

Habib Metropolitan Financial Services Limited

**Condensed Interim Financial Information
For the six months ended 30 June 2022**



KPMG Taseer Hadi & Co.
Chartered Accountants
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Report on Review of Interim Financial Statements

Independent Auditors' Review Report

To the members of Habib Metropolitan Financial Services Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Habib Metropolitan Financial Services Limited** ("the Company") as at 30 June, 2022 and the related condensed interim profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cashflow and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



KPMG Taseer Hadi & Co.

The engagement partner on review resulting in this independent auditor's review report is Aryn Pirani.

Date: 17 AUG 2022

Karachi

UDIN: RR202210201ifJtpPuX

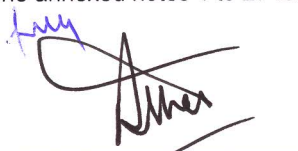
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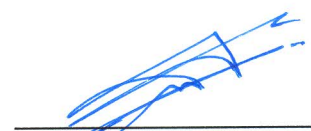
KPMG Taseer Hadi & Co.
Chartered Accountants

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	8,139,851	9,519,452
Intangible assets		602,500	727,167
Long term investment	6	16,398,209	22,040,604
Deferred tax asset - net	7	-	1,292,035
		25,140,560	33,579,258
Current assets			
Receivables from customers	8	39,879,459	45,927,074
Loans to employees	9	1,445,907	1,284,787
Deposits and prepayments	10	80,917,483	78,575,284
Short term investments	11	98,422,013	98,509,367
Accrued profit		1,902,204	962,749
Other receivables		104,919	95,213
Advance taxation - net		32,209,584	31,134,660
Cash and bank balances	12	164,869,952	220,880,279
		419,751,521	477,369,413
Total assets		444,892,081	510,948,671
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 30,000,000 (31 December 2021: 30,000,000) ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid up share capital 30,000,000 (31 December 2021: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	13	300,000,000	300,000,000
Unappropriated profit		27,705,407	30,309,967
Surplus on revaluation of investments - net of tax		2,509,747	8,157,215
		330,215,154	338,467,182
Non-current liabilities			
Liability against right of use assets		6,246,058	7,329,399
Deferred tax liability - net	7	12,298	-
Current liabilities			
Trade and other payables	14	108,418,571	165,152,090
Short term borrowing	15	-	-
Total equity and liabilities		444,892,081	510,948,671
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 27 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 (Un-audited)

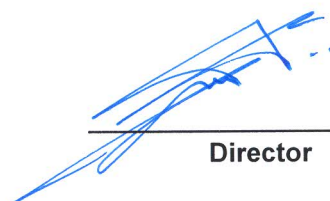
For the six months period ended 30 June 2022

	Note	Six months period ended 30 June	
		2022	2021
		(Rupees)	
Brokerage income	17	18,873,450	28,136,202
Income from investments			
- Mark-up on treasury bills		5,442,591	3,543,964
Administrative expenses	18	(30,657,965)	(30,618,086)
Finance cost		(401,005)	(482,713)
Provision for Workers' Welfare Fund		(17,679)	(103,603)
Provision / (reversal) against financial assets - net		(730,752)	428,416
		(31,807,401)	(30,775,986)
Other income	19	7,416,869	4,172,354
(Loss) / Profit before taxation		(74,491)	5,076,534
Provision for taxation			
- Current		(1,223,664)	(1,511,790)
- Deferred	7	(1,306,405)	(352,935)
		(2,530,069)	(1,864,725)
Net (loss) / profit for the period		(2,604,560)	3,211,809
Earnings per share - basic and diluted	22	(0.09)	0.11

The annexed notes 1 to 27 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 (Un-audited)

For the six months period ended 30 June 2022


	Six months period ended 30 June	
	2022	2021
	(Rupees)	
Net (loss) / profit for the period	(2,604,560)	3,211,809
Other comprehensive (loss) / income:		
Items to be reclassified to profit or loss in subsequent periods		
- (Deficit) / surplus on revaluation of debt investments carried at fair value	(7,145)	8,453
- Related deferred tax	2,072	(2,451)
	(5,073)	6,002
Items not to be reclassified to profit or loss in subsequent periods		
- Deficit on revaluation of equity shares investments carried at fair value	(5,642,395)	12,006,118
Total comprehensive (loss) / income for the period	(8,252,028)	15,223,929

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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Chief Executive Officer



Director

Habib Metropolitan Financial Services Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the six months period ended 30 June 2022

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	----- (Rupees) -----			
Balance as at 31 December 2020 (Audited)	300,000,000	25,959,167	9,856,701	335,815,868
Total comprehensive income for the period				
Net profit for the six months period ended 30 June 2021	-	3,211,809	-	3,211,809
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	12,012,120	12,012,120
	-	3,211,809	12,012,120	15,223,929
Balance as at 30 June 2021 (Un-audited)	300,000,000	29,170,976	21,868,821	351,039,797
Balance as at 31 December 2021 (Audited)	300,000,000	30,309,967	8,157,215	338,467,182
Total comprehensive income for the period				
Net loss for the six months period ended 30 June 2022	-	(2,604,560)	-	(2,604,560)
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	(5,647,468)	(5,647,468)
	-	(2,604,560)	(5,647,468)	(8,252,028)
Balance as at 30 June 2022 (Un-audited)	300,000,000	27,705,407	2,509,747	330,215,154

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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Chief Executive Officer



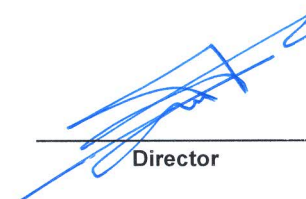
Director

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Cash Flow (Un-audited)
For the six months period ended 30 June 2022

		Six months period ended	
		30 June	
Note		2022	2021
		(Rupees)	
Cash flows from operating activities			
(Loss) / profit for the period before taxation		(74,491)	5,076,534
Adjustments for:			
	Mark-up on treasury bills	(5,442,591)	(3,543,964)
	Increase in / (reversal of) provision against financial assets	730,752	(428,416)
	Provision for Sindh Workers' Welfare Fund	17,679	103,603
	Markup on lease liability against right of use asset	373,966	456,834
18	Depreciation	1,141,620	1,237,789
18	Amortization	124,667	29,583
	Gain on derecognition of Leased - Right of use asset	(50,466)	-
		(3,104,373)	(2,144,571)
<i>Decrease / (increase) in current assets</i>			
	Receivable from customers	5,316,863	27,855,632
	Loans to employees	(161,120)	(234,827)
	Deposits and prepayments	(2,342,199)	50,425,485
	Accrued profit	(939,455)	325,757
	Other receivables	(9,706)	81,566
		1,864,383	78,453,613
<i>(Decrease) / increase in current liabilities</i>			
	Trade and other payables	(56,802,873)	10,321,086
		(58,117,354)	91,706,662
	Income tax paid	(2,298,587)	(2,580,119)
Net cash flows from operating activities		(60,415,941)	89,126,543
Cash flows from investing activities			
	Proceeds from the maturity of investments	200,000,000	200,000,000
	Purchase of investments - net	(194,477,200)	(196,663,901)
	Property and equipment acquired during the period	(56,317)	(325,150)
	Intangible acquired during the period	-	(125,000)
Net cash flows from investing activities		5,466,483	2,885,949
Cash flows from financing activities			
	Repayment of liability against right of use assets	(1,060,869)	(1,064,703)
Net cash flows from financing activities		(1,060,869)	(1,064,703)
Net (decrease) / increase in cash and cash equivalent		(56,010,327)	90,947,789
Cash and cash equivalent at beginning of the period		220,880,279	137,514,432
Cash and cash equivalent at end of the period		164,869,952	228,462,221
CASH AND CASH EQUIVALENTS			
Cash and bank balances		164,869,952	228,462,221
		164,869,952	228,462,221

The annexed notes 1 to 27 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 (Un-audited)

For the six months period ended 30 June 2022

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

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

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

2.2 Basis of measurement

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

These condensed interim financial information of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2021. 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 Functional and presentation currency

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

2.4 Use of estimates and judgment

The preparation of the condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, actual results may differ from these estimates.

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The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the year ended 31 December 2021.

2.5 Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those that are disclosed in the audited annual financial statements as at and for the year ended 31 December 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these condensed interim financial information and are the same as those applied to the audited annual financial statements for the year ended 31 December 2021.

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

4.1 Standards, interpretations and amendments to accounting standards that are effective in the current period

There are certain new standards, amendments and interpretations to the accounting and reporting standards as applicable in Pakistan which are mandatory for the Company's annual accounting period beginning on or after 01 January 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial reporting and are therefore not detailed in these condensed interim financial information.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

The above amendments are not likely to have any significant impact on the Company's financial statements.

5 PROPERTY AND EQUIPMENT

	Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
Owned - Property and equipment	5.1	1,425,776	1,653,963
Leased - Right of use asset		6,714,075	7,865,489
		<u>8,139,851</u>	<u>9,519,452</u>

5.1 The following property and equipment have been added during the six months period ended 30 June 2022.

	30 June 2022 (Un-audited) (Rupees)	2021
Office equipment	42,120	29,250
Furniture and fixtures	14,197	58,800
Computer equipment	-	237,100
	<u>56,317</u>	<u>325,150</u>

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

30 June 2022 (Un-audited) (Number of shares)	31 December 2021 (Audited)		Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
1,602,953	1,602,953	Cost of investment		13,900,000	13,900,000
-	-	Surplus on revaluation of investment		2,498,209	8,140,604
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	6.1	<u>16,398,209</u>	<u>22,040,604</u>

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

6.2 At 30 June 2022, the required BMC amounted to Rs. 29.52 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 fulfill the BMC requirement and
- Shares of PSX (1,602,953 shares) pledged in favour of the exchange.

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7 DEFERRED TAX ASSET / (LIABILITY) - net

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

	Balance as at 1 January 2021	Recognised in profit and loss	Recognised in OCI	Balance as at 31 December 2021 (Audited) (Rupees)	Recognised in profit and loss	Recognised in OCI	Balance as at 30 June 2022 (Un-audited)
Taxable Temporary difference:							
Surplus on revaluation of investments - net	(383)	-	(6,402)	(6,785)	-	2,072	(4,713)
Intangible assets	(2,669)	(899)	-	(3,568)	(4,017)	-	(7,585)
	(3,052)	(899)	(6,402)	(10,353)	(4,017)	2,072	(12,298)
Deductible Temporary difference:							
Property and equipment	(93,048)	67,378	-	(25,670)	25,670	-	-
Provision for leave encashment	-	439,640	-	439,640	(439,640)	-	-
Liability against right of use asset - net	141,291	144,943	-	286,234	(286,234)	-	-
Provision against receivable from customer	967,771	(365,587)	-	602,184	(602,184)	-	-
	1,016,014	286,374	-	1,302,388	(1,302,388)	-	-
	1,012,962	285,475	(6,402)	1,292,035	(1,306,405)	2,072	(12,298)

The Company, as a measure of prudence, has not recognized deferred tax asset of Rs. 1.579 million on above deductible temporary differences.

8 RECEIVABLES FROM CUSTOMERS

Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
Trade receivables from the customers	17,245,756	12,836,213
Less: Provision against receivable from customers	(2,807,247)	(2,076,495)
	14,438,509	10,759,718
Receivable from NCCPL		
- ready market	25,256,590	32,393,380
- future market	184,360	2,773,976
	39,879,459	45,927,074

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:
Habib Metropolitan Bank Limited

664,773	170,556
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8.2 Provision against the balance receivable from the customers

Opening balance	2,076,495	3,337,141
Charged / (reversed)	730,752	(75,806)
Bad debts previously provided written off	-	(1,184,840)
Closing balance	2,807,247	2,076,495

8.3 Aging analysis

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

	30 June 2022 (Un-audited) Amount	Custody value (Note 8.3.1) (Rupees)
Up to five days	6,395,532	2,328,178,944
More than five days	10,850,224	275,697,314
	17,245,756	2,603,876,258

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

Unsecured, considered good

	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
Loans to Key Management Personnel	249,867	329,867
Loans to other employees	1,196,040	954,920
	1,445,907	1,284,787

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

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10	DEPOSITS AND PREPAYMENTS						Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)	
	Deposits with:									
	- NCCPL against the exposure						10.1	59,916,627	60,000,000	
	- PSX under BMC requirement						10.2	18,500,000	16,500,000	
	- 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>78,040,390</u>	
	Prepayments							<u>960,466</u>	<u>534,894</u>	
								<u>80,917,483</u>	<u>78,575,284</u>	
10.1	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 6.39% (31 December 2021: 5.07%) 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 7.5% (31 December 2021: 6%) per annum.									
10.3	This represents amount of Rs. 1 million (31 December 2021: Rs. 1 million) on account of basic deposit for deliverable future contracts market, Rs. 0.2 million (31 December 2021: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2021: Rs. 0.2 million) as initial deposit with NCCPL.									
10.4	This represent amount of Rs.100,000 (31 December 2021: Rs.100,000) on account of deposit with CDC at the commencement of brokerage business.									
11	SHORT TERM INVESTMENTS - at fair value through OCI							30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)	
	Market treasury bills									
	Amortised cost							98,405,762	98,485,971	
	Surplus on revaluation							16,251	23,396	
	Market value							<u>98,422,013</u>	<u>98,509,367</u>	
11.1	Government securities									
	Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2022	Purchased during the period	Matured during the period	As at 30 June 2022	Carrying value as at 30 June 2022 (before revaluation)	Market value as at 30 June 2022	
								(Units)	(Rupees)	
	Treasury Bills - 3 months (face value of Rs 5,000)						11-Aug-22	14.2240%	<u>20,000</u>	<u>40,000</u>
									<u>40,000</u>	<u>20,000</u>
									<u>98,405,762</u>	<u>98,422,013</u>
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						Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)	
	Profit and loss sharing accounts:									
	- Habib Metropolitan Bank Limited - The Holding Company						12.1	93,171,502	93,930,218	
	- Habib Bank Limited							194,851	3,931,742	
	- Meezan Bank Limited							6,670	6,670	
								<u>93,373,023</u>	<u>97,868,630</u>	
	Current accounts:									
	- Habib Metropolitan Bank Limited - The Holding Company						12.2	69,757,239	122,134,702	
	- MCB Bank Limited							1,739,690	876,947	
								<u>71,496,929</u>	<u>123,011,649</u>	
								<u>164,869,952</u>	<u>220,880,279</u>	

- 12.1 This represents balance maintained in a profit and loss sharing account, carrying mark-up at 12.25 % per annum (31 December 2021: 7.25%) per annum.
- 12.2 This includes Rs. 69.752 million pertaining to client fund balance.
- 12.3 Details of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follows:

	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
Customer assets held in the designated bank accounts	69,752,239	122,129,702
Customer assets held in the CDC	4,824,901,186	5,152,785,639

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2021: 29,999,997) shares were held by the Holding Company and 3 (31 December 2021: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

	Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
14 TRADE AND OTHER PAYABLES			
Due to customers in respect of securities transactions		96,412,871	155,947,551
Payable to Workers' Welfare Fund	14.1	2,566,044	2,548,365
Accrued expenses		7,572,445	5,002,579
Sindh sales tax payable		292,431	130,490
Liability against right of use assets - current portion		1,574,780	1,523,105
		108,418,571	165,152,090

- 14.1 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 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.2.761 million out of which Company has paid SWWF of Rs. 1.984 million.

15 SHORT TERM BORROWING	Note	30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
Habib Metropolitan Bank Limited - The Holding Company	15.1	-	-

- 15.1 The company has obtained running finance facility from the Holding Company having credit limit up to Rs. 350 million (31 December 2021: Rs. 350 million). This carries mark up at the rate of 3 months KIBOR plus 2% per annum (31 December 2021: 3 months KIBOR plus 2% per annum) payable quarterly. This facility matured on 30 June 2022 and is being renewed. 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. At the period end the facility had not been utilised.

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		30 June 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
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16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2022.

17	BROKERAGE INCOME	Note	For the six month period ended 30 June 2022 (Un-audited) (Rupees)	2021 (Audited)
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Brokerage income	17.1, 17.2 & 17.3	<u>18,873,450</u>	<u>28,136,202</u>
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17.1 Disaggregation revenue

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

- Corporate customers	8,711,940	12,598,254
- Individual customers	<u>10,161,510</u>	<u>15,537,948</u>
	<u>18,873,450</u>	<u>28,136,202</u>

17.2 This includes brokerage from related parties amounting to Rs. 1.008 million.(30 June 2021: Rs. 0.86 million).

17.3 Brokerage income includes Rs. 0.021 million (30 June 2021: Rs. 0.4 million) from customers outside the country.

18	ADMINISTRATIVE EXPENSES	Note	For the six month period ended 30 June 2022 (Un-audited) (Rupees)	2021 (Audited)
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Salaries and benefits	18.1	20,461,566	19,458,338
Rent		57,652	-
Repairs and maintenance		832,124	1,186,780
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		1,809,616	2,214,629
Communication		2,203,779	2,063,884
Utilities and office general expenses		601,173	555,887
Professional tax		56,400	41,626
Auditors' remuneration		757,164	795,061
Legal and professional charges		725,715	1,628,754
Printing and stationery		122,700	213,620
Insurance		638,389	112,500
Travelling and conveyance		95,092	166,380
Entertainment and business promotions		301,415	329,238
Fees and subscription		504,470	359,808
Depreciation		1,141,620	1,237,789
Amortization of intangible assets		124,667	29,583
Others		<u>224,423</u>	<u>224,209</u>
		<u>30,657,965</u>	<u>30,618,086</u>

18.1 This includes remuneration of the Chief Executive and executives which is as follows:

	Chief Executive (CEO) For the six months period ended 30 June 2022 (Rupees)	2021 (Rupees)	Executive For the six months period ended 30 June 2022 (Rupees)	2021 (Rupees)
Managerial remuneration	6,083,196	6,749,650	1,620,775	1,417,980
Bonus	-	-	124,260	116,120
	<u>6,083,196</u>	<u>6,749,650</u>	<u>1,745,035</u>	<u>1,534,100</u>
Number of persons	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>

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19 OTHER INCOME

		For the six month period ended 30 June	
	Note	2022	2021
		(Un-audited) (Rupees)	
Income from financial assets			
Mark-up on bank balances		3,980,835	1,735,127
Return on NCCPL exposure margin		2,276,827	1,880,454
Return on PSX BMC deposit		688,692	537,662
Others	19.1	470,515	19,111
		<u>7,416,869</u>	<u>4,172,354</u>

19.1 This includes Rs. 0.42 million (30 June 2021: Rs. 0.0005 million) earned on the transfer of physical shares into the electronic form.

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprises of the Holding Company including the Ultimate Parent Company, associated companies, directors of the Company and key management personnel. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions with related parties are at agreed terms.

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

		For the six month period ended 30 June	
		2022	2021
		(Un-audited) (Rupees)	
Habib Metropolitan Bank Limited - the Holding Company			
- Mark-up on bank balance		3,884,668	1,722,990
- Equity brokerage commission		587,987	150,627
- Repayment of lease obligation against right of use asset		1,052,100	-
- Finance cost		26,745	24,690
Key Management Personnel			
- Salaries and benefits		11,290,056	9,537,748
- Equity brokerage commission		82,377	701,916
Associated Companies - Equity Brokerage Commission			
First Habib Modaraba - (Subsidiary of Holding Company)		420,029	-
Habib Metro Modaraba Management Company (Subsidiary of Holding Company)		-	6,510

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

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees)	
Habib Metropolitan Bank Limited - The Holding Company			
- Bank balances		162,928,741	216,064,920
- Accrued profit on a bank balance		940,540	433,348
- Receivable in respect of securities transactions - net		120,863	89,305
- Payable in respect of rent		8,770	175,350
Key Management Personnel			
- Advances		249,867	329,867
- Payable against sale of securities - net		84,456	265,546
Associated Companies			
First Habib Modaraba			
- Payable against sale of securities - net		733	733
Habib Metropolitan Modaraba Management Company			
- Receivable against sale of securities - net		7,069	7,069
Directors (Holding Company)			
- Payable against sale of securities - net		242,488	96,236

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21 **TAXATION**

The Company has filed returns of total income for the tax years up to 2021 (up to financial year ended 31 December 2020) which are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

		For the six month period ended	
		30 June	
		2022	2021
		(Un-audited)	
		(Rupees)	
22 EARNINGS PER SHARE BASIC AND DILUTED			
Net (loss) / profit for the period		<u>(2,604,560)</u>	<u>3,211,809</u>
		(Number)	
Weighted average ordinary shares during the period		<u>30,000,000</u>	<u>30,000,000</u>
		(Rupees)	
Earnings per share - basic and diluted		<u>(0.09)</u>	<u>0.11</u>

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

As at 30 June 2022 the Company employed 05 members in its Research Department (including 04 analysts, 01 data base manager). All members report to the 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 six months period ended 30 June 2022, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 2.512 million which comprises basic salary, medical allowance and other benefits 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 materiality the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

The different levels (methods) have been

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

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

On balance sheet	Note	30 June 2022 (Un-audited)				
		Carrying value	Fair value			Total
			Level 1	Level 2	Level 3	
----- (Rupees) -----						
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		98,422,013	-	98,422,013	-	98,422,013
- Long term investments						
- Investment in the shares of Pakistan Stock Exchange Limited		16,398,209	16,398,209	-	-	16,398,209
Financial assets not measured at fair value	24.2					
- Receivable from customers		39,879,459	-	-	-	-
- Loan to employees		1,445,907	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		104,919	-	-	-	-
- Accrued Profit		1,902,204	-	-	-	-
- Bank balances		164,869,952	-	-	-	-
		402,979,680	16,398,209	98,422,013	-	114,820,222
Financial liabilities not measured at fair value	24.2					
- Trade and other payables		(111,806,154)	-	-	-	-
On Balance Sheet Gap		291,173,526	16,398,209	98,422,013	-	114,820,222

On balance sheet financial instruments		31 December 2021 (Audited)				
		Carrying value	Fair value			Total
			Level 1	Level 2	Level 3	
----- (Rupees) -----						
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		98,509,367	-	98,509,367	-	98,509,367
- Long term investments						
- Investment in shares of Pakistan Stock Exchange Limited		22,040,604	22,040,604	-	-	22,040,604
Financial assets not measured at fair value	24.2					
- Receivable from customers		45,927,074	-	-	-	-
- Loan to employees		1,284,787	-	-	-	-
- Deposits		78,040,390	-	-	-	-
- Other receivables		95,213	-	-	-	-
- Accrued Profit		962,749	-	-	-	-
- Bank balances		220,880,279	-	-	-	-
		467,740,463	22,040,604	98,509,367	-	120,549,971
Financial liabilities not measured at fair value	24.2					
- Trade and other payables		(169,802,634)	-	-	-	-
On Balance Sheet Gap		297,937,829	22,040,604	98,509,367	-	120,549,971

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

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 value are reasonable approximations of the fair values.

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 June 2022 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 29.52 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 June 2022.

27 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Company on 12 AUGUST 2022.



Chief Executive Officer



Director