



# ESCALATING GROWTH

QUARTERLY REPORT  
30<sup>TH</sup> SEPTEMBER 2018



Arif Habib Corp



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# COMPANY INFORMATION



## Board of Directors

Asadullah Khawaja  
Arif Habib  
Khawaja Jalaluddin Roomi  
Sirajuddin Cassim  
Nasim Beg  
Samad A. Habib  
Kashif A. Habib  
Muhammad Ejaz

Chairman  
Chief Executive Officer  
Independent Director  
Independent Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

## Audit Committee

Khawaja Jalaluddin Roomi  
Kashif A. Habib  
Muhammad Ejaz

Chairman  
Member  
Member

## Management

Arif Habib  
Mohsin Madni  
Manzoor Raza

Chief Executive Officer  
Chief Financial Officer  
Company Secretary



### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
JS Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

### Registered & Corporate Office

Arif Habib Centre, 23, M.T.Khan Road, Karachi-74000  
Phone: (021) 32460717-9  
Fax: (021) 32429653  
Email: [info@arifhabibcorp.com](mailto:info@arifhabibcorp.com)  
Company website: [www.arifhabibcorp.com](http://www.arifhabibcorp.com)  
Group website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)

### Share Registrar & Share Transfer Agent

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B, S.M.C.H.S,  
Main Shahrah-e-Faisal, Karachi  
Phone: (021) 111-111-500  
Toll Free: 0800-23275  
Fax: (021) 34326053  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

Bawaney & Partners  
Akhund Forbes

## DIRECTORS' REVIEW REPORT

### Dear Shareholders,

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with condensed interim unconsolidated and consolidated financial statements for the quarter ended 30th September 2018.

### The Economy

The period under review has been difficult in terms of macro-economic indicators. Higher inflation, rising interest rates, falling rupee value and reducing foreign currency reserves have dampened the investors' sentiment. During the period, KSE-100 index declined by 2.18%. Pakistan seeking IMF programme looked imminent. This resulted in speculations about value of rupee, interest rates and utility prices putting investors in 'wait and see' mode and affecting GDP growth rate adversely.

### Financial Results

During the quarter, on an unconsolidated basis, AHCL recorded operating revenue of PKR 1,565.71 million, which includes dividend income, realised capital gain on sale of securities and unrealised gain on re-measurement of investments. After accounting for operating, administrative, financial and other expenses of PKR 72.62 million, the Company earned a profit before tax of PKR 1,496.76 million. The Company has reported an after-tax profit of PKR 1,503.78 million for the quarter under review as compared with PKR 714.03 million (Restated) for the corresponding quarter ended 30th September 2017. Earnings per share during the quarter ended 30th September 2018 was PKR 3.31 as compared to PKR 1.57 (Restated) in the corresponding quarter during 2017-18.

During the quarter under review, on a consolidated basis, your Company posted a profit-after-tax (attributable to AHCL's ownership) of PKR 361.51 million as opposed to PKR 654.43 million (Restated) during corresponding period in 2017-18. This translates to an earning of PKR 0.80 per share as compared with PKR 1.44 (Restated) in the corresponding period.

### Performance of Subsidiaries and Associates

Sachal Energy, a wind energy project, has posted an after-tax profit of PKR 460.42 million during the quarter ended 30th September 2018 as compared to PKR 449.22 million during the corresponding quarter last year. Our subsidiary and associated companies in the Financial Services sector have performed satisfactorily despite bearish market during the period under review. Our brokerage firm has managed to post an impressive earning per share of PKR 2.71 as compared to PKR 0.61 in the corresponding quarter. MCB-Arif Habib Savings and Investments Limited has recorded an earnings per share of PKR 0.45 as compared to PKR 0.57 in last corresponding period. The fertilizer plant on Mari Gas

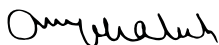
(Fatima Fertilizer) has done well recording a profit of PKR 9.44 billion for nine months as compared to PKR 6.67 billion in last corresponding period. Whereas, fertilizer businesses reliant on LNG (SNGPL), Pakarab Fertilizers and Fatimafert have suffered losses during the quarter under review. Financial performance of Aisha Steel, Javedan Corporation and Power Cement remained under pressure.

### Future outlook

Incoming government after general elections, has embarked upon taking corrective measures to put the economy of Pakistan on recovery path. Closed fertilizer units have been resumed supply of gas to start their productions. Natural gas prices have been revised and a Finance Amendment Act has been legislated, owing to the budget deficit that would have accumulated during the remaining part of the current financial year. Government has decided to initiate a dialogue with the IMF for a programme to get balance of payment support. Additionally, government is also engaged with friendly countries for similar support. It is expected that it will take about three months' time to yield positive results.

Our investment in fertilizer, which constitute major part of our total investments, is expected to do better in view of resumption of supply of gas to our closed units and favourable market conditions for fertilizers. Wind power will continue to do well, whereas financial services, real estate, steel and cement businesses are expected to have a mixed performance. On an overall basis, the Company's future outlook looks better.

### For and on behalf of the Board



**Arif Habib**  
Chief Executive



**Asadullah Khawaja**  
Chairman

Karachi  
25<sup>th</sup> October 2018

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**CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION**  
FOR THE THREE MONTHS PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2018

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2018

	Note	Unaudited September 2018	Audited June 2018 Restated (Rupees)	Audited 1 July 2017 Restated
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000	10,000,000,000
<i>Share capital</i>				
Issued, subscribed and paid up share capital		4,537,500,000	4,537,500,000	4,537,500,000
<i>Revenue reserves</i>				
General reserve		4,000,000,000	4,000,000,000	4,000,000,000
Unappropriated profit		21,962,248,426	21,365,964,987	21,931,978,512
		30,499,748,426	29,903,464,987	30,469,478,512
<b>Non-current liabilities</b>				
Deferred taxation		2,316,779,166	2,353,368,460	2,435,632,968
Long term loans	5	-	325,000,000	455,179,583
		2,316,779,166	2,678,368,460	2,890,812,551
<b>Current liabilities</b>				
Trade and other payables	6	4,913,998,129	4,904,954,300	2,652,011,288
Dividend payable		907,500,000	-	-
Mark-up accrued on borrowings		40,285,934	22,397,069	144,389,340
Short term borrowings	7	2,020,591,136	1,267,483,663	1,193,616,235
Current maturity of long term loan	5	71,826	130,179,583	65,431,028
Provision for taxation		349,890,985	320,328,300	289,478,206
Unclaimed dividend		30,353,991	31,100,331	29,792,519
		8,262,692,001	6,676,443,246	4,374,718,616
<b>Contingencies and commitments</b>				
	8			
		41,079,219,593	39,258,276,693	37,735,009,679

Chief Executive Officer

Chief Financial Officer

Director

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2018

	Note	Unaudited September 2018	Audited June 2018  Restated (Rupees)	Audited 1 July 2017  Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Operating fixed assets	9	28,983,464	30,323,605	36,592,671
Intangible assets		-	-	133,326
Investment properties		-	-	1,993,162,500
Long term investments	10	29,211,845,252	27,572,492,303	28,128,147,990
Long term loan to related party	11	172,881,915	182,359,745	-
Long term deposits		2,487,030	2,487,030	2,487,030
		<b>29,416,197,661</b>	27,787,662,683	30,160,523,517
<b>Current assets</b>				
Loans and advances	12	2,916,335,660	2,201,165,333	643,736,475
Prepayments		1,416,992	1,617,460	1,880,003
Advance tax		330,090,803	312,567,502	311,410,531
Mark-up receivable	13	63,415,219	45,182,417	9,913,724
Trade receivable		-	-	183,073,309
Other receivables	14	5,409,043	5,405,326	1,786,964
Short term investments	15	8,307,089,783	8,860,191,941	6,383,805,496
Cash and bank balances		39,264,432	44,484,031	38,879,660
		<b>11,663,021,932</b>	11,470,614,010	7,574,486,162
		<b>41,079,219,593</b>	39,258,276,693	37,735,009,679

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive Officer

Chief Financial Officer

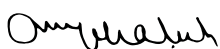
Director

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	Note	Three months period ended	
		September 2018	September 2017
		Restated	
(Rupees)			
Operating revenue	16	1,565,707,004	868,695,081
Operating and administrative expenses		(25,352,214)	(22,667,053)
Finance cost		(41,464,074)	(37,282,646)
Other income		3,666,114	709,719
Other charges	17	(5,800,000)	-
Profit before tax		1,496,756,830	809,455,101
Taxation	18	7,026,609	(95,421,220)
Profit after tax		1,503,783,439	714,033,881
Other comprehensive income		-	-
Total comprehensive income		1,503,783,439	714,033,881
Earnings per share - basic and diluted		3.31	1.57

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



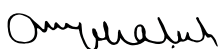
Director

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

		Three months period ended	
	Note	September 2018	September 2017 Restated
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash used in operations</b>	19	<b>(424,149,423)</b>	(172,672,966)
Income tax paid		<b>(17,523,301)</b>	(676,072)
Finance cost paid		<b>(23,575,209)</b>	(10,678,618)
Dividend received		<b>108,114,711</b>	-
Interest received		<b>45,182,417</b>	9,913,724
<b>Net cash used in operating activities</b>		<b>(311,950,805)</b>	(174,113,932)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		-	(110,075)
Proceeds from sale of operating fixed assets		-	183,026
<b>Net cash generated from investing activities</b>		-	72,951
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		<b>(445,629,927)</b>	(107,757)
Unclaimed dividend		<b>(746,340)</b>	-
<b>Net cash used in financing activities</b>		<b>(446,376,267)</b>	(107,757)
<b>Net decrease in cash and cash equivalents</b>		<b>(758,327,072)</b>	(174,148,738)
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,222,999,632)</b>	(1,154,736,575)
<b>Cash and cash equivalents at end of the period</b>	15	<b>(1,981,326,704)</b>	(1,328,885,313)

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



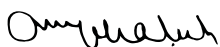
Director

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	Capital Reserves	Revenue Reserves			Total
	Issued, subscribed and paid up share capital	General reserve	Unappropriated profit	Sub total	
	(Rupees)				
Balance as at 1 July 2017 - Restated	4,537,500,000	4,000,000,000	21,931,978,512	25,931,978,512	30,469,478,512
Total comprehensive income for the three months period ended 30 September 2017	-	-	714,033,881	714,033,881	714,033,881
Balance as at 30 September 2017 - Restated	4,537,500,000	4,000,000,000	22,646,012,393	26,646,012,393	31,183,512,393
Balance as at 1 July 2018 - Restated	4,537,500,000	4,000,000,000	21,365,964,987	25,365,964,987	29,903,464,987
Total comprehensive income for the three months period ended 30 September 2018	-	-	1,503,783,439	1,503,783,439	1,503,783,439
Transactions with owners of the Company recorded directly in equity - Distributions					
Final cash dividend at the rate of Rs. 2 per share for the year ended 30 June 2018	-	-	(907,500,000)	(907,500,000)	(907,500,000)
Balance as at 30 September 2018	4,537,500,000	4,000,000,000	21,962,248,426	25,962,248,426	30,499,748,426

The annexed notes 1 to 24 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

This condensed interim unconsolidated financial information are separate financial information of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated condensed interim financial information is prepared separately.

The Company has following long term investments and its underlying shareholding in respective investee companies:

Name of Companies	Shareholding
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	65.52%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
<i>Associates</i>	
- MCB-Arif Habib Savings and Investments Limited	30.09%
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	15.19%
<i>Others</i>	
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

#### 1.1 Change in the composition of the Group

There were no changes in composition of the Group during the three months period ended 30 September 2018.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of;

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

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

This condensed interim unconsolidated financial information is unaudited and does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2018.

The comparative statement of financial position presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2018, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 30 September 2017.

This condensed interim unconsolidated 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 rupee.

This condensed interim unconsolidated financial information has been prepared on the basis of a single reportable segment.

#### 2.2 Basis of measurement

This condensed interim unconsolidated financial information has been prepared under the historical cost convention, except for derivatives, investments classified as 'fair value through profit or loss' and 'fair value through other comprehensive income' which are stated at fair value.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 3. ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2018, except for the adoption of IFRS 9 'Financial Instruments'.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. In accordance with transitional provision of IFRS 9, the Company has retrospectively reclassified a Financial Asset in 'Fair Value through Other Comprehensive Income' to 'Fair Value through Profit or Loss'. The change of policy has been accounted in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of prior periods. The unconsolidated statement of financial position presents the prior year numbers as stated, due to the said changes, and opening unconsolidated statement of financial position as at 1 July 2017.

		30 June 2018		
		As previously reported	Impact due to change in accounting policy	As restated
Note				
<b>Effect on unconsolidated statement of financial position</b>				
At fair value through profit or loss	15	7,967,518,010	892,673,931	8,860,191,941
At fair value through other comprehensive income	15	892,673,931	(892,673,931)	-
<b>Short term investments</b>		<b>8,860,191,941</b>	<b>-</b>	<b>8,860,191,941</b>
Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'				
		64,036,984	(64,036,984)	-
Unappropriated profit		21,301,928,003	64,036,984	21,365,964,987

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

		30 September 2017		
	Note	As previously reported	Impact due to change in accounting policy	As restated
<b>Effect on unconsolidated statement of profit or loss</b>				
Operating revenue	16	807,159,099	61,535,982	868,695,081
Taxation	18	(90,806,022)	(4,615,198)	(95,421,220)

### Effect on unconsolidated statement of other comprehensive income

Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'

	61,535,982	(61,535,982)	-
Related tax thereon	(4,615,198)	4,615,198	-

		30 June 2017		
		As previously reported	Impact due to change in accounting policy	As restated
<b>Effect on unconsolidated statement of financial position</b>				
At fair value through profit or loss		5,925,611,908	458,193,588	6,383,805,496
At fair value through other comprehensive income		458,193,588	(458,193,588)	-
<b>Short term investments</b>		6,383,805,496	-	6,383,805,496

Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'

	89,788,814	(89,788,814)	-
Unappropriated profit	21,842,189,698	89,788,814	21,931,978,512

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1** The preparation of this condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

- 4.2** The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2018.

	Note	Unaudited 30 September 2018	Audited 30 June 2018
<b>5. LONG TERM LOAN - secured</b>			
<i>From Summit Bank Limited, related party:</i>			
Term musharakah finance	5.1	-	455,000,000
Less: current portion		-	(130,000,000)
		-	325,000,000
<i>Others</i>			
Diminishing Musharakah Financing	5.2	71,826	179,583
Less: current maturity		(71,826)	(179,583)
		-	-
		-	325,000,000

- 5.1** During the period, the Company has made early repayment the outstanding term musharakah finance along-with the profit due till the date of repayment.

- 5.2** In 2013, the Company acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favour of the lender. The return on the arrangement is 6 months KIBOR + 2%. and the loan will mature on 10 November 2018.

## 6. TRADE AND OTHER PAYABLES

This include amount of Rs. 7.89 million (30 June 2018: Nil) payable to Arif Habib Limited, a Subsidiary Company.

## 7. SHORT TERM BORROWINGS

- 7.1** Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2018: Rs. 2,800 million). These facilities have various maturity dates up to 30 June 2019, and need to be renewed after that. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2018: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% (30 June 2018: 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 779.41 million (30 June 2018: Rs. 1,532.52 million).

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 8. CONTINGENCIES AND COMMITMENTS

- 8.1 There is no other change in the status of contingencies and commitments as disclosed in the preceding annual audited unconsolidated financial statements as at and in the year ended 30 June 2018.

### 9. OPERATING FIXED ASSETS

Following is the cost / written down value of operating fixed assets that have been added / disposed off during the period:

	Three months period ended 30 September 2018		Three months period ended 30 September 2017	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Vehicles	-	-	63,500	118,093
Computer and allied equipment	-	-	46,575	38,576
	-	-	110,075	156,669

### 10. LONG TERM INVESTMENTS

	Note	Unaudited 30 September 2018	Audited 30 June 2018
		(Rupees)	
Subsidiaries - at cost	10.1	5,058,602,290	5,058,602,290
At fair value through profit or loss	10.2	24,153,242,962	22,513,890,013
Available for sale	10.3	-	-
		29,211,845,252	27,572,492,303

#### 10.1 Subsidiaries - at cost

Subsidiaries - at cost	Cost	Provision for Impairment	Carrying amount	
			Unaudited	Audited
			30 September	30 June
			2018	2018
			(Rupees)	
Arif Habib Limited (AHL)	2,262,137,230	-	2,262,137,230	2,262,137,230
Sachal Energy Development (Private) Limited (SEDPL)	2,746,465,060	-	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	50,000,000	-	50,000,000	50,000,000
	5,058,602,290	-	5,058,602,290	5,058,602,290

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

10.2	At fair value through profit or loss	Note	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount	
					Unaudited 30 September 2018	Audited 30 June 2018
					(Rupees)	
Associates:						
MCB - Arif Habib Savings and Investments Limited (MCB-AH)		10.2.1	477,694,882	(3,249,625)	474,445,257	433,283,340
Pakarab Fertilizers Limited (PFL)			1,324,332,073	10,420,667,927	11,745,000,000	11,745,000,000
Fatima Fertilizer Company Limited (FFCL)			3,512,782,225	8,421,015,480	11,933,797,705	10,335,606,673
			5,314,809,180	18,838,433,782	24,153,242,962	22,513,890,013

**10.2.1** Before loss of control, MCB-AH was stated at Rs. 81.948 million which is historical cost of investment as per IAS 27. However, due to loss of control the Company has designated remaining equity interest 'at fair value through profit or loss' and accordingly fair value on the date of loss of control is considered as deemed cost.

10.3 Available for sale - other investments:	Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for Impairment	Carrying amount	
				Unaudited 30 September 2018	Audited 30 June 2018
(Rupees)					
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(1,000,000)	-	-
	2,000,000	-	(2,000,000)	-	-

**10.4** Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 5,637.69 million (30 June 2018: Rs. 4,882.68 million).

**10.5** Investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

### 10.6 Movement in provision for impairment

Opening Balance	(2,000,000)	(32,000,000)
Reversal on sale of investment	-	30,000,000
Closing Balance	<b>(2,000,000)</b>	<b>(2,000,000)</b>

## 11. LONG TERM LOAN TO RELATED PARTY

### Secured

Aisha Steel Mills Limited	12	191,837,575	201,315,405
Less: Current portion of long term loan		(18,955,660)	(18,955,660)
		<b>172,881,915</b>	<b>182,359,745</b>

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

**11.1** During the period, the Company has received Rs. 9.48 million as principal repayment. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2018: 6 month KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period was 10.29% (30 June 2018: ranged between 9.40% to 9.46%) per annum. Mark-up is payable on semi-annual basis.

**11.2** Maximum balance due from related party during the period was Rs. 182.36 million (30 June 2018: Rs. 182.36 million).

**11.3** Investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

### 12. LOANS AND ADVANCES

	Note	Unaudited 30 September 2018 (Rupees)	Audited 30 June 2018
<i>Unsecured</i>			
Advance against salaries to employees	12.1	380,000	209,673
Bid margin in initial public offer		-	14,000,000
<i>Unsecured</i>			
Loans to related parties			
- Sachal Energy Development (Private) Limited (SEDPL)	12.2	100,000,000	525,000,000
- Javedan Corporation Limited (JCL)	12.3	1,797,000,000	1,468,000,000
- Aisha Steel Mills Limited (ASML)	12.4	1,000,000,000	175,000,000
		2,897,000,000	2,168,000,000
<i>Secured</i>			
Current portion of long term loan to Aisha Steel Mills Limited (ASML)	11.1	18,955,660	18,955,660
		<u>2,916,335,660</u>	<u>2,201,165,333</u>

**12.1** This includes advance to key management personnel of Rs. Nil (30 June 2018: 0.126 million).

**12.2** The Company entered into a loan agreement with SEDPL. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. The effective mark-up charged during the period was 9.17% (30 June 2018: ranged between 8.40% to 8.75%). Mark-up is payable on quarterly basis.

**12.3** The Company entered into an arrangement with JCL. The loan is repayable 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. The mark-up is payable on quarterly basis. The effective mark-up charged during the period ranged between 9.17% per annum (30 June 2018: ranged between 8.59% to 8.75%).

**12.4** The Company entered into a loan agreement with ASML. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 9.17% (30 June 2018: ranged between 9.16% to 9.50%).

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

**12.5** Maximum balance due from related parties in respect of loans and advances as at the end of any month during the period was Rs. 2,915.96 million (30 June 2018: Rs. 2,186.96 million).

**12.6** Investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

### 13. MARK-UP RECEIVABLE

	Unaudited 30 September 2018 (Rupees)	Audited 30 June 2018
From related parties:		
- Aisha Steel Mills Limited	19,041,216	9,670,362
- Sachal Energy Development (Private) Limited	8,585,884	6,544,521
- Javedan Corporation Limited	35,360,023	28,967,534
	62,987,123	45,182,417
Against term finance certificates	428,096	-
	63,415,219	45,182,417

**13.1** The maximum amount due in respect of mark-up receivable as at the end of any month during the period was Rs. 62.62 million (30 June 2018: Rs. 45.18 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

### 14. OTHER RECEIVABLES

This include guarantee commission receivable from Aisha Steel Mills Limited and Sachal Energy Development (Private) Limited, associated concerns, amounting to Rs. 0.87 million and Rs. 2.8 million (30 June 2018: 0.87 million and Rs. 2.8 million), respectively. The maximum amount due as at the end of any month during the period was Rs. 3.66 million (30 June 2018: Rs. 3.67 million).

### 15. SHORT TERM INVESTMENTS

	Note	Unaudited 30 September 2018 (Rupees)	Audited 30 June 2018 Restated
<i>At fair value through profit or loss</i>			
Investment in related parties and associate	15.1	7,084,064,194	7,380,062,071
Other investments		1,223,025,589	1,480,129,870
		8,307,089,783	8,860,191,941

**15.1** This includes investments in associated concerns, Aisha Steel Mills Limited (ASML), Power Cement Limited (PCL), Javedan Corporation Limited (JCL) and Silkbank Limited (Silkbank).

**15.2** Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 327.36 million (30 June 2018: Rs. Nil). Further, shares of ASML having fair value of Rs. 256.8 million (30 June 2018: 315.4 million) have been pledged to secure project financing of ASML.

**15.3** Investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 16. OPERATING REVENUE

	<b>Three months period ended</b>	
	<b>30 September 2018</b>	30 September 2017
		Restated
	<b>(Rupees)</b>	
Dividend income	<b>108,114,711</b>	398,294,662
Mark-up on loans and advances	<b>63,415,219</b>	4,994,356
Mark-up on bank deposits	<b>19,148</b>	97,162
Gain on sale of securities - net	<b>18,422,842</b>	127,821,742
Gain on remeasurement of investments - net	<b>1,375,735,084</b>	337,487,159
	<b>1,565,707,004</b>	868,695,081

### 17. OTHER CHARGES

This include donation paid to Usman Memorial Hospital Foundation and Safi Benevolent Trust amounting to Rs. 5.8 million and Rs. 0.5 million, respectively. Further, there are no donations to any person, institution or organisation in which a director or his spouse had any interest.

### 18. TAXATION

	<b>Three months period ended</b>	
	<b>30 September 2018</b>	30 September 2017
		Restated
	<b>(Rupees)</b>	
For the period		
- Current	<b>(29,562,685)</b>	(14,307,095)
- Deferred	<b>36,589,294</b>	(81,114,125)
	<b>7,026,609</b>	(95,421,220)

- 18.1** Under section 5A of the Income Tax Ordinance, 2001 as amendment by the Finance Act 2017, tax shall be imposed at the rate of 5% of the accounting profit before tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2019 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognised in this condensed unconsolidated interim financial information.



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 19. NET CASH USED IN OPERATIONS

Note	Three months period ended	
	30 September 2018	30 September 2017 Restated
	(Rupees)	
Profit before tax	1,496,756,830	809,455,101
<i>Adjustments for:</i>		
Depreciation	1,340,141	1,624,418
Amortization of intangible assets	-	49,997
Dividend income	(108,114,711)	(398,294,662)
Mark-up on loans and advances	(63,415,219)	(4,994,356)
Gain on remeasurement of long term investments	(1,639,352,949)	(191,410,117)
Gain on remeasurement of short term investments	263,617,865	(146,077,042)
Gain on disposal of operating fixed asset	-	(26,357)
Finance cost	41,464,074	37,282,646
	(1,504,460,799)	(701,845,473)
	(7,703,969)	107,609,628
<b>Changes in working capital</b>		
<i>Increase in current assets</i>		
Loans and advances	(715,170,327)	(167,963,557)
Prepayments	200,468	(3,803,800)
Trade receivable	-	183,073,309
Other receivables	(3,717)	(103,057)
Short term investments	289,484,293	(292,260,564)
<i>Increase in current liabilities</i>		
Trade and other payables	9,043,829	775,075
	(416,445,454)	(280,282,594)
<b>Net cash used in operations</b>	<b>(424,149,423)</b>	<b>(172,672,966)</b>
<b>20. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	39,264,432	38,625,039
Short term borrowings	(2,020,591,136)	(1,367,510,352)
	<b>(1,981,326,704)</b>	<b>(1,328,885,313)</b>
<b>21. FINANCIAL INSTRUMENTS</b>		

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim unconsolidated financial information does not include all financial risk management information and disclosures required in the annual audited unconsolidated financial statements; they should be read in conjunction with the Company's annual audited unconsolidated financial statements as at 30 June 2018 as financial risk management objectives and policies are consistent with the prior year.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 22. FAIR VALUE MEASUREMENTS

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

Management engages independent external experts / valuers to carry out valuation of its non-financial assets elected to be measured at fair value and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided by management. Selection criteria include market knowledge, reputation, relevant experience, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determine fair values using valuation techniques unless the fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

**22.1** The below table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 September 2018						
	Carrying amount				Fair value		
	At fair value through profit and loss	At fair value through other comprehensive income	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
<b>Financial assets measured at fair value</b>							
Long term investments	24,153,242,962	-	-	-	12,408,242,962	-	11,745,000,000
Short term investments	8,307,089,783	-	-	-	8,307,089,783	-	-
<b>Financial assets not measured at fair value</b>							
Long term investments*	-	-	5,058,602,290	-	1,973,453,858	-	-
Long term deposits	-	-	-	89,590	-	-	-
Loans and advances	-	-	-	2,916,335,660	-	-	-
Mark-up receivable	-	-	-	63,415,219	-	-	-
Other receivable	-	-	-	3,666,114	-	-	-
Cash and bank balances	-	-	-	39,264,432	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables	-	-	-	4,908,560,299	-	-	-
Mark-up accrued on borrowings	-	-	-	40,285,934	-	-	-
Short term borrowings	-	-	-	2,020,591,136	-	-	-
Current maturity of long term loan	-	-	-	71,826	-	-	-

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

30 June 2018 - Restated							
	Carrying amount				Fair value		
	At fair value through profit and loss	At fair value through other comprehensive income	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)							
<b>Financial assets measured at fair value</b>							
Long term investments	22,513,890,013	-	-	-	10,768,890,013	-	11,745,000,000
Short term investments	8,860,191,941	-	-	-	8,860,191,941	-	-
<b>Financial assets not measured at fair value</b>							
Long term investments	-	-	5,058,602,290	-	2,198,332,457	-	-
Long term loan to related party	-	-	-	182,359,745	-	-	-
Long term deposits	-	-	-	89,590	-	-	-
Other receivable	-	-	-	3,672,178	-	-	-
Loans and advances	-	-	-	2,200,955,660	-	-	-
Mark-up receivable	-	-	-	45,182,417	-	-	-
Cash and bank balances	-	-	-	44,484,031	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Long term loan - secured	-	-	-	325,000,000	-	-	-
Trade and other payables	-	-	-	4,901,754,885	-	-	-
Mark-up accrued on borrowings	-	-	-	22,397,069	-	-	-
Short term borrowings	-	-	-	1,267,483,663	-	-	-
Current maturity of long term loan	-	-	-	130,179,583	-	-	-

Management assessed that the fair values of loans, other receivable and cash & cash equivalent, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities, managements consider that their carrying values approximates fair value.

The fair value of quoted equity securities categorised in level 1 in fair value hierarchy is determined using quotation from the Pakistan Stock Exchange Limited on the reporting date. Unquoted equity securities measured at fair value is derived using discounted cash flow method. The valuation method considers the present value of future cash flows of investee company discounted with risk adjusted discount rate. The significant unobservable input comprises long-term growth rate, long-term return on equity and weighted average cost of capital. Changes in the input would increase or decrease the fair value of investee company.

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 23. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed rates. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions and balances with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:

		Three months period ended	
		30 September 2018	30 September 2017
		(Rupees)	
Subsidiaries			
Name of the related party	Transactions during the period		
Arif Habib Limited	Services availed	1,503,860	1,648,352
	Dividend income / received	108,114,711	360,382,370
Sachal Energy Development (Private) Limited	Loan extended	-	168,000,000
	Loan repayment	525,000,000	-
	Mark-up income on loan and advance	8,585,884	-
	Mark-up income received	6,544,521	-
	Guarantee commission income	2,796,750	-
	Guarantee commission received	2,802,814	-

## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

Three months period ended  
30 September 2018      30 September 2017  
----- (Rupees) -----

### Associates

MCB-Arif Habib  
Savings and  
Investments Limited

Dividend income / received

-      37,912,292

### Associated companies by virtue of common directorship and related concern

#### Name of the related party

#### Transactions during the period

Aisha Steel Mills Limited

Subscription of right shares  
Mark-up on loan and advance  
Mark-up received  
Loan extended  
Loan repayment  
Guarantee commission income  
Guarantee commission received

-      155,127,056  
**18,241,042**      4,994,356  
**9,670,362**      9,913,724  
**825,000,000**      -  
**9,477,830**      -  
**869,364**      600,342  
**869,364**      -

Power Cement Limited

Guarantee commission income  
Guarantee commission received

-      66,964  
-      66,964

Javedan Corporation Limited

Mark-up on loan and advance  
Mark-up received  
Loan extended

**35,360,023**      -  
**28,967,534**      -  
**329,000,000**      -

Rotocast Engineering Company (Private) Limited

Payment of rent and sharing of utilities, insurance and maintenance charges

**6,519,941**      10,409,351

Summit Bank Limited

Principal payment of loan  
Mark-up expense on loan  
Mark-up paid on loan

**455,000,000**      -  
**1,165,548**      10,695,190  
**9,006,507**      -

Employees retirement benefit fund - Provident fund

Company's Contribution

**988,038**      918,150

### Remuneration of chief executive officer, directors and other key management personnel

23.1

Managerial Remuneration  
Contribution to provident fund  
Other perquisites and benefits  
Meeting fee paid to Directors

**4,221,717**      4,002,512  
**354,348**      322,785  
**696,264**      686,823  
**85,000**      240,000

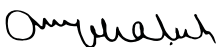
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**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**  
**For the three months period ended 30<sup>th</sup> September 2018**

**23.1** Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

**24. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim unconsolidated financial information has been authorised for issue on 25 October 2018 by the Board of Directors of the Company.



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Chief Executive Officer



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Chief Financial Officer



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Director

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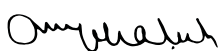


**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**  
FOR THE THREE MONTHS PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2018

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2018

Note	Unaudited September 2018	Audited June 2018 Restated	Audited 1 July 2017 Restated
<b>(Rupees)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000	10,000,000,000
<i>Share capital</i>			
Issued, subscribed and paid-up share capital	4,537,500,000	4,537,500,000	4,537,500,000
<i>Capital reserves</i>			
Surplus on revaluation of fixed assets	15,432,500	15,432,500	15,432,500
Revenue reserves	17,221,137,445	17,782,829,088	17,656,329,854
Equity attributable to owners of the Parent	21,774,069,945	22,335,761,588	22,209,262,354
Non-controlling interest	1,804,457,633	1,743,177,429	1,130,836,818
<b>Total Equity</b>	<b>23,578,527,578</b>	24,078,939,017	23,340,099,172
<b>Non-current liabilities</b>			
Long term loans - secured	9,025,813,452	9,089,040,050	8,801,426,130
Liabilities against assets subject to finance lease	-	-	470,480
Land lease liability	11,351,425	9,551,705	9,167,163
Deferred liability - Gratuity	11,408,543	10,154,032	6,857,337
Deferred taxation - net	1,157,917,854	1,177,271,760	986,504,840
	<b>10,206,491,274</b>	10,286,017,547	9,804,425,950
<b>Current liabilities</b>			
Trade and other payables	5,629,965,397	5,772,561,951	3,665,382,678
Mark-up accrued on borrowings	343,381,443	164,980,400	392,013,599
Short term borrowings	3,527,567,583	2,769,332,887	2,952,849,499
Current portion of long term loans	1,243,071,826	1,346,179,583	1,115,431,028
Current portion of liabilities against assets subject to finance lease	319,265	1,345,933	1,345,933
Current portion of land lease liability	-	1,360,000	1,360,000
Payable against purchase of investment - net	50,759,282	115,245,044	-
Provision for taxation	447,027,084	396,065,810	457,522,632
Dividend payable	907,500,000	-	-
Unclaimed dividend	49,072,317	43,856,170	49,689,655
	<b>12,198,664,197</b>	10,610,927,778	8,635,595,024
<b>Contingencies and commitments</b>			
	<b>45,983,683,049</b>	44,975,884,342	41,780,120,146



Chief Executive Officer



Chief Financial Officer



Director

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2018

Note	Unaudited September 2018	Audited June 2018 Restated	Audited 1 July 2017 Restated
<b>(Rupees)</b>			

### ASSETS

#### Non-current assets

Property, plant and equipment	6	<b>13,368,472,570</b>	13,304,578,704	12,456,140,468
Intangible assets - others		<b>2,839,619</b>	2,989,616	3,761,009
Goodwill		<b>910,206,117</b>	910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		<b>17,100,000</b>	17,100,000	17,100,000
Investment properties		<b>1,520,760,000</b>	1,373,500,000	2,362,374,219
Equity accounted investees	7	<b>17,148,940,639</b>	17,034,078,604	16,786,341,661
Other long term investments		<b>68,808,574</b>	72,390,122	84,314,338
Long term loan to related party		<b>172,881,915</b>	182,359,745	-
Long term deposits and other receivables		<b>45,819,767</b>	46,076,859	49,535,059
		<b>33,255,829,201</b>	32,943,279,767	32,669,772,871

#### Current assets

Trade debts		<b>1,537,319,740</b>	1,400,735,099	1,479,383,278
Loans and advances		<b>2,824,309,609</b>	1,750,769,161	346,324,959
Deposits and prepayments		<b>115,881,450</b>	69,742,548	45,749,075
Advance tax		<b>333,453,183</b>	315,582,252	577,036,715
Accrued mark-up and other receivables		<b>966,930,262</b>	768,675,981	199,067,812
Receivable against sale of investment - net		-	-	148,659,303
Short term investments	8	<b>5,944,882,974</b>	6,638,752,545	5,340,218,228
Cash and bank balances		<b>1,005,076,630</b>	1,088,346,989	973,907,905
		<b>12,727,853,848</b>	12,032,604,575	9,110,347,275

**45,983,683,049** 44,975,884,342 41,780,120,146

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Chief Executive Officer

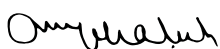
Chief Financial Officer

Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS (UNAUDITED)****For the three months period ended 30<sup>th</sup> September 2018**

		Three months period ended	
	Note	September 2018	September 2017 Restated
		(Rupees)	
Operating revenue	9	929,820,077	999,835,504
Operating and administrative expenses		(395,620,649)	(313,444,661)
Unrealised gain on remeasurement of investment property		117,100,000	150,712,422
Other income		25,358,505	20,037,872
Finance cost		(293,247,355)	(239,768,435)
Other charges	10	(5,875,472)	-
		377,535,106	617,372,702
Share of profit of equity-accounted associates investees - net of tax		130,565,537	317,149,522
<b>Profit before tax</b>		<b>508,100,643</b>	934,522,224
Taxation	11	(28,423,291)	(267,332,033)
<b>Profit after tax</b>		<b>479,677,352</b>	667,190,191
<b>Profit attributable to:</b>			
Equity holders of the Parent Company		361,511,859	654,426,497
Non-controlling interests		118,165,493	12,763,694
		479,677,352	667,190,191
<b>Earnings per share - basic &amp; diluted</b>		<b>0.80</b>	1.44

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



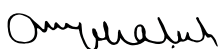
Director

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	Three months period ended	
	September 2018	September 2017 Restated
	(Rupees)	
<b>Profit after tax</b>	<b>479,677,352</b>	667,190,191
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of equity-accounted associates -net of tax	(15,703,502)	(14,746,028)
Other comprehensive income for the period	(15,703,502)	(14,746,028)
<b>Total comprehensive income for the period</b>	<b>463,973,850</b>	652,444,163
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	<b>345,808,357</b>	639,680,469
Non-controlling interests	<b>118,165,493</b>	12,763,694
	<b>463,973,850</b>	652,444,163

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



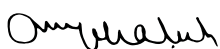
Director

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

		Three months period ended	
	Note	September 2018	September 2017 Restated
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	12	<b>(255,432,112)</b>	(237,864,163)
Taxes paid		<b>(14,686,853)</b>	117,532,791
Finance cost paid		<b>(114,846,312)</b>	(291,525,689)
Interest received		<b>38,476,661</b>	9,884,109
Gratuity paid		<b>-</b>	(166,375)
<b>Net cash used in operating activities</b>		<b>(346,488,616)</b>	(402,139,327)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred including exchange gain / (loss)		<b>(246,103,366)</b>	(59,296,888)
Proceeds from sale of property, plant and equipment		<b>20,000</b>	288,779
Acquisition of intangible assets		<b>-</b>	(96,000)
Expenditure incurred on investment properties		<b>(30,160,000)</b>	(519,135,078)
Long term deposits - net		<b>257,092</b>	2,075,784
<b>Net cash used in investing activities</b>		<b>(275,986,274)</b>	(576,163,403)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in long term financing		<b>(166,334,355)</b>	44,892,243
Liability against assets subject to finance lease		<b>(1,026,668)</b>	(138,771)
Distribution by subsidiary to non-controlling interest		<b>(56,885,289)</b>	-
Unclaimed dividend		<b>5,216,147</b>	549,319,005
<b>Net cash (used in) / generated from financing activities</b>		<b>(219,030,165)</b>	594,072,477
<b>Net decrease in cash and cash equivalents</b>		<b>(841,505,055)</b>	(384,230,253)
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,680,985,898)</b>	(1,978,941,594)
<b>Cash and cash equivalents at end of the period</b>	13	<b>(2,522,490,953)</b>	(2,363,171,847)

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	Equity attributable to owners of the Parent						Non-controlling interests	Total equity
	Issued, subscribed and paid up share capital	Capital Reserve Surplus on revaluation	Unrealized appreciation / (diminution) on remeasurement of investment classified as 'fair value through other comprehensive income'	General reserve	Revenue reserves Unappropriated profit	Total		
<hr/> <div>(Rupees)</div> <hr/>								
Balance as at 1 July 2017 - Restated	4,537,500,000	15,432,500	118,109,463	4,019,567,665	13,518,652,726	22,209,262,354	1,130,836,818	23,340,099,172
Total comprehensive income for the three months period 30 September 2017								
Profit for the three months period ended 30 September 2017	-	-	-	-	654,426,497	654,426,497	12,763,694	667,190,191
Other comprehensive income								
Share of other comprehensive income / (loss) of equity-accounted associates -net of tax	-	-	(14,746,028)	-	-	(14,746,028)	-	(14,746,028)
	-	-	(14,746,028)	-	654,426,497	639,680,469	12,763,694	652,444,163
Distribution by Subsidiaries	-	-	-	-	-	-	(189,617,630)	(189,617,630)
Balance as at 30 September 2017 - Restated	4,537,500,000	15,432,500	103,363,435	4,019,567,665	14,173,079,223	22,848,942,823	953,982,882	23,802,925,705
<hr/>								
Balance as at 1 July 2018 - Restated	4,537,500,000	15,432,500	104,641,409	4,019,567,665	13,658,620,014	22,335,761,588	1,743,177,429	24,078,939,017
Total comprehensive income for the three months period 30 September 2018								
Profit for the three months period ended 30 September 2018	-	-	-	-	361,511,859	361,511,859	118,165,493	479,677,352
Other comprehensive income								
Share of other comprehensive income / (loss) of equity-accounted associates -net of tax	-	-	(15,703,502)	-	-	(15,703,502)	-	(15,703,502)
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 2 per share for the year ended 30 June 2018	-	-	-	-	(907,500,000)	(907,500,000)	-	(907,500,000)
	-	-	(15,703,502)	-	(545,988,141)	(561,691,643)	118,165,493	(443,526,150)
Distribution by Subsidiaries	-	-	-	-	-	-	(56,885,289)	(56,885,289)
Balance as at 30 September 2018	4,537,500,000	15,432,500	88,937,907	4,019,567,665	13,112,631,873	21,774,069,945	1,804,457,633	23,578,527,578

Chief Executive Officer

Chief Financial Officer

Director

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Parent Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Parent Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Parent Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the three months period ended 30 September 2018 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

	Note	Effective holding
<i>Subsidiary Companies</i>		
- Arif Habib Limited, a brokerage house	1.1	65.52%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.2	65.52%
- Arif Habib 1857 (Private) Limited, investments and share brokerage [wholly owned subsidiary of Arif Habib Limited]	1.3	65.52%
- Sachal Energy Development (Private) Limited, a wind power generation company	1.4	85.83%
- Black Gold Power Limited, a coal power generation company	1.5	100.00%
<i>Associates</i>		
- MCB-Arif Habib Savings and Investments Limited	1.6	30.09%
- Fatima Fertilizer Company Limited	1.7	15.19%
- Pakarab Fertilizers Limited	1.8	30.00%
- Silkbank Limited	1.9	28.23%

- 1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 7 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The shares of AHL are quoted on Pakistan Stock Exchange Limited. The registered office of AHL is situated at Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificates of Pakistan Stock Exchange Limited. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

- 1.2** Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of AHCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. AHCPL is a wholly owned subsidiary of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).
- 1.3** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activities of AH1857 are investments and shares brokerage. AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).
- 1.4** Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at House no 638-A, main double road, sector E-11/3, NPF, Islamabad, Pakistan. The principal activity of SEDPL is to generate and sell electricity upto 49.5 MW. The wind power plant is located in Jhampir, district Thatta, Sindh province for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to the SEDPL under a sublease agreement.
- 1.5** Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T Khan Road, Karachi. The principle activity of BGPL is to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services. BGPL has been allocated with supply of coal for its 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II.
- 1.6** MCB-Arif Habib Savings and Investments Limited (MCB-AH) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM2++ (3 June 2018: AM2++) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 28 December 2017. The fund under management is Rs. 120.07 billion (30 June 2018: Rs. 82.69 billion).
- 1.7** Fatima Fertilizer Company Limited (FFCL) and its wholly owned subsidiaries - Fatimafert Limited (FF) and Buber Sher (Private) Limited (BSPL) were incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies, Act 2017). FFCL is listed on Pakistan Stock Exchange Limited. The control of FF and BSPL was transferred to FFCL on 1 July 2015. On 20 January 2017, the shareholders of BSPL and FF unanimously approved to merge the entire undertaking of BSPL along with its assets and

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

liabilities with FF. The merger has been approved by the Honourable Lahore High Court on 3 April 2017. The principal activity of the FFCL and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Principal activity of BSPL is sale, marketing and distribution of fertilizers and its derivative, insecticides, pesticides, and all kinds of agricultural, fruit growing and other chemicals. Registered offices of the FFCL, FF and BSPL are located in Lahore, Pakistan. The manufacturing facility of FFCL is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located at Sheikhpura Road.

**1.8** Pakarab Fertilizers Limited (PFL) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Act, 2017). PFL changed to a non-listed public company from 7 June 2007. PFL Term Finance Certificates were listed at the Karachi Stock Exchange Limited (now merged as Pakistan Stock Exchange Limited) during the period from March 2008 to March 2013. Thereafter PFL is a non-listed public company. PFL on 12 April 2011; incorporated a wholly owned subsidiary company, Reliance Sacks Limited (RSL). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the RSL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth and liners. PFL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt while its manufacturing facility is located in Multan.

**1.9** Silkbank Limited (Silkbank) was incorporated in Pakistan on 4 April 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Silkbank commenced commercial operations on 7 May 1995. Silkbank's shares are quoted on Pakistan Stock Exchange Limited. Silkbank is engaged in banking services as described in Banking Companies Ordinance, 1962. Silkbank operates through 123 branches including 30 Islamic banking branches in Pakistan. Silkbank's registered office is located at Silkbank Building, Kaghan Road, F-8 Markaz, Islamabad. The short-term and long-term credit ratings of the Silkbank rated by JCR-VIS Credit Rating Company Limited are 'A-2' and 'A-' respectively.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of;

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

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

This condensed interim consolidated financial information is unaudited and does not include all the

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

information required for full financial statements and should be read in conjunction with the annual audited consolidated financial statements as at and for the year ended 30 June 2018.

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2018, whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 30 September 2017.

This condensed interim consolidated financial information is presented in Pakistan Rupees which is the Group's functional currency and presentation currency.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding annual audit consolidated financial statements of the Group as at and for the year ended 30 June 2018, except for the adoption of IFRS 9 'Financial Instruments'.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. In accordance with transitional provision of IFRS 9, the Group has retrospectively reclassified a Financial Asset in 'Fair Value through Other Comprehensive Income' to 'Fair Value through Profit or Loss'. The change of policy has been accounted in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of prior periods. The consolidated statement of financial position presents the prior year numbers as stated, due to the said changes, and opening consolidated statement of financial position as at 1 July 2017.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

		30 June 2018		
	Note	As previously reported	Impact due to change in accounting policy	As restated
<b>Effect on consolidated statement of financial position</b>				
At fair value through profit or loss	8	5,746,078,614	892,673,931	6,638,752,545
At fair value through other comprehensive income	8	892,673,931	(892,673,931)	-
<b>Short term investments</b>		<b>6,638,752,545</b>	<b>-</b>	<b>6,638,752,545</b>

### Effect on consolidated statement of changes in equity

Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'		168,678,393	(64,036,984)	104,641,409
Unappropriated profit		13,594,583,030	64,036,984	13,658,620,014

		30 September 2017		
		As previously reported	Impact due to change in accounting policy	As restated
<b>Effect on consolidated statement of profit or loss</b>				
Operating revenue	9	938,299,522	61,535,982	999,835,504
Taxation	11	(262,716,835)	(4,615,198)	(267,332,033)

### Effect on consolidated statement of other comprehensive income

Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'		61,535,982	(61,535,982)	-
Related tax thereon		(4,615,198)	4,615,198	-

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	30 June 2017		
	As previously reported	Impact due to change in accounting policy	As restated
<b>Effect on consolidated statement of financial position</b>			
At fair value through profit or loss	4,882,024,640	458,193,588	5,340,218,228
At fair value through other comprehensive income	458,193,588	(458,193,588)	-
<b>Short term investments</b>	<b>5,340,218,228</b>	<b>-</b>	<b>5,340,218,228</b>

### Effect on consolidated statement of changes in equity

Unrealised appreciation during the period on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'	207,898,277	(89,788,814)	118,109,463
<b>Unappropriated profit</b>	<b>13,428,863,912</b>	<b>89,788,814</b>	<b>13,518,652,726</b>

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 30 June 2018.

## 5. CONTINGENCIES AND COMMITMENTS

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidation financial statements as at and in the year ended 30 June 2018 except for the following outstanding commitments of AHL, Subsidiary Company, as at period end:

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

	Unaudited 30 September 2018	Audited 30 June 2018
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	<b>241,700,038</b>	251,249,997
- Outstanding Settlements against sale / (purchase) of securities in regular market	<b>(51,621,831)</b>	150,852,380
- Financial guarantee given by a commercial bank on behalf of AHL	<b>250,000,000</b>	250,000,000

### 6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 3.1 million (30 June 2018: 19.99 million). The exchange gain / (loss) of Rs. 243 million (30 June 2018: 1.55 billion) has also been capitalised. Further, assets having written down value of Rs. 31.86 million (30 June 2018: 1.15 million) were disposed off.

	Unaudited 30 September 2018	Audited 30 June 2018
	(Rupees)	
7. <b>EQUITY ACCOUNTED INVESTEEES</b>		
Pakarab Fertilizers Limited (PFL) 7.1	<b>1,347,389,456</b>	1,785,318,300
Fatima Fertilizer Company Limited (FFCL) 7.2	<b>10,528,064,139</b>	10,107,412,937
MCB - Arif Habib Savings and Investments Limited (MCB-AH) 7.3	<b>602,387,548</b>	592,687,874
Silkbank Limited 7.4	<b>4,791,082,101</b>	4,668,642,098
	<b>17,268,923,244</b>	17,154,061,209
Less: Provision for impairment	<b>(119,982,605)</b>	(119,982,605)
	<b>17,148,940,639</b>	17,034,078,604

**7.1** Investment in PFL (unquoted) represents 135 million (30 June 2018: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (30 June 2018: 30%) of PFL's paid up share capital as at 30 June 2018, having cost of Rs. 1,324.33 million (30 June 2018: Rs. 1,324.33 million).

**7.2** Investment in FFCL (quoted) represents 319 million (30 June 2018: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (30 June 2018: 15.19%) of FFCL's paid up share capital as at 30 September 2018. Fair value per share as at 30 September 2018 is Rs. 37.41 (30 June 2018: Rs. 32.40) which is based on quoted share price on stock exchange at reporting date.

**7.3** Investment in MCB-AH (quoted) represents 21.66 million (30 June 2018: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (30 June 2018: 30.09%) of MCB-AH's paid up share capital as at 30 September 2018. Market value per share as at 30 September 2018 was Rs. 21.90 (30 June 2018: Rs. 20.00) which is based on quoted share price on stock exchange at reporting date.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

- 7.4** Investment in Silkbank (quoted) represent 2.563 billion (30 June 2018: 2.563 billion) ordinary shares issued by Silkbank Limited at a purchase price of Rs. 1.56 per share under an agreement, representing 28.23% shareholding (30 June 2018: 28.23%) in Silkbank and accounted for as associates in accordance with the requirement of IAS 28 'Investments in Associates and Joint Ventures.'

### 8. SHORT TERM INVESTMENTS

Note	Unaudited 30 September 2018	Audited 30 June 2018 Restated
	(Rupees)	
8.1	2,183,839,194	2,479,837,071
	3,761,043,780	4,158,915,474
	5,944,882,974	6,638,752,545

- 8.1** This includes investments in associated concerns, Aisha Steel Mills Limited (ASML), Power Cement Limited (PCL) and Javedan Corporation Limited (JCL).

- 8.2** Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 6,043.29 million (30 June 2018: Rs. 5,745.98 million). Further, shares of ASML having fair value of Rs. 256.8 million (30 June 2018: 315.4 million) have been pledged to secure project financing of ASML.

- 8.3** Investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

### 9. OPERATING REVENUE

Note	Three months period ended September 2018	September 2017 Restated
	(Rupees)	
Dividend income	512,300	708
Mark-up income on loans and advances	54,829,335	4,994,356
Brokerage income	50,917,242	66,848,150
Mark-up on bank deposits	6,760,922	8,464,442
Underwriting, consultancy and placement commission	35,956,766	78,241,423
Revenue from sale of energy - net	972,312,870	820,079,550
Income from reverse repo transaction	-	1,018,590
Loss on remeasurement of investments - net	(303,149,660)	(71,160,694)
Gain on sale of investments - net	111,680,302	91,348,979
	<b>929,820,077</b>	<b>999,835,504</b>

- 9.1** This include mark-up income on loan to associated concerns namely Aisha Steel Mills Limited and Javedan Corporation Limited.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

## 10. OTHER CHARGES

This include donation paid to Usman Memorial Hospital Foundation and Safi Benevolent Trust amounting to Rs. 5.8 million and Rs. 0.5 million, respectively. Further, there are no donations to any person, institution or organisation in which a director or his spouse had any interest.

## 11. TAXATION

For the period  
- Current  
- Deferred

Three months period ended	
September 2018	September 2017 Restated
(Rupees)	
(47,777,199)	(26,624,956)
19,353,908	(240,707,077)
<u>(28,423,291)</u>	<u>(267,332,033)</u>

**11.1** Under section 5A of Income Tax Ordinance, 2001 as amendment by the Finance Act 2017, tax shall be imposed at the rate of 5% of the accounting profit tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

Board of Directors of the Parent Company intends to distribute sufficient cash dividend for the year ending 30 June 2019 to comply with above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed interim consolidated financial information.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 12. CASH USED IN OPERATIONS

	Three months period ended	
	September 2018	September 2017 Restated
	(Rupees)	
Profit before tax	508,100,643	934,522,224
<i>Adjustments for:</i>		
Depreciation	182,114,027	159,160,178
Amortisation	149,997	256,568
Loss / (gain) on sale of property, plant and equipment	75,472	(13,157)
Unrealised loss on remeasurement of other long term investment	3,581,548	-
Unrealised (gain) / loss on short term investments	(303,149,660)	71,160,694
Unrealised gain on re-measurement of investment property	(117,100,000)	(150,712,422)
Share of profit of equity-accounted associates - net of tax	(130,565,537)	(317,149,522)
Mark-up on loans and advances	(54,829,335)	(4,994,356)
Amortisation of land lease rent	439,720	437,331
Finance cost	293,247,355	239,768,435
Provision for gratuity	1,254,511	1,034,600
	(124,781,902)	(1,051,651)
Operating profit before working capital changes	383,318,741	933,470,573
<i>Changes in working capital:</i>		
<i>(Increase) / decrease in current assets</i>		
Trade debts	(136,584,641)	677,607,496
Loans and advances	(1,064,062,618)	124,380,150
Deposits and prepayments	(46,138,902)	(29,721,498)
Receivable against sale of investment - net	-	148,659,303
Accrued mark-up and other receivables	(181,901,607)	(562,800,292)
Short term investments	997,019,231	(1,315,183,965)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(142,596,554)	(403,893,560)
Payable against sale of securities - net	(64,485,762)	-
Dividend payable to non-controlling interest	-	189,617,630
	(638,750,853)	(1,171,334,736)
<b>Cash used in operations</b>	<b>(255,432,112)</b>	<b>(237,864,163)</b>
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,005,076,630	1,353,151,902
Short term borrowings	(3,527,567,583)	(3,716,323,749)
	<b>(2,522,490,953)</b>	<b>(2,363,171,847)</b>
<b>14. FINANCIAL RISK MANAGEMENT</b>		

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2018.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

### 15. FAIR VALUE MEASUREMENT

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2018.

### 16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are carried out at rates agreed under the agreement / contract.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-executive Director and Departmental Heads to be its key management personnel. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Transactions with related parties during the period other than those disclosed elsewhere in this condensed interim consolidated financial information are given below:

*Associated companies by virtue of common directorship and related concern*

Associated companies by virtue of common directorship and related concern		Three months period ended	
Name of the related party	Transactions during the period	September 2018	September 2017
		(Rupees)	
Aisha Steel Mills Limited	Mark-up on loan and advance	18,241,042	4,994,356
	Mark-up received	9,670,362	9,913,724
	Loan extended	825,000,000	-
	Loan repayment	9,477,830	-
	Guarantee commission income	869,364	600,342
	Guarantee commission received	869,364	-
	Subscription of right shares	-	155,127,056
Power Cement Limited	Guarantee commission income	-	66,964
	Guarantee commission received	-	66,964
Javedan Corporation Limited	Mark-up on loan and advance	35,360,023	-
	Mark-up received	28,967,534	-
	Loan extended	329,000,000	-

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2018

		Three months period ended	
		September 2018	September 2017
		(Rupees)	
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	6,519,941	15,633,911
Summit Bank Limited	Principal payment of loan	455,000,000	-
	Mark-up expense on loan	1,165,548	10,695,190
	Mark-up paid on loan	9,006,507	-
Arif Habib Securities Limited - Employees Provident fund	Company's Contribution	988,038	918,150
Arif Habib Limited - Provident fund	Company's Contribution	1,648,324	1,408,389
<b>Remuneration of chief executive officer, directors and other key management personnel</b>			
- Managerial Remuneration		5,999,213	5,928,540
- Contribution to provident fund		354,348	322,785
- Other perquisites and benefits		696,264	686,823
- Meeting fee paid to Directors		85,000	390,000
- Brokerage commission		1,498,688	4,775,674
		<b>Unaudited September 2018</b>	<b>Audited 30 June 2018</b>
		(Rupees)	

### Balances as at:

Aisha Steel Mills Limited	Loan (long-term and short-term)	1,191,837,575	376,315,405
	Mark-up receivable	19,041,216	9,670,362
	Commission on guarantee receivable	869,364	869,364
Javedan Corporation Limited	Loan and advance	1,797,000,000	1,468,000,000
	Mark-up receivable	35,360,023	28,967,534
Summit Bank Limited	Term musharakah finance	-	455,000,000
Key management personnel	Balance receivable	50,820	11,288,424
	Balance payable	50,781,411	14,141,705

**16.1** Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

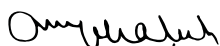
For the three months period ended 30<sup>th</sup> September 2018

### 17. REPORTABLE SEGMENTS

- 17.1** The group has four reportable segments: Capital Market Operations, Brokerage, Energy Development and Others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. The energy development is principally engaged in energy development. Others includes assets of multi commodities entities.
- 17.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the annual audited consolidated financial statements for the year ended 30 June 2018. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 17.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.
- 17.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortisation and remeasurement of equity and debt instruments in profit or loss.

### 18. DATE OF AUTHORISATION FOR ISSUE

- 18.1** This condensed interim consolidated financial information has been authorised for issue on 25 October 2018 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director







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