Habib Metropolitan Financial Services Limited

Condensed Interim Financial Information
For the Nine month period ended 30 Sep 2023

Habib Metropolitan Financial Services Limited
Condensed Interim Statement of Financial Position
As at 30 September 2023

	Note	30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	5	**22,869,398**	8,835,362
Intangible assets	6	**2,404,467**	729,257
Long term investment	7	**12,647,299**	12,951,860
Deferred tax asset - net	8	**-**	-
		37,921,164	22,516,479
Current assets			
Receivables from customers	9	**32,156,127**	105,343,594
Loans to employees	10	**2,711,436**	1,413,095
Deposits and prepayments	11	**82,532,476**	80,393,575
Short term investments	12	**99,759,920**	98,971,863
Accrued profit		**3,617,114**	2,818,763
Other receivables		**478,005**	63,173
Advance taxation - net		**38,664,097**	34,759,308
Cash and bank balances	13	**139,461,480**	140,926,546
		399,380,655	464,689,917
Total assets		**437,301,819**	487,206,396
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
30,000,000 (31 December 2022: 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 2022: 30,000,000) ordinary shares of Rs. 10 each fully paid in cash	14	**300,000,000**	300,000,000
Unappropriated profit		**6,260,409**	26,518,653
Deficit on revaluation of investments - net of tax		**(1,246,605)**	(922,787)
		305,013,804	325,595,866
Non-current liabilities			
Liability against right of use assets		**3,959,129**	5,350,084
Deferred tax liability - net	8	**744,747**	22,685
Current liabilities			
Trade and other payables	15	**127,584,139**	156,237,761
Short term borrowing	16	**-**	-
Total equity and liabilities		**437,301,819**	487,206,396
CONTINGENCIES AND COMMITMENTS	17		

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

Chief Executive Officer

Director

Habib Metropolitan Financial Services Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the nine month period ended 30 September 2023

	Note	Nine month period ended 30 September 2023	2022
		(Un-audited) (Rupees)	
Brokerage income	18	**19,301,501**	25,819,738
Income from investments			
- Mark-up on treasury bills		**14,544,880**	9,123,835
Administrative expenses	19	**(71,989,781)**	(47,718,531)
Finance cost		**(485,347)**	(583,785)
Provision for Workers' Welfare Fund		**-**	(3,409)
Reversal / (provision) against financial assets - net		**336,955**	(467,882)
		(72,138,173)	(48,773,607)
Other income	20	**20,701,824**	13,246,748
Loss before taxation		**(17,589,968)**	(583,286)
Provision for taxation			
- Current		**(1,582,009)**	(1,535,726)
- Prior		**(356,339)**	
- Deferred		**(729,928)**	(1,308,446)
		(2,668,276)	(2,844,172)
Net loss for the period		**(20,258,244)**	(3,427,458)
Earning per share - basic and diluted	23	**(0.68)**	(0.11)

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

Chief Executive Officer

Director

Habib Metropolitan Financial Services Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine month period ended 30 September 2023

	Note	Nine month period ended 30 September	
		2023	2022
		(Un-audited)	
		(Rupees)	
Net loss for the period		**(20,258,244)**	(3,427,458)
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent periods			
- (Deficit) / surplus on revaluation of debt investments carried at fair value		**(27,123)**	35,223
- Related deferred tax		**7,866**	(10,215)
		(19,257)	25,008
Items not to be reclassified to profit or loss in subsequent periods			
- Deficit on revaluation of equity shares investments carried at fair value		**(304,561)**	(6,251,517)
Total comprehensive loss for the period		**(20,582,062)**	(9,653,967)

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

Chief Executive Officer

Director

Habib Metropolitan Financial Services Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine month period ended 30 September 2023

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus / (deficit) on revaluation of investments	Total
	(Rupees)			
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 nine month period ended 30 September 2022	-	(3,427,458)	-	(3,427,458)
Other Comprehensive Income - Deficit on revaluation of investments - net of tax	-	-	(6,226,509)	(6,226,509)
	-	(3,427,458)	(6,226,509)	(9,653,967)
Balance as at 30 September 2022 (Un-audited)	300,000,000	26,882,509	1,930,706	328,813,215
Balance as at 31 December 2022 (Audited)	**300,000,000**	**26,518,653**	**(922,787)**	**325,595,866**
Total comprehensive income for the period				
Net loss for the nine month period ended 30 September 2023	-	**(20,258,244)**	-	**(20,258,244)**
Other Comprehensive Income - Surplus on revaluation of investments - net of tax	-	-	**(323,818)**	**(323,818)**
	-	**(20,258,244)**	**(323,818)**	**(20,582,062)**
Balance as at 30 September 2023 (Un-audited)	**300,000,000**	**6,260,409**	**(1,246,605)**	**305,013,804**

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

Chief Executive Officer

Director

Habib Metropolitan Financial Services Limited

Condensed Interim Statement of Cash Flow (Un-audited)

For the nine month period ended 30 September 2023

	Nine month period ended 30 September	
	2023	2022
	(Un-audited)	
	(Rupees)	
Cash flows from operating activities		
Loss for the year before taxation	**(17,589,968)**	(583,286)
Adjustments for:		
Mark-up on treasury bills	**(14,544,880)**	(9,123,835)
(Decrease) / increase in provision against financial assets	**(336,955)**	467,882
Provision for Sindh Workers' Welfare Fund	**-**	3,409
Markup on lease liability against right of use asset	**440,940**	548,419
Depreciation	**3,101,423**	1,714,021
Amortization	**633,280**	188,038
Gain on sale of fixed asset	**(1,996,000)**	-
Gain on derecognition of Leased - Right of use asset	**-**	(50,465)
	(12,702,192)	(6,252,531)
Decrease / (increase) in current assets		
Receivable from customers	**73,524,422**	25,939,767
Loans and advances	**(1,298,341)**	(334,488)
Deposits and prepayments	**(2,138,901)**	(2,024,761)
Accrued profit	**(798,351)**	(1,612,354)
Other receivables	**(414,832)**	13,534
	68,873,997	21,981,698
(Decrease) / increase in current liabilities		
Trade and other payables	**(28,791,636)**	(77,741,116)
	9,790,201	(62,595,235)
Income tax paid	**(5,843,137)**	(3,919,784)
Net cash flows from operating activities	**3,947,064**	(66,515,019)
Cash flows from investing activities		
Proceeds from the maturity of investments	**300,000,000**	300,000,000
Purchase of investments - net	**(286,270,300)**	(290,991,000)
Property and equipment acquired during the period	**(17,135,459)**	(1,642,217)
Proceeds from sale of fixed assets	**1,996,000**	-
Intangible acquired during the period	**(2,308,490)**	-
Net cash flows from investing activities	**(3,718,249)**	7,366,783
Cash flows from financing activities		
Repayment of liability against right of use assets	**(1,693,881)**	(1,613,221)
Net cash flows from financing activities	**(1,693,881)**	(1,613,221)
Net increase in cash and cash equivalent	**(1,465,066)**	(60,761,457)
Cash and cash equivalent at beginning of the period	**140,926,546**	220,880,279
Cash and cash equivalent at end of the period	**139,461,480**	160,118,822
CASH AND CASH EQUIVALENTS		
Cash and bank balances	**139,461,480**	160,118,822
Short term borrowings	**-**	-
	139,461,480	160,118,822

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

Chief Executive Officer

Director

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

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

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

This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2022. 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 information is 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 2022.

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 2022.

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 2022.

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 2023 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

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees)	
Operating Assets	**18,298,113**	1,478,403
Right of use asset	**4,571,285**	5,856,959
Advance against purchase of vehicle	**-**	1,500,000
	22,869,398	8,835,362

5.1 The following assets have been added during the nine month period ended 30 September 2023.

	Nine month period ended	
	2023	2022
	(Un-audited)	
	(Rupees)	
Office equipment	**2,369,205**	42,120
Furniture and fixtures	**3,665,735**	14,197
Computer equipments	**4,828,519**	85,900
Motor vehicle - net of advance payment made in the previous year	**6,272,000**	1,500,000
	17,135,459	1,642,217

6 INTANGIBLE ASSETS

The following assets have been added during the nine month period ended 30 September 2023.

	Nine month period ended	
	2023	2022
	(Un-audited)	
	(Rupees)	
Computer software	**2,308,490**	-

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

30 September 2023 (Un-audited)	31 December 2022 (Audited)		*Note*	**30 September 2023 (Un-audited)**	31 December 2022 (Audited)
(Number of shares)				**(Rupees)**	
1,602,953	1,602,953	Cost of investment		**13,900,000**	13,900,000
-	**-**	Deficit on revaluation of investment		**(1,252,701)**	(948,140)
1,602,953	1,602,953	Closing balance	*7.1*	**12,647,299**	12,951,860

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 2023, the required BMC amounted to Rs. 28.916 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 fulfill the BMC requirement and
iii) Shares of PSX (1,602,953 shares) pledged in favour of the exchange.

8 DEFERRED TAX ASSET/(LIABILITY) - net

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

	Balance as at 1 January 2022	Recognised in profit and loss	Recognised in equity	Balance as at 31 December 2022 (Audited)	Recognised in profit and loss	Recognised in equity	Balance as at 30 September 2023 (Un-audited)
	(Rupees)						
Taxable Temporary difference:							
Property and equipment	(25,670)	25,670	-	-	(709,498)	-	(709,498)
Intangible assets	(3,568)	(8,761)	-	(12,329)	(20,430)	-	(32,759)
(Surplus) / deficit on revaluation of investments - net	(6,785)	-	(3,571)	(10,356)	-	7,866	(2,490)
	(36,023)	16,909	(3,571)	(22,685)	(729,928)	7,866	(744,747)
Deductible Temporary difference:							
Provision for leave encashment	439,640	(439,640)	-	-	-	-	-
Liability against right of use asset - net	286,234	(286,234)	-	-	-	-	-
Provision against Receivables from Customers	602,184	(602,184)	-	-	-	-	-
	1,328,058	(1,328,058)	-	-	-	-	-
	1,292,035	(1,311,149)	(3,571)	(22,685)	(729,928)	7,866	(744,747)

The Company, as a measure of prudence, has not recognized deferred tax asset of Rs. 1.5 million on deductible temporary differences.

9 RECEIVABLES FROM CUSTOMERS

	Note	30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
Trade receivables from the customers	9.1	24,419,990	108,022,637
Less: Provision against receivable from customers	9.2	(2,465,556)	(2,802,511)
		21,954,434	105,220,126
Receivable from NCCPL			
- ready market		9,753,494	2,840
- future market		448,199	120,628
		32,156,127	105,343,594

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

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees)	
Habib Metropolitan Bank Limited (holding company)	466,073	664,773
Habib Metro Modaraba Management Company	7,096	7,096

9.2 Provision against the balance receivable from the customers

Opening Balance	2,802,511	2,076,495
(Reversal) / charge during the period / year	(336,955)	726,016
Closing Balance	2,465,556	2,802,511

9.3 Aging analysis

	30 September 2023 (Un-audited)	
	Amount	Custody value (Note 9.3.1)
The aging analysis of the trade receivables relating to purchase of shares is as follows:	(Rupees)	
Up to five days	17,562,629	1,003,146,216
More than five days	6,857,361	1,238,530,460
	24,419,990	2,241,676,676

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

10 LOANS TO EMPLOYEES

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees)	
Unsecured, considered good		
Loans to Key Management Personnel	1,707,721	369,867
Loans to other employees	1,003,715	1,043,228
	2,711,436	1,413,095

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

11 DEPOSITS AND PREPAYMENTS

	Note	30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
Deposits with:			
- NCCPL against the exposure	11.1	59,916,627	59,916,627
- PSX under BMC requirement	11.2	18,500,000	18,500,000
- NCCPL for deliverable future contracts, ready contracts and initial deposit	11.3	1,400,000	1,400,000
- NCCPL for provisional trading deposit		-	-
- Central Depository Company of Pakistan Limited	11.4	100,000	100,000
- K-Electric Company Limited		34,390	34,390
- Pakistan Beverage Limited		6,000	6,000
		79,957,017	79,957,017
Prepayments		2,575,459	436,558
		82,532,476	80,393,575

11.1 This represents margin deposit with NCCPL in accordance with the provisions of the Securities Act, 2015. These deposits carry mark-up at the rate of 19.08% (31 December 2022: 12.18%) per annum.

11.2 This represents deposit with PSX to fulfil the base minimum capital requirement. These deposits carry mark-up at the rate of 18.85% (31 December 2022: 13.56%) per annum.

11.3 This represents amount of Rs. 1 million (31 December 2022: Rs. 1 million) on account of basic deposit for deliverable future contracts market. Rs. 0.2 million (31 December 2022: Rs. 0.2 million) for ready market and Rs. 0.2 million (31 December 2022: Rs. 0.2 million) as initial deposit.

11.4 This represent amount of Rs.100,000 (31 December 2022: Rs.100,000) on account of deposit with CDC at the commencement of brokerage business.

12 SHORT TERM INVESTMENTS - at fair value through OCI

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees)	
Market treasury bills		
Amortised cost	99,751,334	98,936,154
(Deficit) / Surplus arising on revaluation during the period / year	8,586	35,709
Market Value	99,759,920	98,971,863

12.1 Government securities

Name of security	Maturity Date	Yield (IRR) %	As at 01 January 2023	Purchased during the period	Matured during the period	As at 30 September 2023	Carrying value as at 30 September 2023 (before revaluation)	Market value as at 30 September 2023
			---------- (Units) ----------				(Rupees)	
Treasury Bills - 3 months (face value of Rs 5,000)	05-Oct-23	22.7473%	20,000	60,000	60,000	20,000	99,751,334	99,759,920

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

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

13 CASH AND BANK BALANCES

		30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
Cash in hand		25,000	-
Profit and loss sharing accounts:			
- Habib Metropolitan Bank Limited - The Holding Company	13.1	42,049,544	78,302,415
- Habib Bank Limited		1,147,604	1,970,190
- Meezan Bank Limited		6,670	6,670
		43,203,818	80,279,275
Current accounts:			
- Habib Metropolitan Bank Limited - The Holding Company	13.2	94,222,666	59,500,362
- MCB Bank Limited		2,009,996	1,146,909
		96,232,662	60,647,271
		139,461,480	140,926,546

13.1 These represent balances maintained in the profit and loss sharing accounts, carrying mark-up at 20.50% per annum (31 December 14.50%) per annum.

13.2 This includes Rs. 94.218 million (31 December 2022 Rs. 59.495 million) pertaining to client fund balance.

		30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
13.3	Customers' assets held in the designated bank accounts	94,217,666	59,495,362
13.4	Customers' assets held in the CDC	3,960,938,865	3,811,870,192
13.5	Customers' securities pledged with financial institutions	51,823,585	44,646,272

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

As of the balance sheet date, 29,999,997 (31 December 2022: 29,999,997) shares were held by the Holding company and 3 (31 December 2022: 3) shares were held by directors of the Company, as the nominees of the Holding Company.

15 TRADE AND OTHER PAYABLES

	Note	30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(Rupees)	
Due to customers in respect of securities transactions		113,071,221	93,791,106
Payable to NCCPL		-	51,680,808
Payable to workers' welfare fund	15.1	2,561,057	2,561,057
Accrued expenses		10,107,737	6,355,416
Sindh sales tax payable		-	143,264
Liability against right of use assets - current portion		1,844,124	1,706,110
		127,584,139	156,237,761

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	30 September 2023 (Un-audited)	31 December 2022 (Audited)
		(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 2022: Rs. 350 million). This carries mark up at the rate of 3 months KIBOR plus 2% per annum (31 December 2022: 3 months KIBOR plus 2% per annum) payable quarterly. This facility 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 2023

18 BROKERAGE INCOME

	Note	For the nine month period ended 30 September	
		2023	2022
		(Un-audited) (Rupees)	
Brokerage income	*18.1, 18.2 & 18.3*	**19,301,501**	25,819,738

18.1 Disaggregation revenue

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

- Corporate customers	**13,183,406**	12,498,863
- Individual customers	**6,118,095**	13,320,875
	19,301,501	25,819,738

18.2 This includes brokerage from related parties amounting to Rs. 0.36 million (30 September 2022: Rs. 1.35 million).

18.3 Brokerage revenue includes Rs. 1.79 million (30 September 2022: Rs. 0.88 million) from customers outside the country.

19 ADMINISTRATIVE EXPENSES

	Note	For the nine month period ended 30 September	
		2023	2022
		(Un-audited) (Rupees)	
Salaries and benefits	*19.1*	**49,133,003**	32,124,421
Rent		**99,005**	90,651
Repairs and maintenance		**2,905,993**	1,373,477
Pakistan Stock Exchange (PSX) clearing house, CDC and NCCPL charges		**1,733,366**	2,355,282
Communication		**4,675,069**	3,547,447
Utilities and office general expenses		**1,536,469**	1,156,485
Professional tax		**84,600**	84,600
Auditors' remuneration		**1,255,850**	908,664
Legal and professional charges		**1,426,310**	1,063,405
Printing and stationery		**182,055**	228,780
Insurance		**1,844,311**	958,917
Travelling and conveyance		**142,071**	151,852
Entertainment and business promotions		**958,485**	595,386
Fees and subscription		**1,707,862**	858,945
Depreciation		**3,101,423**	1,714,021
Amortization of intangible assets		**633,280**	188,038
Others		**570,629**	318,160
		71,989,781	47,718,531

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

	Chief Executive (CEO) For the nine month period ended 30 September		Executive For the nine month period ended 30 September	
	2023	2022	2023	2022
	(Un-audited) (Rupees)		(Un-audited) (Rupees)	
Managerial remuneration	**11,945,627**	10,181,978	**13,688,292**	**5,649,190**
Bonus	**1,875,000**	-	**2,125,122**	**568,330**
	13,820,627	10,181,978	**15,813,414**	6,217,520
Number of persons	**1**	* 2	**5**	3

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

* Represents the number of CEOs at two different points of time

20 OTHER INCOME

	For the nine month period ended 30 September	
	2023	2022
	(Un-audited) (Rupees)	
Mark-up on bank balances	8,421,938	6,968,390
Return on NCCPL exposure margin	7,465,378	4,615,214
Return on PSX BMC deposit	2,522,481	1,192,165
Physical shares transfer	921	420,374
Gain on sale of fixed assets	1,996,000	-
Others	295,106	50,605
	20,701,824	13,246,748

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 information are as follows:

	For the nine month period ended 30 September	
	2023	2022
	(Un-audited) (Rupees)	
Habib Metropolitan Bank Limited - the Holding Company		
- Mark-up on bank balance	8,295,087	6,872,243
- Equity brokerage commission	722,985	685,242
- Repayment of lease obligation against right of use asset	1,693,881	1,613,221
- Finance Cost	483,995	583,186
Key Management Personnel		
- Salaries and benefits	31,637,940	16,492,267
- Equity brokerage commission	144,473	181,559
- Sale of fixed asset having NIL book value.	1,975,000	-
Ultimate Parent Company		
Habib Bank AG Zurich - Equity brokerage commission	31,153	65,092
Associated Entities - Equity Brokerage Commission		
First Habib Modaraba - (Subsidiary of the Holding Company)	-	420,029

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

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees)	
Habib Metropolitan Bank Limited - The Holding Company		
- Bank balances	136,272,210	137,802,777
- Accrued profit on bank balance	828,262	965,508
- Receivable in respect of securities transactions - net (subsequently cleared)	466,073	238,472
Key Management Personnel		
- Advances	1,707,721	369,867
- Payable against sale / purchase of securities - net	(123,374)	(180,577)
Associated Entities		
First Habib Modaraba		
- Payable against sale / purchase of securities - net	(433)	(433)
Habib Metro Modaraba Management Company		
- Receivable against sale / purchase of securities - net	7,096	7,096
Directors (Holding Company)		
- Payable against sale of securities -net	(352,502)	(242,358)

21.3 Number of employees

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
	(Number of employees)	
Number of Employees as at the period/year end	26	24
Average Number of Employees as at the period/year end	25	22

22 TAXATION

The Company has filed returns of total income for the tax years up to 2022 (up to financial year ended 31 December 2021) which are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

23 EARNING PER SHARE BASIC AND DILUTED

	For the nine month period ended 30 September (Un-audited) 2023	2022
Net Loss for the period	(20,258,244)	(3,427,458)
	(Number)	
Weighted average ordinary shares during the period	30,000,000	30,000,000
	(Rupees)	
Earning per share - basic and diluted	(0.68)	(0.11)

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

At present the Company has five members in its Research Department (including one senior research analyst, three junior research analysts and one data base administrator). All members report to the senior research analyst 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 reports.

During the period ended 30 September 2023, the personnel employed in the Research Department have drawn aggregate salary and benefits amounting to Rs. 5.56 million which comprises basic salary, medical allowance and other benefits and bonus as per the Company's policy.

25 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

The different levels (methods) have been:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

On balance sheet	Note	30 September 2023 (Un-audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
		(Rupees)				
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		**99,759,920**	-	**99,759,920**	-	**99,759,920**
- Long term investments						
- Investment in the shares of Pakistan Stock Exchange Limited		**12,647,299**	**12,647,299**	-	-	**12,647,299**
						-
Financial assets not measured at fair value	25.2					
- Receivable from customers		**32,156,127**	-	-	-	-
- Loan to employees		**2,711,436**	-	-	-	-
- Deposits		**79,957,017**	-	-	-	-
- Other receivables		**478,005**	-	-	-	-
- Accrued Profit		**3,617,114**	-	-	-	-
- Bank balances		**139,461,480**	-	-	-	-
		370,788,398	**12,647,299**	**99,759,920**	-	**112,407,219**
Financial liabilities not measured at fair value	25.2					
- Trade and other payables		**(128,982,211)**	-	-	-	-
On Balance Sheet Gap		**241,806,187**	**12,647,299**	**99,759,920**	-	**112,407,219**

On balance sheet financial instruments		31 December 2022 (Audited)				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
		(Rupees)				
Financial assets measured at fair value						
- Short term investments						
- Market treasury bills		98,971,863	-	98,971,863	-	98,971,863
- Long term investments						
- Investment in shares of Pakistan Stock Exchange Limited		12,951,860	12,951,860	-	-	12,951,860
		111,923,723	12,951,860	98,971,863	-	111,923,723
Financial assets not measured at fair value	25.2					
- Receivable from customers		105,343,594	-	-	-	-
- Loan to employees		1,413,095	-	-	-	-
- Deposits		79,957,017	-	-	-	-
- Other receivables		63,173	-	-	-	-
- Accrued Profit		2,818,763	-	-	-	-
- Bank balances		140,926,546	-	-	-	-
		442,445,911	12,951,860	98,971,863	-	111,923,723
Financial liabilities not measured at fair value	25.2					
- Trade and other payables		(160,950,130)	-	-	-	-
On Balance Sheet Gap		281,495,781	12,951,860	98,971,863	-	111,923,723

25.1 Valuation techniques used in determination of fair values within level 2:

Investments in Market Treasury Bills are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP).

25.2 Fair values of these financial instruments have not been disclosed as these are either short term in nature or repriced frequently. As such their carrying values are reasonable approximation of their Fair values.

26 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost to safeguard the entity's ability to continue as a going concern.

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

27 BASE MINIMUM CAPITAL

Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), all trading right entitlement certificate (TRE) certificate holders of Pakistan Stock Exchange (PSX), in compliance with the Schedule-I of Chapter 19: Risk Management Regulations of the PSX Rule Book, are required to maintain a Base Minimum Capital (BMC). As at 30 September 2023 and as per slabs given under the above mentioned regulations, the Company is required to maintain a BMC of Rs.28.916 million with PSX. The Company is in compliance with the aforementioned requirement as at 30 September 2023.

28 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on 13 October 2023.

Chief Executive Officer

Director