

Habib Metropolitan Financial Services Limited

**Condensed Interim Financial Statements
For the three months ended 31 March 2022**

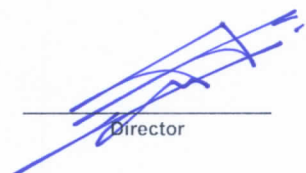
Habib Metropolitan Financial Services Limited
Statement of Financial Position (Un-audited)
As at 31 March 2022

	Note	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	8,969,365	9,519,452
Intangible assets		686,481	727,167
Long term investment	6	20,149,119	22,040,604
Deferred tax asset - net	7	1,604,019	1,292,035
		<u>31,408,984</u>	<u>33,579,258</u>
Current assets			
Receivables from customers	8	57,005,502	45,927,074
Loans to employees	9	1,383,282	1,284,787
Deposits and prepayments	10	81,448,802	78,575,284
Short term investments	11	98,540,069	98,509,367
Accrued profit		1,207,709	962,749
Other receivables		109,947	95,213
Advance taxation - net		31,881,069	31,134,660
Cash and bank balances	12	244,009,142	220,880,279
		<u>515,585,522</u>	<u>477,369,413</u>
Total assets		<u>546,994,506</u>	<u>510,948,671</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
30,000,000 (31 December 2018: 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 2018: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	13	300,000,000	300,000,000
Unappropriated profit		27,411,113	30,309,967
Surplus on revaluation of investments - net of tax		6,170,516	8,157,215
		<u>333,581,629</u>	<u>338,467,182</u>
Non-current liabilities			
Lease liability against right of use assets	15	6,914,351	7,329,399
Current liabilities			
Trade and other payables	14	206,498,526	165,152,090
Short term borrowing		-	-
Total equity and liabilities		<u>546,994,506</u>	<u>510,948,671</u>
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.



Chief Executive Officer



Director

Habib Metropolitan Financial Services Limited
Statement of Profit or Loss (Un-audited)
For the three months period ended 31 March 2022

	Note	Three months period ended 31 March	
		2022	2021
		(Rupees)	
Brokerage income	17	8,680,087	14,800,913
Income from investments			
- Mark-up on treasury bills		2,475,106	1,609,699
Administrative expenses	18	(16,548,741)	(15,050,286)
Finance cost		(221,511)	(149,340)
Provision for workers' welfare fund		-	(63,819)
Provision against financial assets - net		(824,631)	(150,497)
		(17,594,883)	(15,413,942)
Other income		3,672,570	2,130,450
(Loss) / Profit before taxation		(2,767,120)	3,127,120
Provision for taxation			
- Current		(404,828)	(722,162)
- Deferred		273,094	(282,113)
		(131,734)	(1,004,275)
Net (loss) / profit for the period		(2,898,854)	2,122,845
Earnings per share - basic and diluted	20	(0.10)	0.07

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.



Chief Executive Officer



Director

Habib Metropolitan Financial Services Limited

Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2022

	Three months period ended 31 March	
	2022	2021
	(Rupees)	
Net (loss) / profit for the period	(2,898,854)	2,122,845
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	(134,104)	12,205
- Related deferred tax	38,890	(3,540)
	(95,214)	8,665
Items not to be reclassified to profit or loss in subsequent periods		
- Deficit on revaluation of equity shares investments carried at fair value	(1,891,485)	(2,003,691)
Total comprehensive (loss) / income for the period	(4,885,553)	127,819

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.



Chief Executive Officer



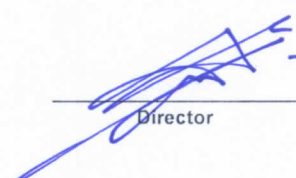
Director

Habib Metropolitan Financial Services Limited
Statement of Changes in Equity (Un-audited)
For the three months period ended 31 March 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
<i>Total comprehensive income for the period</i>				
Net profit for the three months period ended 31 March 2021	-	2,122,845	-	2,122,845
Other Comprehensive Income - deficit on revaluation of investments - net of tax	-	-	(1,995,026)	(1,995,026)
	-	2,122,845	(1,995,026)	127,819
Balance as at 31 March 2021 (Un-audited)	<u>300,000,000</u>	<u>28,082,012</u>	<u>7,861,675</u>	<u>335,943,687</u>
Balance as at 31 December 2021 (Audited)	300,000,000	30,309,967	8,157,215	338,467,182
<i>Total comprehensive income for the period</i>				
Net loss for the three months period ended 31 March 2022	-	(2,898,854)	-	(2,898,854)
Other Comprehensive Income - deficit on revaluation of investments - net of tax	-	-	(1,986,699)	(1,986,699)
	-	(2,898,854)	(1,986,699)	(4,885,553)
Balance as at 31 March 2022 (Un-audited)	<u>300,000,000</u>	<u>27,411,113</u>	<u>6,170,516</u>	<u>333,581,629</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.



 Chief Executive Officer


 Director

Habib Metropolitan Financial Services Limited
Statement of Cash Flow (Un-audited)
For the three months period ended 31 March 2022

		Three months period ended 31 March	
	Note	2022	2021
		(Rupees)	
Cash flows from operating activities			
(Loss) / profit for the period before taxation		(2,767,120)	3,127,120
Adjustments for:			
Mark-up on treasury bills		(2,475,106)	(1,609,699)
Increase in provision against financial assets		824,631	150,497
Provision for Sindh workers' welfare fund		-	63,819
Markup on lease liability against right of use asset	15.1	201,011	144,220
Depreciation	18	592,207	393,262
Amortization	18	40,686	8,721
		(816,571)	(849,180)
<i>Decrease / (increase) in current assets</i>			
Receivable from customers		(11,903,059)	(23,424,588)
Loans and advances		(98,495)	(422,325)
Deposits and prepayments		(2,873,518)	88,306
Accrued profit		(244,960)	185,764
Other receivables		(14,734)	(96,476)
		(15,134,766)	(23,669,319)
<i>(Decrease) / increase in current liabilities</i>			
Trade and other payables		41,283,604	17,269,785
Cash generated from / (used in) operations		22,565,147	(4,121,594)
Income tax paid		(1,151,237)	(1,042,019)
Net cash generated from / (used in) operating activities		21,413,910	(5,163,613)
Cash flows from investing activities			
Proceeds from the maturity of investments		100,000,000	100,000,000
Purchase of investments - net		(97,689,700)	(98,318,901)
Property and equipment acquired during the period		(42,120)	(237,100)
Intangible acquired during the period		-	-
Net cash generated from investing activities		2,268,180	1,443,999
Cash flows from financing activities			
Repayment of liability against right of use assets		(553,227)	(327,177)
Net cash flows used in financing activities		(553,227)	(327,177)
Net increase / (decrease) in cash and cash equivalent		23,128,863	(4,046,791)
Cash and cash equivalent at beginning of the period		220,880,279	137,514,432
Cash and cash equivalent at end of the period		244,009,142	133,467,641
CASH AND CASH EQUIVALENTS			
Cash and bank balances		244,009,142	133,467,641
		244,009,142	133,467,641

The annexed notes 1 to 25 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 three months period ended 31 March 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 holding company is Habib Bank AG Zurich, which is incorporated in Switzerland. The Company is engaged in the business of stock brokerage. The Company holds a Trading Rights Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited (PSX). The registered office of the Company is located at 1st Floor, GPC 2, Block 5, Khokashan 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 statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 Basis of measurement

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

These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgment

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

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

There are various standards, amendments and interpretations to the accounting and reporting standards as applicable in Pakistan which are not yet effective in the current year. These are not likely to have any significant impact on the Company's financial reporting and are therefore not detailed in these condensed interim financial information.

5 PROPERTY AND EQUIPMENT

	Note	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
Owned - Property and equipment	5.1	1,550,828	1,653,963
Leased - Right of use asset	5.2	7,418,537	7,865,489
		<u>8,969,365</u>	<u>9,519,452</u>

5.1 The following property and equipment have been added during the three months period ended 31 March

	31 March 2022 (Un-audited) (Rupees)	2021
Office equipment	42,120	-
Furniture and fixtures	-	-
Computer equipment	-	237,100
	<u>42,120</u>	<u>237,100</u>

5.2 Leased - Right of use asset

	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
Opening Balance	7,865,489	4,428,795
Addition / Modification	-	5,224,501
Depreciation	(446,952)	(1,787,807)
Closing Balance	<u>7,418,537</u>	<u>7,865,489</u>

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

31 March 2022 (Un-audited) (Number of shares)	31 December 2021 (Audited)		Note	31 March 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		6,249,119	8,140,604
<u>1,602,953</u>	<u>1,602,953</u>	Closing balance	6.1	<u>20,149,119</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.

6.2 Required BMC amounted to Rs. 29.92 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.

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 equity	Balance as at 31 December 2021 (Audited) (Rupees)	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2022 (Un-audited)
Taxable Temporary difference:							
Property and equipment	(93,048)	67,378	-	(25,670)	14,653	-	(11,017)
Intangible assets	(2,669)	(899)	-	(3,568)	(8,176)	-	(11,744)
	(95,717)	66,479	-	(29,238)	6,477	-	(22,761)
Deductible Temporary difference:							
(Surplus) / deficit on revaluation of investments - net	(383)	-	(6,402)	(6,785)	-	38,890	32,105
Provision for leave encashment	-	439,640	-	439,640	-	-	439,640
Lease liability against right of use asset	141,291	144,943	-	286,234	27,474	-	313,708
Provision against Receivable from Customer	967,771	(365,587)	-	602,184	239,143	-	841,327
	1,108,679	218,996	(6,402)	1,321,273	266,617	38,890	1,626,780
	1,012,962	285,475	(6,402)	1,292,035	273,094	38,890	1,604,019

8 RECEIVABLES FROM CUSTOMERS

	Note	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited) (Rupees)
Trade receivables from the customers		35,779,968	12,836,213
Less: Provision against receivable from customers	8.2	(2,901,126)	(2,076,495)
		32,878,842	10,759,718
Receivable from NCCPL			
- ready market		23,164,144	32,393,380
- future market		962,516	2,773,976
		57,005,502	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	392,046	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)	824,631	(75,806)
Bad debts previously provided written off	-	(1,184,840)
Closing balance	2,901,126	2,076,495

8.3 Aging analysis

	Note	31 March 2022 (Un-audited) Amount (Rupees)	Custody value
The aging analysis of the trade receivables relating to purchase of shares is as follows:			
Up to five days	8.3.1	27,725,935	2,727,115,278
More than five days	8.3.1	8,054,033	366,449,058
		35,779,968	3,093,564,336

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		31 March 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees)	
	Unsecured, considered good			
	Loans to Key Management Personnel		331,867	329,867
	Loans to other employees		1,051,415	954,920
			1,383,282	1,284,787

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

10	DEPOSITS AND PREPAYMENTS	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees)	
	Deposits with:			
	- NCCPL against the exposure	10.1	60,000,000	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
			80,040,390	78,040,390
	Prepayments		1,408,412	534,894
			81,448,802	78,575,284

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 7.56% (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 6% (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.

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

11	SHORT TERM INVESTMENTS - at fair value through OCI		31 March 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees)	
	Market treasury bills			
	Amortised cost		98,650,777	98,485,971
	(Deficit) / surplus on revaluation		(110,708)	23,396
	Market value		98,540,069	98,509,367

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 31 March 2022	Carrying value as at 31 March 2022 (before revaluation)	Market value as at 31 March 2022
----- (Units) -----							(Rupees)	
Treasury Bills - 3 months (face value of Rs 5,000)	19-May-22	10.40%	20,000	20,000	20,000	20,000	98,650,777	98,540,069

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	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
	Cash		25,000	-
	Profit and loss sharing accounts:			
	- Habib Metropolitan Bank Limited - The Holding Company	12.1	77,859,647	93,930,218
	- Habib Bank Limited		4,070,458	3,931,742
	- Meezan Bank Limited		6,670	6,670
			81,936,775	97,868,630
	Current accounts:			
	- Habib Metropolitan Bank Limited - The Holding Company	12.2	160,945,187	122,134,702
	- MCB Bank Limited		1,102,180	876,947
			162,047,367	123,011,649
			<u>244,009,142</u>	<u>220,880,279</u>

12.1 These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 8.25 % per annum (31 December 7.25%) per annum.

12.2 This includes Rs. 160.9 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:

	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
Customer assets held in the designated bank accounts	<u>160,940,187</u>	<u>122,129,702</u>
Customer assets held in the CDC	<u>4,847,263,147</u>	<u>5,152,785,639</u>

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

14	TRADE AND OTHER PAYABLES	Note	31 March 2022 (Un-audited) (Rupees)	31 December 2021 (Audited)
	Due to customers in respect of securities transactions		194,083,784	155,947,551
	Payable to workers' welfare fund	14.1	2,548,365	2,548,365
	Accrued expenses		8,015,162	5,002,579
	Sindh sales tax payable		265,278	130,490
	Lease liability against right of use assets - current portion		1,585,937	1,523,105
			<u>206,498,526</u>	<u>165,152,090</u>

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 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.1.871 million out of which Company has paid SWWF of Rs. 1.123 million.

15 Liability against right of use assets	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees)	
15.1 Movement in lease liability against right of use assets is as follows:		
Balance at the beginning of the period / year	8,852,504	4,916,006
Modification	-	5,224,501
Interest expense	201,011	883,153
Rentals	(553,227)	(2,171,156)
Balance at the end of the period / year	<u>8,500,288</u>	<u>8,852,504</u>
15.2 Maturity of liability against right of use assets is as follows:		
Current	1,585,937	1,523,105
Non - Current	6,914,351	7,329,399
	<u>8,500,288</u>	<u>8,852,504</u>

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March 2022 or 31 December 2021

17 BROKERAGE INCOME	<i>Note</i>	For the three month period ended 31 March	
		2022	2021
		(Un-audited)	
		(Rupees)	
Brokerage income	17.1, 17.2 & 17.3	<u>8,680,087</u>	<u>14,800,913</u>
17.1 Disaggregation revenue			
In the following table, revenue is disaggregated by type of customers:			
- Corporate customers		3,373,567	5,888,726
- Individual customers		5,306,520	8,912,187
		<u>8,680,087</u>	<u>14,800,913</u>

17.2 This includes brokerage from related parties amounting to Rs. 0.413 million.

17.3 Brokerage income includes Rs. 0.350 million from customers outside the country.

18 ADMINISTRATIVE EXPENSES	<i>Note</i>	For the three month period ended 31 March	
		2022	2021
		(Un-audited)	
		(Rupees)	
Salaries and benefits	18.1	11,321,733	9,904,984
Repairs and maintenance		411,430	481,041
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		928,207	1,178,636
Communication		1,138,966	1,133,550
Utilities and office general expenses		327,667	265,697
Professional tax		28,200	20,814
Auditors' remuneration		341,250	226,000
Legal and professional charges		364,086	441,164
Printing and stationery		120,000	75,000
Insurance		319,194	56,250
Travelling and conveyance		50,932	115,060
Entertainment and business promotions		191,596	286,626
Fees and subscription		247,964	186,608
Depreciation		592,207	393,262
Amortization of intangible assets		40,686	8,721
Others		124,623	276,873
		<u>16,548,741</u>	<u>15,050,286</u>

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

	Chief Executive (CEO) For the three months period ended 31 March		Executive For the three months period ended 31 March	
	2022	2021	2022	2021
	(Rupees)		(Rupees)	
Managerial remuneration	3,408,912	3,370,600	1,374,333	1,217,025
Bonus	-	-	-	-
	<u>3,408,912</u>	<u>3,370,600</u>	<u>1,374,333</u>	<u>1,217,025</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

19 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.

- 19.1 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 three month period ended	
	31 March	
	2022	2021
	(Un-audited)	(Un-audited)
	(Rupees)	(Rupees)
Habib Metropolitan Bank Limited - the Holding Company		
- Mark-up on bank balance	1,682,269	661,991
- Equity brokerage commission	346,653	2,452
- Repayment of lease obligation against right of use asset	526,050	300,000
- Finance cost	20,500	5,050
Key Management Personnel		
- Salaries and benefits	5,726,371	5,202,625
- Equity brokerage commission	67,070	193,156

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

	30 March	31 December
	2022	2021
	(Un-audited)	(Audited)
	(Rupees)	(Rupees)
Habib Metropolitan Bank Limited - The Holding Company		
- Bank balances	238,804,834	216,064,920
- Accrued profit on a bank balance	566,919	433,348
- Receivable in respect of securities transactions - net	389,980	89,305
- Payable in respect of rent	-	175,350
Key Management Personnel		
- Advances	331,867	329,867
- Payable against sale of securities - net	(412,419)	(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	(173,389)	(96,236)

		For the three month period ended 31 March	
		2022	2021
		(Un-audited)	
		(Rupees)	
20	EARNINGS PER SHARE BASIC AND DILUTED		
	Net (loss) / profit for the period	<u>(2,898,854)</u>	<u>2,122,845</u>
	Weighted average ordinary shares during the period	<u>30,000,000</u>	<u>30,000,000</u>
	Earnings per share - basic and diluted	<u>(0.10)</u>	<u>0.07</u>

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

As at 31 March 2022 the Company employed five members in its Research Department (including Head of Research, one senior analysts, two junior analyst and one data base manager). All members report to Head of Research who in turn reports to CEO.

Compensation structure of research analysts is flat and is subject to qualification, experience and skill set of the person. However, the compensation of anyone employed in the research department does not in anyway depend on the contents/outcome of research report.

During the period ended 31 March 2022, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 1.05 million which comprises basic salary, medical allowance and other benefits as per the Company's policy.

22 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).

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

On balance sheet	Note	31 March 2022 (Un-audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		98,540,069	-	98,540,069	-	98,540,069
- Long term investments						
- Investment in the shares of Pakistan Stock Exchange Limited		20,149,119	20,149,119	-	-	20,149,119
Financial assets not measured at fair value	22.2					-
- Receivable from customers		57,005,502	-	-	-	-
- Loan to employees		1,383,282	-	-	-	-
- Deposits		80,040,390	-	-	-	-
- Other receivables		109,947	-	-	-	-
- Accrued Profit		1,207,709	-	-	-	-
- Bank balances		244,009,142	-	-	-	-
		502,445,160	20,149,119	98,540,069	-	118,689,188
Financial liabilities not measured at fair value						
- Trade and other payables	22.2	(210,599,234)	-	-	-	-
On Balance Sheet Gap		291,845,926	20,149,119	98,540,069	-	118,689,188
On balance sheet financial instruments						
		31 December 2021 (Audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
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	22.2					-
- 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						
- Trade and other payables	22.2	(169,802,634)	-	-	-	-
On Balance Sheet Gap		297,937,829	22,040,604	98,509,367	-	120,549,971

22.1 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.

22.2 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 value.

23 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.

24 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 31 March 2022 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs. 29.92 million with PSX. The Company is in compliance with the aforementioned requirement as at 31 March 2022.

25 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Company on 30 JUNE 2022.



Chief Executive Officer



Director