	186,334	(296,873)	(832,170)
<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)	186,334	(296,873)	(832,170)

The Company, as a measure of prudence, has not recognized deferred tax asset of Rs. 1.67 million on deductible temporary differences.

**15 TRADE AND OTHER PAYABLES**

	Note	(Un-Audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees) -----			
Due to customers in respect of securities transactions		87,077,334	131,902,523
Accrued expenses		12,678,479	8,604,087
Payable to workers' welfare fund	15.1	2,561,057	2,561,057
Liability against right of use assets - current portion		2,226,552	1,991,048
Payable to NCCPL		46,966,690	48,266,670
		<u>151,510,112</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.

**16 SHORT TERM BORROWING**

	Note	(Un-Audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees) -----			
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 October 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 September 2024

**17.2** Capital commitment as at 30 September 2024 was Rs. 0.3 million against software.

**18 BROKERAGE INCOME**

	Note	(Un-Audited) 30 September	
		2024	2023
		----- (Rupees) -----	
Brokerage income	18.1, 18.2 & 18.3	<u>44,980,855</u>	<u>19,301,501</u>

**18.1 Disaggregation revenue**

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

- Corporate customers		<u>27,561,362</u>	13,183,406
- Individual customers		<u>17,419,493</u>	6,118,095
		<u>44,980,855</u>	<u>19,301,501</u>

**18.2** This includes brokerage from related parties amounting to Rs. 2.74 million (30 September 2023: Rs. 0.36 million).

**18.3** Brokerage revenue includes Rs. 3.29 million (30 September 2023: Rs. 1.79 million) from customers outside the country.

**19 ADMINISTRATIVE EXPENSES**

	Note	(Un-Audited) 30 September	
		2024	2023
		----- (Rupees) -----	
Salaries and benefits	19.1	<u>53,410,242</u>	49,133,003
Provision against penalty	19.2	<u>4,552,500</u>	-
Rent		<u>99,004</u>	99,005
Repairs and maintenance		<u>5,172,592</u>	2,905,993
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		<u>4,056,310</u>	1,733,366
Communication		<u>5,175,617</u>	4,675,069
Utilities and office general expenses		<u>1,997,878</u>	1,536,469
Professional tax		<u>91,500</u>	84,600
Auditors' remuneration		<u>1,778,652</u>	1,255,850
Legal and professional charges		<u>922,230</u>	1,426,310
Printing and stationery		<u>158,495</u>	182,055
Insurance		<u>1,928,130</u>	1,844,311
Travelling and conveyance		<u>265,714</u>	142,071
Entertainment and business promotions		<u>573,589</u>	958,485
Fees and subscription		<u>1,335,670</u>	1,707,862
Depreciation		<u>4,411,957</u>	3,101,423
Amortization of intangible assets		<u>1,068,508</u>	633,280
Others		<u>372,876</u>	570,629
		<u>87,371,464</u>	<u>71,989,781</u>

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

	Chief Executive (CEO) (Un-Audited) 30 September		Executive (Un-Audited) 30 September		
	2024	2023	2024	2023	
		----- (Rupees) -----			
Managerial remuneration	<u>11,931,472</u>	11,945,627	<u>18,648,661</u>	13,688,292	
Bonus	<u>1,875,000</u>	1,875,000	<u>2,647,431</u>	2,125,122	
	<u>13,806,472</u>	<u>13,820,627</u>	<u>21,296,092</u>	<u>15,813,414</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).

20 OTHER INCOME

	(Un-Audited) 30 September	
	2024	2023
	----- (Rupees) -----	
Return on NCCPL exposure margin	8,464,770	7,465,378
Mark-up on bank balances	4,967,000	8,421,938
Return on PSX BMC deposit	2,773,759	2,522,481
IPO / book building brokerage income	4,181	-
Physical shares transfer	129	921
Gain on sale of fixed assets	-	1,996,000
Others	545,185	295,106
	<u>16,755,024</u>	<u>20,701,824</u>

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 September	
	2024	2023
	----- (Rupees) -----	

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

- Mark-up on bank balance	<u>4,906,468</u>	<u>8,295,087</u>
- Equity brokerage commission	<u>2,546,176</u>	<u>722,985</u>
- Repayment of lease obligation against right of use asset	<u>1,778,576</u>	<u>1,693,881</u>
- Finance Cost	<u>351,456</u>	<u>483,995</u>

**Key Management Personnel**

- Salaries and benefits	<u>36,646,650</u>	<u>31,637,940</u>
- Equity brokerage commission	<u>36,001</u>	<u>144,473</u>
- Sale of fixed asset having nil book value.	<u>-</u>	<u>1,975,000</u>

**Ultimate Parent Company**

Habib Bank AG Zurich - Equity brokerage commission	<u>161,328</u>	<u>31,153</u>
--	----------------	---------------

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

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

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

- Bank balances	<u>111,545,836</u>	<u>106,175,932</u>
- Accrued profit on bank balance	<u>435,854</u>	<u>578,043</u>
- Receivable in respect of securities transactions - net	<u>258,731</u>	<u>351,047</u>

**Key Management Personnel**

- Advances	<u>1,537,716</u>	<u>1,478,249</u>
- Payable against sale / purchase of securities - net	<u>(5,933)</u>	<u>(939,822)</u>

**Ultimate Parent Company**

Habib Bank AG Zurich - Equity brokerage commission	<u>4,000</u>	<u>-</u>
--	--------------	----------

**Associated Entities**

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

**Directors (Holding Company)**

- Payable against sale of securities -net	<u>(499,326)</u>	<u>(352,202)</u>
---	------------------	------------------

<b>21.3 Number of employees</b>	<b>30 September 2024 (Un-Audited) (Number of employees)</b>	<b>31 December 2023 (Audited) (Number of employees)</b>
Number of Employees as at the period / year end	<u>26</u>	<u>26</u>
Average Number of Employees as at the period / year end	<u>26</u>	<u>25</u>
<b>22 EARNING PER SHARE BASIC AND DILUTED</b>	<b>(Un-Audited) 30 September</b>	
	<b>2024</b>	<b>2023</b>
	----- (Rupees) -----	
Net Loss for the period	<u>(14,940,697)</u>	<u>(20,258,244)</u>
	<b>(Number)</b>	
Weighted average ordinary shares during the period	<u>30,000,000</u>	<u>30,000,000</u>
	----- (Rupees) -----	
Earning per share - basic and diluted	<u>(0.50)</u>	<u>(0.68)</u>

## **23 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 September 2024, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 6.31 million which comprises basic salary, medical allowance and other benefits and bonus as per the Company's policy.

## **24 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).

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

On balance sheet	Note	30 September 2024 (Un-Audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
----- (Rupees) -----						
<b>Financial assets measured at fair value</b>						
<b>- Short term investments</b>						
- Market treasury bills		94,025,133	-	94,025,133	-	94,025,133
<b>- Long term investments</b>						
- Investment in the shares of Pakistan Stock Exchange Limited		22,409,283	22,409,283	-	-	22,409,283
		116,434,416	22,409,283	94,025,133	-	116,434,416
<b>Financial assets not measured at fair value</b>	24.2					
- Receivable from customers		73,601,932	-	-	-	-
- Loan to employees		1,946,239	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		155,883	-	-	-	-
- Accrued Profit		3,110,828	-	-	-	-
- Cash and bank balances		112,695,327	-	-	-	-
		387,901,642	22,409,283	94,025,133	-	116,434,416
<b>Financial liabilities not measured at fair value</b>	24.2					
- Trade and other payables		(150,609,019)	-	-	-	-
<b>On Balance Sheet Gap</b>		<b>237,292,623</b>	<b>22,409,283</b>	<b>94,025,133</b>	<b>-</b>	<b>116,434,416</b>

On balance sheet financial instruments	Note	31 December 2023 (Audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
----- (Rupees) -----						
<b>Financial assets measured at fair value</b>						
<b>- Short term investments</b>						
- Market treasury bills		95,539,733	-	95,539,733	-	95,539,733
<b>- Long term investments</b>						
- 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
<b>Financial assets not measured at fair value</b>	24.2					
- 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
<b>Financial liabilities not measured at fair value</b>	24.2					
- Trade and other payables		(194,123,364)	-	-	-	-
<b>On Balance Sheet Gap</b>		<b>245,952,357</b>	<b>16,173,796</b>	<b>95,539,733</b>	<b>-</b>	<b>111,713,529</b>

#### 24.1 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).

24.2 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.

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



## **25 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.

## **26 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 September 2024 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 31.29 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 September 2024.

## **27 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.

## **28 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial statements were authorised for issue on 29 October 2024 by the Board of Directors of the Company.

---

**Chief Executive Officer**

---

**Director**