Arif Habib Corp

ANNUAL REPORT 2019

Reinvesting in our Nation

Arif Habib Corp

Reinvesting in our Nation

Arif Habib Corporation Limited has spent the last 25 years investing and reinvesting in our Nation. We believe Pakistan has plenty to offer not only to its own people, but the rest of the world as well. Every day we strive to turn opportunities into possibilities. We recognise our people, the talent, and resources Pakistan has, and make genuine efforts for mutual development. We partner with businesses, policymakers, and the people to make a difference. Arif Habib Corporation believes in collaboration with stakeholders, and follows the values of good governance. This is all because we believe in Pakistan, and want to invest in its future.

The Arif Habib Group's Journey

1994

Establishment of Arif Habib Securities Limited (now Arif Habib Corporation Limited)

2001

Listing of Arif Habib Corporation Limited on Stock Exchange

Establishment of Asset Management Company, Arif Habib Investments (now MCB-Arif Habib Saving and Investment Limited)

Establishment of Arif Habib Limited by separating brokerage business from Arif Habib Corporation Limited

2006

Acquisition of Javedan Cement Limited

Invested in Power Cement Limited

2007

Became a joint venture partner in Aisha Steel Mills Limited

2008

Acquired stake in ICPL (Dolmen City)

2011

Launch of Naya Nazimabad Housing Project

2012

Establishment of Arif Habib Commodities (Private) Limited

2015

Launch of Dolmen City REIT, South Asia's first listed REIT

Acquisition of DH Fertilizers Limited (now Fatimafert Limited)

2004

Acquired Rupali Bank, renamed Arif Habib Rupali Bank Limited and then Arif Habib Bank Limited;

Acquisition of Sukh Chayn Gardens and Thatta Cement

2005

Acquisition of Pakarab Fertilizers Limited

2006

Invested in Fatima Fertilizer Company Limited, which was established as a green field project

2009

Establishment of REIT Management Company

Divestment of Arif Habib Bank (now Summit Bank) and Thatta Cement

2011

Acquisition of Sachal Energy Development (Private) Limited
(to set up Wind Power)

Merger of Arif Habib Investments and MCB Asset Management

2017

Achievement of Financial Close for expansion of Aisha Steel and Power Cement (USD 300m)

Incorporation of Black Gold Power Limited for 660MW Coal Power Project

2019

Achieved COD of Aisha Steel's expansion

A PUBLIC LISTED HOLDING COMPANY OF ARIF HABIB GROUP

ARIF HABIB CORPORATION LIMITED

WINNER OF PSX TOP 25 COMPANIES AWARD – 8 TIMES

Celebrating 25 Years

We are humbled to have had the privilege to contribute to the nation's prosperity and vibrancy

FINANCIAL SERVICES

Arif Habib Limited: A securities brokerage and investment banking company. Consistent winner of PSX Top 25 Companies Award, The Asset Award, CFA award

Arif Habib Dolmen REIT Management Company: Launched Dolmen City REIT – First listed REIT of South Asia

Arif Habib Commodities (Pvt.) Limited: Active brokerage firm of commodities futures

MCB-Arif Habib Savings and Investments Limited: Introduced the concept of Fixed Income Fund, investment in international markets and best industry practices

REAL ESTATE

Naya Nazimabad Housing Scheme (Karachi) - A modern housing project for the middle class

Dolmen Mall & Harbour Front Office Building (Karachi) - A high end mall and office building

Sukh Chayn Gardens (Lahore) - A housing development for middle class

Sukh Chayn Residency (Islamabad) - High end apartment building

REMMCO Tower (Karachi) - An apartment building for the middle and upper middle class

Arif Habib Centre, Office Building (Karachi)

GREENFIELD PROJECTS

Fatima Fertilizer Company Limited
Aisha Steel Mills Limited
Sachal Energy Development (Private) Limited

ACQUISITIONS

Essa Cement now Power Cement
DH Fertilizers now Fatimafert Limited

PRIVATISATION TRANSACTIONS

Pakarab Fertilizers Limited
Javedan Cement Limited
Pakistan Steel Mills Limited
Thatta Cement

CSR PROJECTS

MOSQUES

Naya Nazimabad Jama Mosque
Sukh Chayn Mosque
Aisha Masjid - HANDS headquarters
Masjid at Aisha Steel

HOSPITALS

Mukhtar A Sheikh Hospital - Multan
Naya Nazimabad Medical Centre – Karachi
Memon Medical Institute Hospital – Karachi
Kharadar General Hospital - Karachi

SPORTS

World Class Cricket Stadium in Naya Nazimabad with flood lights
Football Stadium in Naya Nazimabad with flood lights
Naya Nazimabad Gymkhana with a range of indoor and outdoor sports
First ever reality cricket show in Pakistan
Basketball Court

EDUCATIONAL INSTITUTIONS

Karachi School of Business & Leadership (KSBL)
Institute of Business Administration (IBA)
Lahore University of Management Sciences (LUMS)
Namal College
Habib University

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The Arif Habib Group

Since initiation, the Arif Habib Group has grown by imagining possibilities and developing a blueprint to convert them into reality. It has made a difference to lives across Pakistan by being a responsible investor supporting the country's growth story and boosting relevant sectors of national importance.

With an entrepreneurial essence and passion to undertake business projects that fuel the growth of society and economy, the Arif Habib Group has built and continues to develop businesses in the areas of financial services, fertilisers, cement, steel, renewable energy and real estate development.

After having found a strong foothold in financial services, the Group, over time, has diversified into emerging business areas, with meaningful contributions to Pakistan's economy. The Group draws strength from its own human capital, as well as, its ability to forge strong partnerships with other business houses and benefit from collective strength. To continuously strive for quality and excellence are an integral part of the Group's business model and these are not merely corporate slogans but the formula for achieving success. An important part of our strategy is to continue raising the bar.

With a strong belief, consistent and unwavering faith in Pakistan's immense growth potential, the Arif Habib Group is committed to serve the country, community and all its stakeholders reach maximum potential through innovation, transforming challenges into opportunities.

Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The company took over the sole proprietorship business set up by Mr. Arif Habib in 1990 and was incorporated in 1994 as a public limited company with a paid up capital of PKR 40 million.

AHCL was listed in 2001, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 13 billion as dividend (including specie dividend) and PKR 720 million by buying back two million shares (having face value of PKR 10 each) at a price of PKR 360 per share from its shareholders. The Company's equity as on 30th June 2019 is PKR 20 billion built through retained earnings.

Thus, by 30th June 2019, the initial investors in the IPO of the Company, have had a compounded annualised return of 27.5% (2001).

The Arif Habib brand, is today seen as the name that assures a commitment to best practices and putting its stakeholders first, which they have come to expect of the Company striving to be the best in its class.

Contents

Forward Looking Statements

Statements in this report that are not historical facts are futuristic plans based on the current beliefs, estimates and expectations of management and includes risks and uncertainties coupled with variations in economic or market conditions, amendments in laws, regulations and policies.

Corporate Overview

Vision

To be Pakistan's leading investment company, which delivers both competitive financial returns, together with having a positive impact on the country's economy and its people through responsible investing.

Mission

Our mission is to excel in conceiving, developing and executing innovative projects across business sectors, with the aim of maximising returns for stakeholders, while playing a significant role in developing Pakistan's economy and its integration into the world markets.

Corporate Strategy

Our Corporate Strategy aims at creating value for all stakeholders by maintaining and improving our competitive position in the market. This is achieved by continuously evaluating and acting in the best interests of our stakeholders in response to the changing market conditions, both domestically, as well as internationally. Towards this end, we optimise our financial and human capital while seeking partnerships with other business houses having strong management teams to create and expand viable business enterprises.

Objectives

- Maintain Industry Leadership
- Create new businesses to augment profitability for sustained economic growth
- Maintain operational efficiency and to achieve synergies within our resources

Values

AHCL is values-driven and this principle continues to direct the business and the growth of the Arif Habib Group companies. The core values which reinforce the way we do business are:

- Integrity - We conduct our business fairly, with honesty and with transparency. Everything we do stands the test of public scrutiny

- Excellence - We constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide

- Unity – We work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation

- Responsibility – We continue to be responsible, as well as sensitive to the geographies, communities and the environment in which we work, always ensuring that what comes from the people goes back to the people many times over

Company Information

Board of Directors

Dr. Shamshad Akhtar	Chairperson - Independent Director
Asadullah Khawaja	Non-Executive Director - Former Chairman
Arif Habib	Chief Executive Officer
Khawaja Jalaluddin Roomi	Independent Director
Nasim Beg	Non-Executive Director
Samad A. Habib	Non-Executive Director
Kashif A. Habib	Non-Executive Director
Muhammad Ejaz	Non-Executive Director

Audit Committee

Khawaja Jalaluddin Roomi	Chairman
Kashif A. Habib	Member
Muhammad Ejaz	Member

Management

Arif Habib	Chief Executive Officer
Mohsin Madni	Chief Financial Officer
Manzoor Raza	Company Secretary

Bankers

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

Auditors

KPMG Taseer Hadi& Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes Hadi

Registered & Corporate Office

Arif Habib Centre, 23, M.T.Khan Road Karachi-74000
Phone: (021) 32460717-9
Fax: (021) 32468117, 32429653
Email: info@arifhaibcorp.com
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk

Registrar & Share Transfer Agent

CDC Share Registrar Services Limited

Share Registrar Office

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.cdcrsl.com
Email: info@cdcrsl.com

Corporate Memberships

Pakistan Institute of Corporate Governance
Management Association of Pakistan
Pakistan Centre for Philanthropy

Chairman's Review

The Board of Directors ("the Board") of Arif Habib Corporation Limited ("AHCL") has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act, 2017, the Code of Corporate Governance ("the Code") and the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30th June 2019 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has ensured the Audit and Human Resource and Remuneration Committee have approved terms of references and have adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;

- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and

- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of AHCL has played a key role in ensuring that the Company objectives' are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

Asadullah Khawaja
Chairman

Karachi: June 30, 2019

Chief Executive's Performance Review

One of the most significant responsibilities of the Board of Directors is to ensure that the company has strong leadership and an effective executive management.

The Board establishes company policies and then delegates' authority and responsibility to the CEO for the organisation's smooth operations.

Successful companies depend on outstanding CEO leadership, which then depends on excellent Board/CEO relations. Excellent Board/CEO relations depend on clear expectations and open communication. Regular review of CEO performance fosters open communication and clarifies expectations, roles and responsibilities. Effective Boards and CEOs embrace the review process, which is considered as good corporate governance.

The main objective of a review is to bring the CEO and the Board together to discuss how their performance and priorities add to the effectiveness of the company. The focus remains on identifying what works well, and what needs improvement. Given the unique nature of the partnership between the Board and CEO, assessing CEO performance is, in many ways, assessing the performance of the Board as well.

Mr. Arif Habib is the Chief Executive and the primary shareholder of the Company. He has, given his position as primary shareholder, sought out and requested professionals of high standing to join the Board. These include business acquaintances and some executives working for group companies none of whom have any conflicts of interest with the company. The Board Members, despite their relationship with Mr. Arif Habib, are committed to carrying out an objective assessment of his performance as the Chief Executive.

The Board of Directors of Arif Habib Corporation Limited wishes to report that Mr. Arif Habib is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Arif Habib, where he provides details and explanations for each agenda item. The Board meetings have free and open discussions and Mr. Arif Habib acts on consensus and despite his tremendous convincing ability; he abides by the consensus even where the decision goes against his original proposal. Based on the Board's recommendations, Mr. Arif Habib has embarked on a programme of further strengthening the professional team at the Company and the Group. The Board believes that this will further strengthen the Company. Mr. Arif Habib continues to play the leadership role at the Company and the Group level to the entire satisfaction of the Board.

Board of Directors

Board of Directors

Dr. Shamshad Akhtar

Mr. Arif Habib

Mr. Nasim Beg

Khawaja Jalaluddin Roomi

Mr. Samad A. Habib

Mr. Asadullah Khawaja

Mr. Muhammad Ejaz

Mr. Mohsin Madni

Mr. Kashif A. Habib

Mr. Manzoor Raza

Dr. Shamshad Akhtar

Chairperson

Dr. Shamshad Akhtar is the chairperson of Arif Habib Corporation Limited. She has a broad based development career, spanning over 37 years, in national and multilateral organisations. She has served as the Governor of the State Bank of Pakistan, Under Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP), Senior Special Advisor on Economics and Finance and Assistant Secretary General UN, the UN Secretary General's G20 Sherpa, Vice President, Middle East and North Africa (MENA) at The World Bank, and Senior Special Advisor to the President of Asian Development Bank (ADB) and Director General of East Asia region in ADB. Most recently, Dr. Shamshad Akhtar served as Federal Finance Minister and held portfolio of number of other economic ministries in the caretaker government prior to the general election of Pakistan in 2018.

Currently she serves as Global Advisor on the Belt and Road Initiative.

In addition to advising on macroeconomics issues including growth policies, public finance, and monetary policy and management, Dr. Shamshad Akhtar has advised various governments and the private sector in specific areas of governance, poverty, privatization, and public-private partnerships in sectors such as energy and agriculture. Over the years she also advised a number of countries on financial sector (both bank and non-bank) policy, legal and regulatory frameworks and conducted assessments of central banks. As Governor of the State Bank of Pakistan, she was nominated Asia's Best Central Bank Governor by the Emerging Market Groups in 2006 and Bankers Trust in 2007. She was also amongst Asian Wall Street Journal's top ten Women Business Leaders in 2008.

Dr. Akhtar was a post-doctoral US Fulbright Fellow at Harvard University, she holds a PhD in Economics and a Masters in Development Economics from the UK, and an MSc in Economics from Quaid-e-Azam University, in Islamabad.

Corporate Responsibilities

As Director
Karandaaz Pakistan
Sui Southern Gas Company Limited

Mr. Arif Habib

Chief Executive

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, Fatimafert Limited, Aisha Steel Mills Limited, Javedan Corporation Limited and Sachal Energy Development (Pvt.) Limited

Mr. Arif Habib remained the elected President/Chairman of Pakistan Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of public sector companies by the Government of Pakistan.

Mr. Habib participates significantly in welfare activities. He is one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy, Karachi Education Initiative, Pakistan Business Council and Karachi Sports Foundation.

Corporate Responsibilities

As Chairman
Aisha Steel Mills Limited
Arif Habib Consultancy (Private) Limited
Arif Habib Foundation
Black Gold Power Limited
Fatima Fertilizer Company Limited
Fatimafert Limited
Javedan Corporation Limited
Karachi Sports Foundation
Pakarab Fertilizers Limited
Sachal Energy Development (Private) Limited

As Honorary Trustee / Director
Fatimid Foundation
Karachi Education Initiative
Pakistan Centre for Philanthropy

As Director
Arif Habib Real Estate Services (Private) Limited
Fatima Cement Limited
International Builders and Developers (Private) Limited
NCEL Building Management Limited
Pakarab Energy Limited
Pakistan Business Council
Pakistan Engineering Company Limited
Pakistan Opportunities Limited

Mr. Asadullah Khawaja

Non-executive Director

Mr. Asadullah Khawaja, started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served in various executive positions before taking charge as the Managing Director.

Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counsellor. During his professional career he has served as Chairman Packages Limited, Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of Directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive. He has also served as the Chairman of the Board of PICIC Asset Management Company.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore. Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities

As Director

Pak Elektron Limited
Premium Insurance Limited

Mr. Nasim Beg

Non-executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited, along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in the business world, including manufacturing, as well as in financial services, within and outside the country. Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of the National Investment Trust, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers.

His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Dolmen City REIT/Arif Habib Dolmen REIT Management Limited (non-executive Chairman)
MCB-Arif Habib Savings & Investments Limited (non-executive Vice Chairman)
Power Cement Limited (non-executive Chairman)
Safemix Concrete Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited

Mr. Samad A. Habib

Non-executive Director

Starting off with a career at Arif Habib Corporation Limited; Samad built up his experience in sales, marketing and corporate activities working his way up through various executive positions. Joining Arif Habib Limited in 2004, he led the company as Chairman and Chief Executive playing a key role in the strategic direction of the company where he specialized in capital market operations and corporate finance building achieving a range of significant IPOs and private placements.

In 2011 he moved to Javedan Corporation Limited as a part of the driving force behind the transformation of the dilapidated cement plant to a living community. At Naya Nazimabad, Samad Habib has contributed to making a positive impact on society providing a quality lifestyle to the middle class of the city. His dedication and optimism is set to further transform the area with the largest commercial precinct development in the city presently under planning.

Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)
Safemix Concrete Limited (Chief Executive)

As Director

Dolmen City REIT/Arif Habib Dolmen REIT Management Limited
MCB-Arif Habib Savings & Investments Limited
Power Cement Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Rotocast Engineering Company (Pvt.) Limited
Sukh Chayn Gardens (Pvt.) Ltd.

Mr. Muhammad Ejaz

Non-executive Director

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spear headed several group projects when these were at a critical stage during their execution.

Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates NBD bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak bank (now Silkbank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and American Express bank.

Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi where he is a regular visiting faculty member. He has also conducted programs at NIBAF-SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education with emphasis on female literacy.

Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited
(Chief Executive)

As Director

Aisha Steel Mills Limited
Javedan Corporation Limited
Power Cement Limited
Arif Habib Real Estate Services (Pvt.) Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Pvt.) Limited

Mr. Kashif A. Habib

Non-executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over nine years' experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Fatima Fertilizer Company Limited
Safemix Concrete Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Fatimafert Limited
Fatima Cement Limited
Fatima Packaging Limited
Memon Health and Education Foundation
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Rotocast Engineering Company (Pvt.) Limited
Siddiqsons Energy Limited

Khawaja Jalaluddin Roomi

Independent Director

Mr. Roomi manages export oriented composite textiles business and has a vast experience in leading various Government, Semi Government and public limited companies. Mr. Roomi possesses versatile knowledge in finance and marketing and leading all other aspects of the business. Over the years, Mr. Roomi has successfully launched number of projects and which are all very profitable ventures today.

He is the Chairman of the Board of Management of Nishter Medical College & Allied Hospitals, a Member of the Board of Governors CMH Multan Institute of Medical Sciences, a Director on the Board of Punjab Industrial Estate Development & Management Company and a former director of Askari Bank Limited. He is currently President of Multan Chamber of Commerce and Industry.

Mr. Roomi is also former president of Dera Ghazi Khan Chamber of Commerce and Industry and Caretaker Minister for Industries, Punjab. Over the years, he has been nominated on various Board of Directors of the organisations of Government of Pakistan.

He has done his Masters in Business Administration in 1990 with a specialisation in marketing and finance. Over his career, he has interacted with a variety of people during and managing more than eight thousand employees, and through his travels across most part of the world for business development has gained much knowledge of the human character and psychology.

Corporate Responsibilities

As Chief Executive

Roomi Fabrics Limited
Roomi Foods (Pvt.) Limited
Roomi Holdings (Pvt.) Limited

As Director

Masood Spinning Mills Limited
Roomi Enterprises (Pvt.) Limited

Other Designations

Multan Chamber of Commerce & Industry (President)
Punjab Industrial Estate Development & Management Company (Director)
Nishter Medical College and Allied Hospitals (Chairman Board of Management)
CMH Multan Institute of Medical Sciences (Member Board of Governors)

Key Management

Mr. Mohsin Madni
Chief Financial Officer

Mr. Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from finance and taxation.

Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds Master's Degree in Economics & Finance. He is a member of Pakistan Institute of Public Finance Accountants (PIPFA) and Institute for Internal Controls, USA. Mr. Madni completed his Articleship from KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.

Mr. Madni has been associated with the Arif Habib Group since 2011 in various capacities. He represents Arif Habib Corporation Limited as a director on the Board of Arif Habib Limited.

Mr. Manzoor Raza
Company Secretary

Mr. Manzoor Raza is the Company Secretary of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from corporate law to compliance.

He is a member of Institute of Chartered Secretaries and Managers and has been associated with the Arif Habib Group since 2003. He worked with Arif Habib Investments Limited (now MCB-Arif Habib Saving) before moving to Arif Habib Corporation Limited in 2011.

Directors' Report

DEAR FELLOW SHAREHOLDERS,

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2019 together with auditors' report thereon.

PRINCIPAL ACTIVITIES

AHCL is a holding company of diversified businesses consisting of financial services, fertilisers, steel, cement, energy and real estate. The Company also continues to be an investor in the public securities market.

THE ECONOMY

The economy is in the stabilisation phase. The government has initiated several corrective measures. Sharp decline in value of rupee and high interest rates (policy rate increased drastically to 13.25% in Jul'19 from 6.25% 18 months ago) resulted in economic slowdown, adversely affecting GDP growth. The external account position is currently progressing towards sustainability but mainly due to reduction in imports. In order to contain inflation, monetary tightening is being pursued. Further support emerged from a decent growth of 10% Year on Year observed in Remittances to USD 21.8 billion in FY19.

FINANCIAL RESULTS

The Company posted a consolidated profit-after-tax (attributable to equity holders of the Parent Company) of PKR 154.45 million as opposed to profit-after-tax amounting to PKR 1.63 billion during 2018. This translates to an earning of PKR 0.34 per share as compared with an earning of PKR 3.59 per share last year.

On unconsolidated basis, the Company has recorded a loss-after-tax of PKR 963.84 million as compared with profit-after-tax of PKR 820.99 million in 2017-18. This translates to loss-per-share of PKR 2.12 as compared with earnings of PKR 1.81 per share recorded in the previous year. Due to the loss incurred by the Company during the year ended on 30th June 2019, the Board has not considered any distribution during the year.

During the year, the Company has adopted IFRS 9 'Financial Instruments', which is effective for reporting period / year ending on or after 30th June 2019 and from 'annual periods beginning on or after 1st July 2018 respectively. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements. The detailed impact is explained in note 4.1 of unconsolidated financial statements and movement of reserves has been disclosed in Statement of Changes in Equity. The external auditors have drawn attention to Note No. 32.2.1 of the unconsolidated financial statements which describes the basis of fair value estimation of Pakarab Fertilizers Limited. The matter is fully explained in the respective Note. The opinion of the external auditors is not modified in respect of the above-mentioned matter.

PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES

The year under review proved to be tough for most of our investee companies owing to prevailing economic conditions as discussed above. The diversity of the investment portfolio of your Company across various sectors, paid off during the year and the Company was able to minimize the impact of economic shocks and the slowdown in business conditions. However, the company had to bear the adverse impact of declining securities market values resulting in the recording of diminution in the value of its investments. The continuing non-supply of gas, the raw material for our fertiliser plant, namely Pakarab Fertilizers Limited, has impacted our consolidated financial results severely.

INVESTEE SEGMENTS AT A GLANCE

FERTILISERS

The Company has a significant investment in the fertiliser sector, comprising of Fatima Fertilizer Company Limited (FFCL) and Pakarab Fertilizers Limited (PAFL). FFCL's performance has grown impressively, recording a profit after tax of PKR 13.27 billion with an EPS of PKR 6.32 for the year ended 31st December 2018 and profit after tax of PKR 7.53 billion with an EPS of PKR 3.59 for the half year ended 30th June 2019. The Board of Directors of FFCL, in their meeting held on 15th October 2018 decided to amalgamate its subsidiary Fatimafert Limited with FFCL with effect from 1st January 2019. The application for this purpose has been filed in the Court and the process is expected to be completed in the last quarter of the current year. Your Company has received a dividend of PKR 558.25 million at PKR 1.75 per share from FFCL during the year under review.

PAFL recorded a loss after tax of PKR 8,017 million for the year ended 31st December 2018 and PKR 1,730 million for the period ended on 30th June 2019. The loss was primarily due to the non-supply of pipeline gas by SNGPL, on the other hand supply of RLNG at exorbitant cost, while the Company was able to sell fertiliser at lower prices; in addition, the company has recorded an impairment against the carrying value of assets, which are the part of an assets deal with FFCL, a group company.

FINANCIAL SERVICES

The operating performance of the subsidiaries and associates in this sector has mirrored the declining securities market trend, both in terms of value and volumes. Arif Habib Limited (AHL) has recorded a loss-after-tax of PKR 62.46 million translating into a loss-per-share of PKR 0.95 as compared with a profit-after-tax of PKR 536.26 million in the previous year.

MCB-Arif Habib Savings and Investments Limited (MCBAH) has earned a profit-after-tax of PKR 24.24 million for the year ended 30th June 2019 as compared to last years' profit-after-tax of PKR 124.19 million. MCBAH has announced a total dividend of PKR 1.35 per share. The funds under management have decreased slightly to PKR 80 billion from PKR 82.69 billion last year. Performance of Silkbank has improved and it has recorded a profit after tax of PKR 1.33 billion with an EPS of PKR 0.15 for the year ended 31st December 2018 and profit after tax of PKR 116.83 million with an EPS of PKR 0.01 for the half year ended 30th June 2019.

STEEL

The year 2018-19 marks the transformation of Aisha Steel Mills Limited (ASML) from a medium size cold rolling set up to a state of the art, large scale, cold rolling and galvanizing complex. The Cold Rolled Coils (CRC) production capacity has increased from 220,000 to 700,000 metric tons per year, out of which 250,000 tons can be processed in the continuous galvanizing line (CGL). The company's expansion progressed as planned and achieved completion in June 2019. The company has recorded a profit after tax of PKR 254 million as compared with PKR 1.28 billion in the previous year. Going forward, the expansion is expected to optimize cost of production due to economies of scale and also diversify product mix. After successful completion of the project, the company has become the second largest producer of flat steel products in the country.

CEMENT

Power Cement is nearing the completion of increasing its capacity to 3.6 million tons per annum from the current 0.9 million tons per annum, making it one of the most cost-efficient and the second largest unit in the Southern region, which will help the company acquire a bigger market share, making it a serious player in the cement sector. The new plant is a complete state-of-the-art European cement production line supplied by FLSmidth, Denmark with the latest environmental pollution control systems and technology for the highest levels of energy efficiency and maintainability. The emissions will be in compliance with the World Bank and IFC Guidelines. Special feature of the new plant is the installation of a comprehensive quality control system. The company has recorded a profit after tax of PKR 582.11 million as compared with PKR 319.91 million in the previous year.

REAL ESTATE

The Naya Nazimabad housing project has become a well-established brand in the Karachi real estate market and is an ideal place to live due to its prime location, green and clean environment, security and integrated amenities. More than five hundred families have moved into their houses and many more are expected to join them soon. Basic necessities have been made available at the residents' doorsteps. The company successfully launched new blocks and there has been a steady increase in prices with the number of secondary market transactions increasing significantly compared to last year, which is a testimony of customer confidence in Naya Nazimabad. The company has recorded a profit after tax of PKR 579.88 million as compared to PKR 703.71 million last year.

WIND POWER

Your Company's investment in the wind power sector, through Sachal Energy Development (Private) Limited started commercial operations of its 49.5-megawatt wind energy project w.e.f. April 2017 and has posted after tax profit of PKR 903.84 million during 2018-19 as compared to PKR 852.40 million last year. Sachal Energy's wind power project is the first Pakistani-owned Energy Priority Project of the China-Pakistan Economic Corridor (CPEC), which has been developed over 680 acres of land in the Jhimpir wind corridor in Sindh. The company is committed to supplying electricity to the national grid through the National Transmission and Despatch Company for 20 years under an energy purchase agreement.

COAL POWER

Black Gold Power Limited (BGPL), is a wholly owned subsidiary of Arif Habib Corporation Limited, and was established with the objective of setting up a 660 MW Coal Base Power Plant at Thar Block II. For the purpose, Sindh Engro Coal Mining Company Limited have allocated 3.8 million tonnes of coal per annum from its coal mine being developed at Thar Block II. BGPL has applied for registration at the Private Power Infrastructure Board (PPIB) and will obtain letter of Intent from the same.

FUTURE OUTLOOK

Various corrective measures have been undertaken by the government to address the daunting macroeconomic imbalances. The first quarter of the current financial year has been very challenging, severely impacting your Company's businesses of financial service, cement and steel. However, fertilisers, energy and real estate have done well. The start of the second quarter of the current financial year, has seen some improvement in the securities market and in the demand of steel and cement as well. Fertilisers, energy and real estate continue to do well. The diversified investment portfolio of your company is likely to do satisfactorily in view of stability in value of rupee and expectation of decline in inflation and interest rates in the second half of the current financial year.

RISK MANAGEMENT

The risk management system devised by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organizational levels, identify and analyse the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

With the Company's key business being that of investing, it has evolved its risk management system as its investment strategy has evolved, in light of which an overall annual review of business risks is undertaken regularly to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

The Company started with secondary market investments and has always followed a policy of diversification between sectors and companies and at the same time, basing individual investment decisions on fundamental analysis and following the time-tested rule of value investing. The Company manages risk by applying caution with respect to the security selection; avoiding concentration risk, ensuring adequate underlying collateral and potential cash flows and assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of basic capital market infrastructure.

For its strategic investments, the Company has developed risk management systems suited to such investing. Business decisions are reached after deliberation of comprehensive project analyses, which identifies both potential risks and opportunities. To manage the risk, the Company focuses on core areas like governance by Board and senior management, preparation and implementation of policies and procedures, risk monitoring, management information system, and internal controls. The Company goes through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the ways in which risks are managed. As an ongoing process and at least once each year, the management reviews the financial reporting statements and also statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations.

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies wherever required, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that becomes the right option.

The Board has set up an Investment Committee, with the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff is responsible for providing the Committee with timely reports on the strategic investments. The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note 31 to the financial statements.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

HUMAN RESOURCE

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of the business. People development continues to be a key focus area in your Company. We understand that investment in our employees will ultimately result in a stronger and more effective workforce.

At AHCL, the Human Resources Department, in its business partner role, implements strategies to raise the performance of each team member to their maximum potential. The primary reason for our success is that our organization is built around the people who are willing to go the extra mile.

Employees are recognized and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu with our code of ethics, on which there can be no compromise.

MATERIALITY APPROACH ADOPTED

The Board of Directors closely monitors all material matters of the Company. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company in accordance with the policy.

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and responsible development has remained one of our key concerns since inception which is why we continue to encourage our group companies to demonstrate responsibility and sensitivity towards the people and environment in which they operate.

Today, the Arif Habib Group companies are running a sizeable CSR program in Pakistan covering various sectors requiring foremost attention, with a special focus in the areas of education, healthcare, environment, community welfare, sports and relief work and aims to enhance its scope and contribution in the future.

We, at the Arif Habib Group are conscious of the well-being of our employees as well as community at large. The group companies focus on energy conservation and all departments and employees adhere to power conservation measures. It is our vision to continue contributing to the economic growth and stability in Pakistan through actively reinvesting in its economy, its people and the sustainability of its environment.

The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy. Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. Details of the contributions made by group companies are presented on Page 63.

CORPORATE GOVERNANCE

AHCL is listed at the Pakistan Stock Exchange. The Company's Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note 4.1 to the annexed audited financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls, including financial controls, is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.

The Company has a policy in place to nominate directors on the board of each strategic investment based on its stake in the company. Wherever required, AHCL nominees and / or representatives work with the management of each strategic investee company on a detailed business plan and budget, and performance is measured against the budget and business plan. Progress of investee companies is monitored periodically.

The Board hereby reaffirms that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance.

It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.

TRADING IN COMPANY'S SHARE BY DIRECTORS AND EXECUTIVES

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction to the Company Secretary.

A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I. Except as disclosed in Annexure – I, there has been no trading in Company's shares by any of other employee whose basic salary exceeds the threshold of Rs. 1,200,000 in the year which is the threshold set by the directors for disclosure in annual reports.

COMPOSITION OF BOARD / COMMITTEES

Out of the total eight Directors, seven Directors are male whereas one Director, who is the Chairperson, is female. The composition of existing Board of Directors and its Committees is as follows:

Board of Directors	Category	Audit Committee	Investment & Projects Diversification Committee	Human Resource & Remuneration Committee
Dr. Shamshad Akhtar (Chairperson) / (Female director) (New director elected in Sep-19)	Independent	-	-	-
Khawaja Jalaluddin Roomi		Chairman	-	Chairman
Mr. Sirajuddin Cassim (Retired in Sep-19)		-	-	-
Mr. Asadullah Khawaja (Former Chairman)	Non - executive	-	-	-
Mr. Nasim Beg		-	Member	Member
Mr. Samad A. Habib		-	Member	-
Mr. Kashif A. Habib		Member	Member	Member
Mr. Muhammad Ejaz		Member	-	-
Mr. Arif Habib (Chief Executive)	Executive	-	Chairman	Member

DIRECTORS REMUNERATION POLICY

Those non-executive directors including independent directors of Arif Habib Corporation Limited who do not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approve by Board of Directors from time to time.

Payment of remuneration against assignment of extra services by any director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

ATTENDANCE AT BOARD MEETINGS

A statement showing the names of the persons who were directors of the company during the financial year along with their attendance at Board and Committee(s) meetings is annexed as Annexure-II.

PATTERN OF SHAREHOLDING

The shares of the Company are listed on the Pakistan Stock Exchange. There were 4,046 shareholders of the Company as of 30th June 2019. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

FINANCIAL AND BUSINESS HIGHLIGHTS

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights - Six years at a glance" on Page 55 - 56.

INVESTMENT IN RETIREMENT BENEFITS

The value of investment made by the staff Provident Fund operated by the Company as per their respective audited financial statements as of 30th June 2018 amounts to PKR 26.74 million.

AUDIT COMMITTEE

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and salient features of its terms of reference are also attached with this report.

AUDITORS

The present external auditors M/s. KPMG Taseer Hadi & Co., shall retire at the conclusion of Annual General Meeting on 27th November 2019 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2020. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. KPMG Taseer Hadi & Co., as auditors of the Company for the financial year ending on 30th June 2020 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 27th November 2019.

COMPLIANCE WITH SECRETARIAL PRACTICES

During the financial year under review, the secretarial and corporate requirements of the Companies Act, 2017 and listing regulations have been duly complied with.

ELECTION OF DIRECTORS

In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of the eight directors elected in the Extra Ordinary General Meeting held on 21st September 2016 was completed on 21st September 2019. The Company in its Extra Ordinary General Meeting held on 21st September 2019 has elected eight directors, to serve a three year term which will complete in September 2022.

POST BALANCE SHEET EVENTS

In accordance with section 88 of the Companies Act, 2017 read with Listed Companies (Buy-Back Of Shares) Regulations, 2019 (Regulations), on recommendation of Board of Directors dated 3rd June 2019, the shareholders of Arif Habib Corporation Limited in an Extra Ordinary General Meeting held on 3rd July 2019, approved purchase (buy-back) of its own shares by the Company up to a maximum of 45,375,000 issued ordinary shares (i.e. upto 10% of total issued shares) at a purchase price of PKR 27/- per share through tender offer, for the purpose of cancellation of purchased shares. Duration of 30 days of Purchase Period started from 9th July 2019 and ended on 7th August 2019. All the Post-Purchase-Period regulatory compliances have been timely completed which included return of excess 4,138,669 unaccepted shares, cancellation of accepted / purchased 45,375,000 issued ordinary shares, and payment to shareholders amounting to Rs.1,225,125,000/- in aggregate against the accepted shares.

The paid up capital position of the Company before cancellation of shares amounted to Rs.4,537,500,000 (comprising of 453,750,000 ordinary shares having face value of Rs.10 each) as per the member's register. The revised paid up capital position of the Company after cancellation of 45,375,000 shares on 9th August 2019 pursuant to buy back of shares amounts to Rs. 4,083,750,000 (comprising of 408,375,000 ordinary shares having face value of Rs. 10 each).

RELATED PARTY TRANSACTIONS

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 34 of the annexed audited financial statements.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers & Financial Institutions. We thank the Ministry of Finance, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company. We acknowledge the hard work put in by employees of the Company during the year. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Mr. Arif Habib
Chief Executive

Dr. Shamshad Akhtar
Chairperson

Karachi: 26th October 2019

Annexures

Annexure I

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From 1st July 2018 to 30th June 2019

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	-	-	-
Mr. Arif Habib	Chief Executive	2,470,500	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Sirajuddin Cassim	Director	-	-	-
Khawaja Jalaluddin Roomi	Director	249,500	-	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Zohaib Yaqoob	Head of Internal Audit	-	-	-
Mr. Muneer Gader	Former Head of Internal Audit	-	-	-
Mrs. Lubna Khawaja	Spouse of Mr. Asadullah Khawaja	-	-	-
Minor children	-	-	-	-

Annexure II

Statement showing attendance at Board Meetings

From 1st July 2018 to 30th June 2019

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Asadullah Khawaja	Chairman	5	5	5	-	-
Mr. Arif Habib	Chief Executive	5	5	5	-	-
Mr. Nasim Beg	Director	5	5	4	1	-
Mr. Samad Habib	Director	5	5	5	-	-
Mr. Kashif Habib	Director	5	5	4	1	-
Mr. Muhammad Ejaz	Director	5	5	3	2	-
Mr. Sirajuddin Cassim	Director	5	5	3	2	-
Khawaja Jalaluddin Roomi	Director	5	5	4	1	-

The Board of Directors of the Company has constituted committees both at the Board and Management levels. Most of the Board Committees' members are non-executive directors.

BOARD AUDIT COMMITTEE (AC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Company's vision, mission, corporate strategy & objectives.

Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee carry out its responsibilities effectively. The Board gives due consideration to the recommendations of the Audit Committee. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the company's assets
- review of quarterly, half-yearly and annual financial statements of the company
- ensuring coordination between the internal and external auditors of the company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

The Chief Financial Officer of the Company regularly attends the Audit Committee meetings to present financial and other information specifically addressed by the Head of Internal Audit. After each meeting, the Chairman of the Committee reports to the Board. During the financial year under review, the Committee met 4 times.

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Khawaja Jalaluddin Roomi	Chairman	4	4	2	2	-
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	4	-	-

The Internal Audit Department is headed by Mr. Zohaib Yaqoob, ACA, having the requisite qualification and the relevant experience to execute the duties of the department in line with the Internal Audit Charter.

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&RC)

The responsibilities of the Committee include recommendation of human resource management policies to the Board, along with the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. It also considers and approves recommendations of the CEO on matters of key management positions who report directly to CEO. THE HR&RC is committed to develop and take decisions on Human Resource strategy and policy. The Committee meets at least once in every six months. During the financial year under review, the Committee met 4 times.

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Khawaja Jalaluddin Roomi	Chairman	4	4	4	-	-
Mr. Arif Habib	Member	4	4	4	-	-
Mr. Nasim Beg	Member	4	4	4	-	-
Mr. Kashif A. Habib	Member	4	4	4	-	-

The terms of reference of HR&RC provides an overview of the Committee and outlines the Committee's composition and responsibilities. The document also includes recommendation on human resource management, organizational development, training and development matters, management succession, and continuous review of compensation and benefit policies and assessment of corporate culture.

INVESTMENTS & PROJECTS DIVERSIFICATION COMMITTEE (IPDC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily with regard to:

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and
- Reviewing the Key assumptions used by the management of investee companies to determine Fair values of strategic investments.

The Committee meets on a required/directed basis to discharge its responsibilities and regularly reports to the Board. During the year under review, 5 meetings were held.

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	5	5	5	-	-
Mr. Nasim Beg	Member	5	5	5	-	-
Mr. Samad Habib	Member	5	5	5	-	-
Mr. Kashif A. Habib	Member	5	5	5	-	-

MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE ON RISK MANAGEMENT (ECRM)

ECRM is headed by the Chief Executive of the Company and includes Group executives. The purpose of the committee is to assist the Board of Directors in developing and continuous monitoring of risk management policies and other business related matters.

The terms of reference of the ECRM are to assist Board of Directors in developing, reviewing and approving risk management policies, instituting special projects and reviewing the adequacy of operational, administration and financial controls. ECRM meets on required/directed basis.

EXECUTIVE COMMITTEE ON HUMAN RESOURCE (ECHR)

The objective of ECHR is to review, monitor and make recommendations to the HR&RC to oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and set compensation for the Company's executive officers. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. The ECHR meets on the advice of the Chairman and/or on the request of the members.

Annexure III

Pattern of Shareholding (Symbol : AHCL)

Categories of Shareholders as at 30th June 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	14	318,869,861	70
Associated Companies, undertakings and related parties	11	71,013,376	20
Executives	-	-	-
Public Sector Companies and Corporations	3	3,839,089	1
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	5	675,142	0
Mutual Funds	1	724,292	0
Others	62	25,496,261	2
General Public - Local	3,949	33,131,950	7
General Public - Foreign	1	29	0
Total	**4,046**	**453,750,000**	**100**

Pattern of Shareholding (Symbol : AHCL)

Categories of Shareholders as at 30th June 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. Arif Habib	2	318,141,467	70.11
Mr. Asadullah Khawaja	3	81,006	0.02
Mr. Sirajuddin Cassim	2	229,893	0.05
Mr. Nasim Beg	2	2,078	0.00
Khawaja Jalaluddin Roomi	1	369,000	0.08
Mr. Samad A. Habib	1	1,006	0.00
Mr. Kashif A. Habib	1	35,290	0.01
Mr. Muhammad Ejaz	1	121	0.00
Ms. Lubna Khawaja	1	10,000	0.00
Associated Companies, undertakings and related parties			
Roomi Enterprises (Pvt) Limited.	1	355,000	0.08
Roomi Fabrics Ltd	1	23,000,500	5.07
Mr. Muhammad Shahzad	1	60	0.00
Masood Spinning Mills Limited	1	12,946,000	2.85
Mr. Abdul Rahim Khawaja	1	25,000	0.01
Mr. Salim Beg	1	46,000	0.01
Mahmood Textile Mills Ltd.	1	13,705,000	3.02
Ms. Tasnim Beg	1	114,437	0.03
Khawaja Hussam Ud Din Roomi	1	67,500	0.01
Ms. Sharmin Shahid	1	20,491,000	4.52
Mr. Aba Ali Habib	1	262,879	0.06
Executives	-	-	-
Public Sector Companies and Corporations	3	3,839,089	0.85
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	5	675,142	0.15
Mutual Funds			
CDC - Trustee National Investment (Unit) Trust	1	724,292	0.16
Others	62	25,496,261	1.76
General Public			
a. Local	3949	33,131,950	7.30
b. Foreign	1	29	0.00
Total	**4,046**	**453,750,000**	**100**

Shareholders holding 5% or more	Shares Held	Percentage
Mr. Arif Habib	318,141,467	70.11
Roomi Fabrics Ltd	23,000,500	5.07

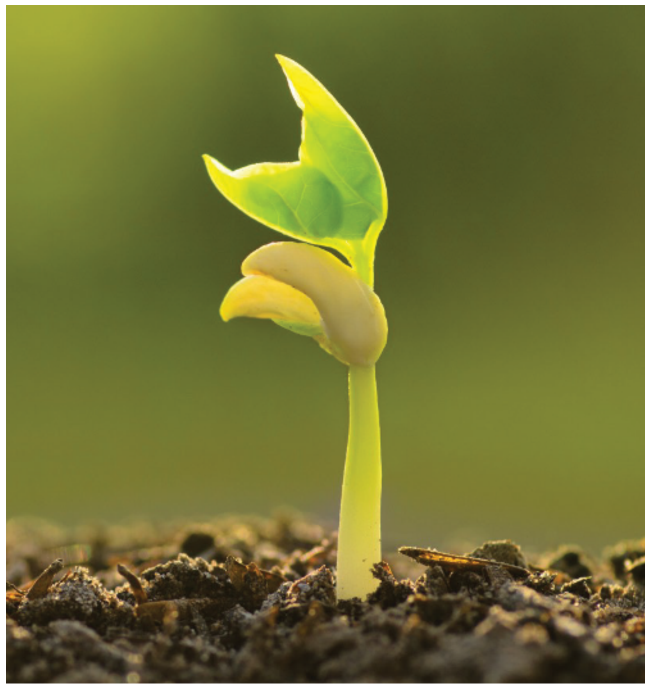
Pattern of Shareholding (Symbol : AHCL)

Categories of Shareholders as at 30th June 2019

No. of Shareholders	Shareholdings' Slab			Total Shares Held
816	1	to	100	20,585
815	101	to	500	256,573
608	501	to	1000	486,806
1107	1001	to	5000	2,711,898
271	5001	to	10000	2,008,193
112	10001	to	15000	1,392,167
76	15001	to	20000	1,349,467
32	20001	to	25000	746,231
25	25001	to	30000	691,124
13	30001	to	35000	432,526
12	35001	to	40000	462,090
14	40001	to	45000	603,392
17	45001	to	50000	821,796
11	50001	to	55000	578,583
10	55001	to	60000	571,365
6	60001	to	65000	377,979
7	65001	to	70000	483,028
6	70001	to	75000	442,107
7	75001	to	80000	545,125
3	80001	to	90000	264,500
8	90001	to	100000	792,100
1	100001	to	105000	102,000
1	105001	to	110000	108,452
3	110001	to	115000	340,187
2	115001	to	120000	235,105
1	120001	to	125000	121,220
1	125001	to	130000	125,625
2	130001	to	135000	267,500
2	135001	to	145000	285,706
2	145001	to	150000	300,000
1	150001	to	155000	150,755
3	155001	to	160000	473,017
1	160001	to	165000	162,079
1	165001	to	170000	168,500
1	170001	to	185000	185,000
1	185001	to	195000	193,583
2	195001	to	205000	406,500
16	205001	to	400000	4,822,872
5	400001	to	500000	2,336,333
11	500001	to	955000	8,010,277
7	955001	to	12950000	26,062,687
6	12950001	to	252170000	392,854,967
4,046				**453,750,000**

Group Companies


FINE
GOLD


Fatima Fertilizer Company Limited

Fatima Fertilizer Company Limited (FFCL) is a collaboration between the Arif Habib Group and the Fatima Group.

It set up a Greenfield fertiliser complex, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock. The plant has a rated capacity of 1.28 million tons and has been in Commercial production since 2011.

The Company is listed on the Pakistan Stock Exchange.

Pakarab Fertilizers Limited

Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group, in 2005 under the Government of Pakistan's privatisation programme.

Pakarab Fertilizers Limited has a rated capacity of 0.9 million tons and is located in Multan. The site area comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

Pakarab Fertilizers Limited has undergone extensive modernisation and improved processes have been introduced to maximise the output, while minimising the negative impacts on the environment. The company became the first Pakistani company to earn and sell Carbon Credits in the international market.

The company has been adversely affected by shortage of pipeline natural gas denying it its contracted gas being its raw material.

Arif Habib Limited

Arif Habib Limited (AHL) took over the Group's securities brokerage business in 2005.

AHL is one of the largest securities brokerage and investment banking firms in Pakistan. The firm is engaged in equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. The company holds a significant market share in brokerage and investment banking and enjoys a strong relationship with top international financial institutions.

AHL has a wholly owned subsidiary in the name of Arif Habib Commodities Limited providing commodities futures brokerage services.

AHL is listed on the Pakistan Stock Exchange and has the distinction of being the only brokerage company that found its place in "Top 25 Companies" of Pakistan Stock Exchange for last several years.

MCB-Arif Habib Savings and Investments Limited

MCB-Arif Habib Savings and Investments Limited (MCBAH) is an Asset Management, Investment Advisory and Pension Fund Management Company in a joint venture with MCB Bank.

It manages Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients. MCBAH is an industry leader, known for setting international standards of international best practices and bringing innovative products to market, including the use of technology in creating innovative distribution channels. As of 30th June 2019, it had PKR 80 billion under management. The company is listed on the Pakistan Stock Exchange.

Aisha Steel Mills Limited

Aisha Steel Mills Limited (ASML), a listed entity incorporated in 2005, is a state-of-the-art Cold Rolling mill and produces high quality Cold Rolled Coils (CRC) and galvanized steel. The plant is located in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi. The production capacity of ASML is around 700,000MT per annum.

The company is listed on the Pakistan Stock Exchange

Power Cement Limited

Power Cement Limited (PCL) is engaged in the manufacturing and sale of cement meeting the Pakistan as well as the European Standards.

The plant is situated on M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh. In addition to the two existing production lines having total production capacity of 900,000 tons clinker per annum, PCL has installed the third line having the capacity of 2,310,000 MT per annum clinker production and 2,640,000 MT per annum cement production and dispatch. The new integrated cement plant has been supplied by FLSmidth, Denmark with the state of the art proven European technology. The new cement plant is in the commissioning phase and commercial operation from the new plant is scheduled to commence soon. With the additional capacity of 2.6 million tonnes per annum from the new line, the total production capacity of PCL will increase to 3.6 million tonnes per annum making it the second largest cement producer in the South. Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to markets located in the region. Power Cement plants are environment friendly and the emissions from the PCL cement plants comply with the World Bank/IFC Standards. The company is listed on the Pakistan Stock Exchange.

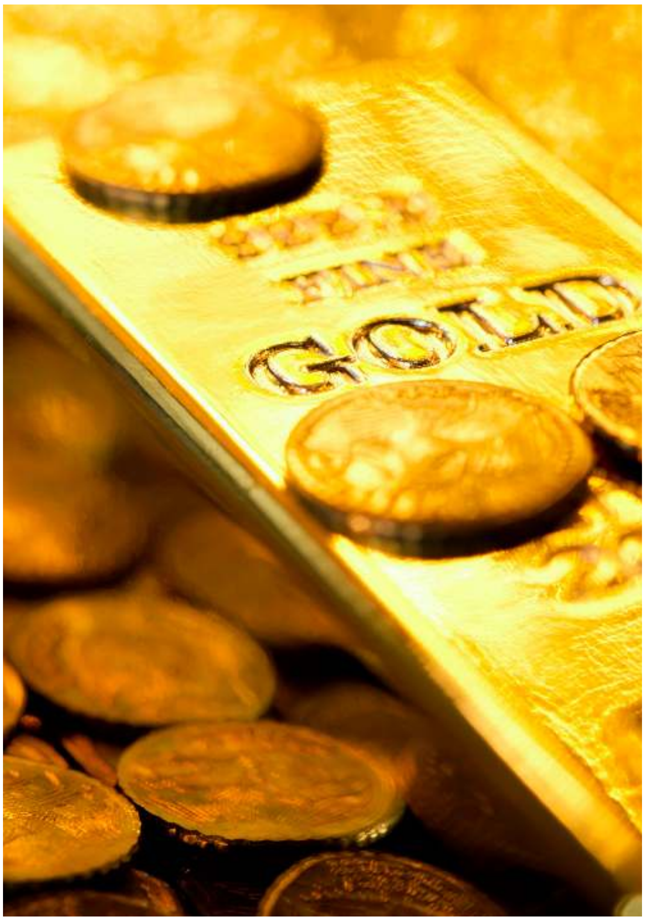
Sachal Energy Development (Pvt.) Limited

Sachal Energy Development (Pvt.) Limited (SEDPL) has commissioned and operates a 50 MW wind farm at Jhimpir, Sindh.

The Group believes that alternate sources of energy are the way forward. SEDPL is contributing to the national development by reducing dependence on imported fossil fuels and producing 136.5GWh of clean energy per annum.

The ground breaking ceremony of SEDPL was performed by the Chinese President as it is part of the early harvest projects of CPEC. SEDPL is the first Pakistani owned Wind project under CPEC to have achieved commercial operations. SEDPL also holds the honour of being the first privately owned Pakistani project to receive SINOSURE backed financing and the first such project to receive financing from ICBC, China.

The company is committed to supply clean energy to the national grid through the National Transmission and Despatch Company for 20 years.



Arif Habib Commodities (Pvt.) Limited

Arif Habib Commodities is a member of the Pakistan Mercantile Exchange (PEMEX) and provides a wide range of services to a diversified client base that includes corporations, financial institutions, and high-net-worth individuals.

The company is committed to establishing a strong name for itself in commodity market research and commodity brokerage services of Pakistan Mercantile Exchange. Arif Habib Commodities, with a professional team provides premier services for investors with around the clock services. The Company is committed to serve the national goal of providing a trading platform for agricultural commodities, as agriculture is Pakistan's economy's backbone. In this context, it has played a pioneering role of acting as a market maker of produce such as red chilies and is actively engaged with a not-for-profit entity working on bringing more agricultural crops on to the Exchange.

Arif Habib Dolmen REIT Management Limited

Arif Habib Dolmen REIT Management Limited (AHDRML), a joint venture between the Arif Habib Group and the Dolmen Group, was incorporated as a public limited company (non-listed) in 2009 and registered under NBFC Rules with the Securities and Exchange Commission of Pakistan (SECP).

The objective of the company is to provide 360 degree real estate advisory, launch and manage Real Estate Investment Trusts (REITs) on carefully selected and commercially viable properties, with the aim of bringing real estate investment within the reach of common investors. The company launched South Asia's first listed REIT- Dolmen City REIT in June 2015 and is working on introducing several new REIT schemes.

AHDRML combines the expertise of two leading groups, bringing together strengths in finance, investment management, property development and 360-degree property management. Leveraging our unique combination of group strengths, first hand industry experience, in-house expertise and close cooperation with real estate experts; our real estate advisory services support our clients throughout their property life cycle from negotiation and acquisition, highest and best use analysis, development recommendations, architect brief, and design evaluation, through to fund raising and execution.

Javedan Corporation Limited

The Arif Habib Group has a significant stake in Javedan Corporation Limited (JCL) which started life as a cement manufacturing plant.

As the city limits grew to envelop the plant and it was surrounded by a dense residential area, environmental concerns led to the group making a decision to move the cement plant and convert the area measuring over 1300 acres into a housing scheme. Located just 2km from Sakhi Hasan, North Nazimabad, the group envisioned giving the middle class of Karachi a complete residential lifestyle. Extensive uplift activities in the area transformed the neighbourhood and Naya Nazimabad Phase 1 was met with tremendous success.

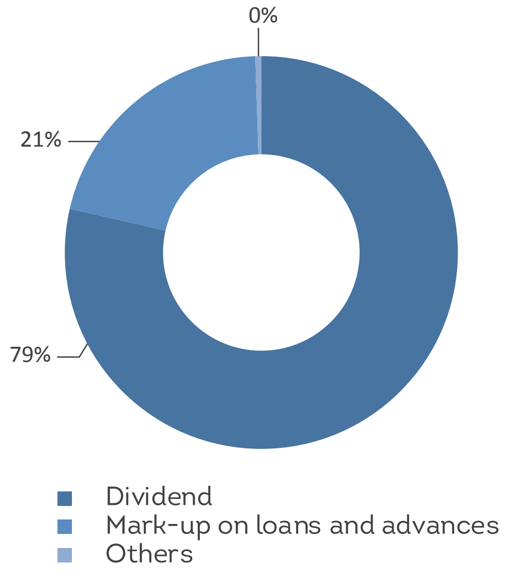
Being the only completely owned real estate development of its time, the design includes a host of amenities such as an international standard cricket ground (with academy) which has been host to several tournaments, football ground and extensive green areas with award winning tree plantation. Further facilities such as one of the largest mosques, with a pillar-less prayer hall, in the subcontinent (nearing completion), educational facilities, medical center and hospital, and the largest singular commercial precinct of its magnitude are in various stages of planning or construction.

With the number of residents moving into their new homes, Naya Nazimabad is fast transforming from a developing area to bustling community enjoying the enhanced standard of living offered nowhere else within the thickly populated city area. Naya Nazimabad is poised to launch its apartments and commercial sites.

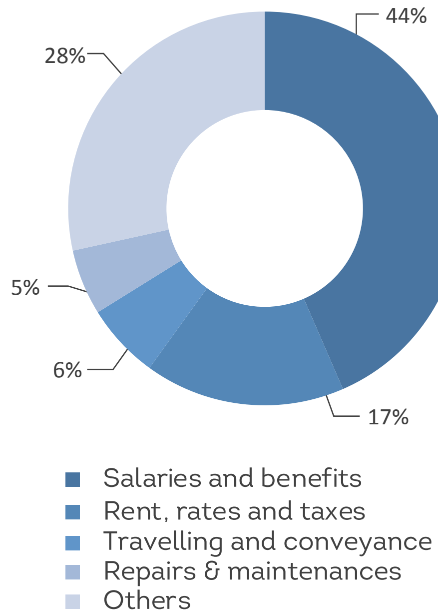
Financial Highlights

AHCL 2019 at a Glance

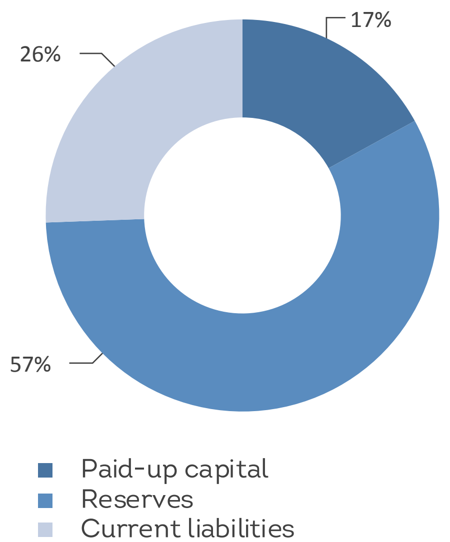
Operating Revenue



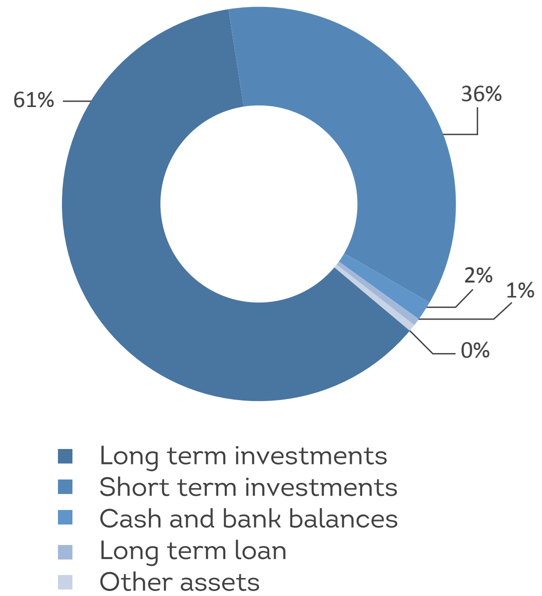
Operating and Administrative Expenses



Equity and Liabilities



Assets



Key Figures & Highlights

Metric	2019	2018	2017
Operating Revenue (Rs. in million)	1,033.86	1,409.39	1,483.00
(Loss) / Profit after Tax (Rs. in million)	(963.84)	820.99	2,391.37
EBITDA (Rs. in million)	(724.29)	1,071.27	2,537.48
Total Assets (Rs. in million)	26,708.57	38,945.71	37,735.01
Total Equity (Rs. in million)	19,877.95	29,903.46	30,469.48
Net Assets per Share	43.81	65.90	67.15
Return on Equity (%)	(3.87)	2.72	8.03
Dividend Payout Ratio (%)	-	110.54%	56.92%
Market Capitalization Year-ended (Rs. in million)	11,212.16	15,717.90	18,708.11
Number of Shareholders No. of individuals	4,046	4,239	4,706
Market Price per Share (year end)	24.71	34.64	41.23
(Loss) / Earnings per Share (Rs.)	(2.12)	1.81	5.27

*EBITDA: Earning before interest, tax, depreciation and amortizatoin.

Financial & Business Highlights

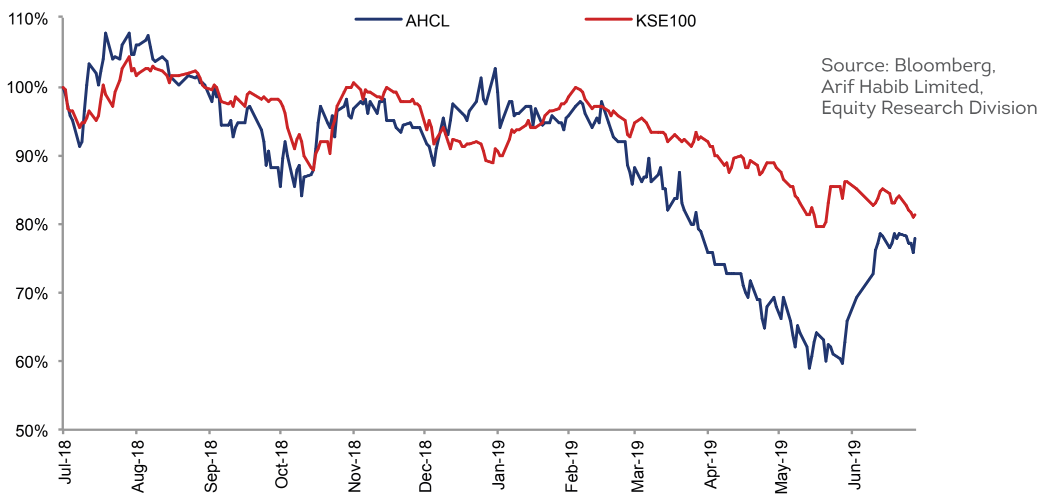
Six Years at a Glance

Year ended 30th June	2019	2018	2017	2016	2015	2014
Profit and Loss Account (Rs. in million)						
Operating revenue	1,033.86	1,409.39	1,483.00	560.37	1,489.45	1,353.52
Realised and unrealised gain / (loss) on investments	(1,657.28)	(237.14)	801.77	1,415.92	3,752.22	679.39
Operating & administrative expenses and other charges	(126.57)	(118.03)	(144.25)	(133.36)	(329.97)	534.95
Other income	20.25	10.35	388.81	3.08	3.00	0.19
Finance cost	(172.04)	(116.46)	(148.34)	(277.67)	(241.61)	(208.40)
(Loss) / Profit before tax	(901.79)	948.12	2,381.00	1,568.34	4,245.08	2,275.65
(Loss) / Profit after tax	(963.84)	820.99	2,391.37	1,281.12	4,438.75	2,306.32
EBITDA	(724.29)	1,071.27	2,537.48	1,854.53	4,496.27	2,491.64
Balance Sheet (Rs. in million)						
Share capital	*4,537.50	4,537.50	4,537.50	4,537.50	4,537.50	4,537.50
Revenue Reserves	15,340.45	25,365.96	25,931.98	24,525.53	24,907.43	21,213.08
Operating fixed assets	25.27	30.32	36.59	43.44	50.79	57.42
Long term investments	16,403.15	27,572.49	28,128.15	28,810.29	31,123.83	27,407.13
Current assets	10,114.25	11,158.05	7,574.49	6,261.88	5,755.12	3,381.29
Current liabilities	6,830.62	6,363.88	4,374.72	4,929.69	5,770.01	3,117.82
Deferred liabilities	-	2,353.37	2,435.63	2,623.90	2,331.79	2,747.68
Total assets	26,708.57	38,945.71	37,735.01	36,764.44	39,593.76	33,510.68
Total liabilities	6,830.62	9,042.24	7,265.53	7,701.41	10,148.83	7,760.10
Ratios						
Performance						
Return on equity (%)	(3.87%)	2.72%	8.03%	4.38%	16.08%	9.15%
Return on Assets (%)	(2.94%)	2.14%	6.42%	3.36%	12.14%	7.27%
Return on capital employed (%)	(3.67%)	3.27%	7.58%	5.80%	13.26%	8.17%
Income/ expense ratio (x)	(4.93)	9.93	10.28	4.20	4.51	7.45
Earning Asset/Total Asset Ratio (%)	99.57%	99.79%	99.06%	99.35%	95.48%	95.99%
Break-up value (PKR)	43.81	65.90	67.15	64.05	64.89	56.75
Leverage						
Total liabilities to equity ratio (%)	34.36%	30.24%	23.8%	26.5%	34.47%	30.14%
Cost of debt (%)	9.34%	8.08%	10.18%	9.05%	9.22%	10.83%
Long term debt to equity ratio (%)	0.0%	1.09%	1.49%	0.51%	6.95%	7.36%
Interest cover ratio (x)	(4.24)	9.14	17.05	6.65	18.57	11.92

* Refer note 36.3 of Financial Statements

Year ended 30th June	2019	2018	2017	2016	2015	2014
Liquidity						
Current ratio (x)	1.48	1.75	1.73	1.27	1.00	1.08
Cash to current liabilities (%)	6.25%	0.70%	0.89%	0.51%	35.10%	0.74%
Valuation						
Price earning ratio (x)	(11.66)	19.14	7.82	13.97	5.44	5.48
Break-up value per share (PKR)	43.81	65.90	67.15	64.05	64.89	56.75
Cash dividend per share (PKR)	0.00	2.00	3.00	2.50	4.00	2.50
Dividend Declared (%)	0.00%	20.00%	30.00%	25.00%	40.00%*	25.00%
Dividend yield (%)	0.00%	5.77%	7.28%	6.34%	7.52%	8.98%
Dividend payout ratio (%)	0.00%	110.54%	56.92%	88.55%	40.89%	49.19%
Dividend cover ratio (x)	-	0.90	1.76	1.13	2.45	2.03
Market value per share (end of year) (PKR)	24.71	34.64	41.23	39.45	53.22	27.84
High (during the year) (PKR)	37.80	41.99	49.70	64.55	53.22	32.00
Low (during the year) (PKR)	18.52	31.36	35.74	36.00	22.27	19.16
Earnings Per Share (PKR)	(2.12)	1.81	5.27	2.82	9.78	5.08
*Proposed						
Shareholders' Return						
Arif Habib Corporation Limited						
- annual total return (%)	(23.5%)	(5.51%)	11.28%	(20.01%)	111.52%	39.67%
Pakistan Stock Exchange 100 Index						
- annual return (%)	(19.1%)	(6.17%)	22.90%	10.00%	15.67%	41.20%
Shareholders' return differential:						
AHSL-PSX-100 Index (%)	(4.40%)	0.66%	(11.62%)	(30.01%)	95.84%	(1.53%)

Graph for the year ended on 30th June 2019



Horizontal Analysis of Financial Statements

	2019	% ΔYoY 2019-18	2018	% ΔYoY 2018-17	2017	% ΔYoY 2017-16
	Rupees in million		Rupees in million		Rupees in million	
Balance Sheet						
Total equity	19,877.95	(33.53)	29,903.46	(1.86)	30,469.48	4.84
Total non-current liabilities	-	(100.00)	2,678.37	(7.35)	2,890.81	4.30
Total current liabilities	6,830.62	7.33	6,363.88	45.47	4,374.72	(11.26)
Total equity and liabilities	26,708.57	(31.42)	38,945.71	3.21	37,735.01	2.64
Total non-current assets	16,594.31	(40.28)	27,787.66	(7.87)	30,160.52	(1.12)
Total current assets	10,114.25	(9.35)	11,158.05	47.31	7,574.49	20.96
Total assets	26,708.57	(31.42)	38,945.71	3.21	37,735.01	2.64
Profit and Loss Account						
Operating Revenue	1,033.86	(26.65)	1,409.39	(4.96)	1,483.00	164.64
(Loss) / Gain on remeasurement of investments - net	(1,721.23)	491.04	(291.22)	11.16	(261.98)	(56.41)
Gain on sale of securities - net	63.95	18.25	54.08	(92.46)	717.13	(53.18)
Unrealised gain on remeasurement of investment property	-	-	-	(100.00)	346.62	100.00
Operating and administrative expenses	(102.49)	(3.50)	(106.21)	(9.01)	(116.73)	(0.24)
Impairment reversal / (loss) on investments	-	-	-	-	-	-
Other incomes / (charges) - net	(3.83)	162.38	(1.46)	(100.40)	361.29	(2,822.49)
Finance cost	(172.04)	47.73	(116.46)	(21.49)	(148.34)	(46.58)
Profit / (loss) before tax	(901.79)	(195.11)	948.12	(60.18)	2,381.00	51.82
Taxation	(62.05)	(51.19)	(127.13)	(1326.04)	10.37	(103.61)
Profit / (loss) after tax	(963.84)	(217.40)	820.99	(65.67)	2,391.37	57.65

	2016	% ∆YoY 2016-15	2015	% ∆YoY 2015-14	2014
	Rupees in million		Rupees in million		Rupees in million
Balance Sheet					
Total equity	29,063.03	(1.30)	29,444.93	14.35	25,750.58
Total non-current liabilities	2,771.72	(36.70)	4,378.82	(5.68)	4,642.27
Total current liabilities	4,929.69	(14.61)	5,773.13	85.17	3,117.82
Total equity and liabilities	36,764.44	(7.15)	39,596.88	18.16	33,510.68
Total non-current assets	30,502.56	(9.86)	33,838.64	12.31	30,129.39
Total current assets	6,261.88	8.75	5,758.24	70.30	3,381.29
Total assets	36,764.44	(7.15)	39,596.88	18.16	33,510.68
Profit and Loss Account					
Operating Revenue	560.37	(62.38)	1,489.45	10.04	1,353.52
(Loss) / Gain on remeasurement of investments - net	(601.02)	(116.22)	3,704.82	1,840.07	190.96
Gain on sale of securities - net	1,531.72	3,131.91	47.39	(90.30)	488.43
Unrealised gain on remeasurement of investment property	485.21	100.00	-	-	-
Operating and administrative expenses	(117.01)	(18.35)	(143.31)	44.22	(99.37)
Impairment reversal / (loss) on investments	-	(100.00)	(428.01)	(167.64)	632.82
Other incomes / (charges) - net	(13.27)	(92.77)	(183.66)	123.13	(82.31)
Finance cost	(277.67)	14.92	(241.61)	15.93	(208.40)
Profit / (loss) before tax	1,568.35	(63.05)	4,245.08	86.54	2,275.65
Taxation	(287.22)	(248.30)	193.67	531.50	30.67
Profit / (loss) after tax	1,281.12	(71.14)	4,438.75	92.46	2,306.32

Vertical Analysis of Financial Statements

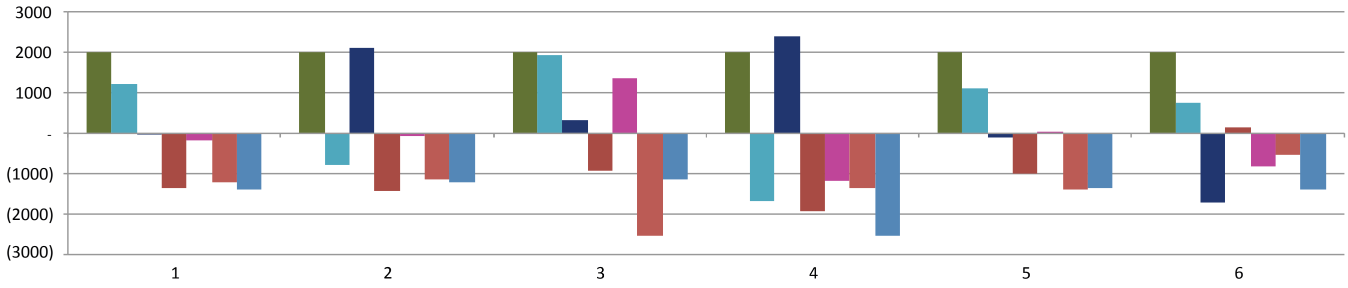
	2019		2018		2017	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	19,877.95	74.43	29,903.46	76.78	30,469.48	80.75
Total non-current liabilities	-	-	2,678.37	6.88	2,890.81	7.66
Total current liabilities	6,830.62	25.57	6,363.88	16.34	4,374.72	11.59
Total equity and liabilities	26,708.57	100.00	38,945.71	100.00	37,735.01	100.00
Total non-current assets	16,594.31	62.13	27,787.66	71.35	30,160.52	79.93
Total current assets	10,114.25	37.87	11,158.05	28.65	7,574.49	20.07
Total assets	26,708.57	100.00	38,945.71	100.00	37,735.01	100.00
Profit and Loss Account						
Operating revenue	1,033.86	100.00	1,409.39	100.00	1,483.00	100.00
Loss on remeasurement of investments - net	(1,721.23)	(1.66)	(291.22)	(0.21)	(261.98)	(0.18)
Gain on sale of securities - net	63.95	0.06	54.08	0.04	717.13	0.48
Unrealised gain on remeasurement of investment property	-	-	-	-	346.62	0.23
Operating and administrative expenses	(102.49)	(0.10)	(106.21)	(0.08)	(116.73)	(0.08)
Impairment (loss)/reversal on investments	-	-	-	-	-	-
Other incomes / (charges) - net	(3.83)	(0.00)	(1.46)	(0.00)	361.29	0.24
Finance cost	(172.04)	(0.17)	(116.46)	(0.08)	(148.34)	(0.10)
Profit / (loss) before tax	(901.79)	(87.23)	948.12	0.67	2,381.00	1.61
Taxation	(62.05)	(6.00)	(127.13)	(0.09)	10.37	0.01
Profit / (loss) after tax	(963.84)	(93.23)	820.99	0.58	2,391.37	161.25

	2016		2015		2014	
	Rupees in million	**%**	**Rupees in million**	**%**	**Rupees in million**	**%**
Balance Sheet						
Total equity	29,063.03	79.05	29,444.93	74.36	25,750.58	76.84
Total non-current liabilities	2,771.72	7.54	4,378.82	11.06	4,642.27	13.85
Total current liabilities	4,929.69	13.41	5,773.13	14.58	3,117.82	9.30
Total equity and liabilities	36,764.44	100.00	39,596.88	100.00	33,510.68	100.00
Total non-current assets	30,502.56	82.97	33,838.64	85.46	30,129.39	89.91
Total current assets	6,261.88	17.03	5,758.24	14.54	3,381.29	10.09
Total assets	36,764.44	100.00	39,596.88	100.00	33,510.68	100.00
Profit and Loss Account						
Operating revenue	560.37	100.00	1,489.45	100.00	1,353.52	100.00
(Loss) / Gain on remeasurement of investments - net	(601.02)	(1.07)	3,704.82	2.49	190.96	0.14
Gain on sale of securities - net	1,531.72	2.73	47.39	0.03	488.43	0.36
Unrealised gain on remeasurement of investment property	485.21	0.87	-	-	-	-
Operating and administrative expenses	(117.01)	(0.21)	(143.31)	(0.10)	(99.37)	(0.07)
Impairment (loss)/reversal on investments	-	-	(428.01)	(0.29)	632.82	0.47
Other incomes / (charges) - net	(13.27)	(0.02)	(183.66)	(0.12)	(82.31)	(0.06)
Finance cost	(277.67)	(0.50)	(241.61)	(0.16)	(208.40)	(0.15)
Profit / (loss) before tax	1,568.35	2.80	4,245.08	2.85	2,275.65	1.68
Taxation	(287.22)	(0.51)	193.67	0.13	30.67	0.02
Profit / (loss) after tax	1,281.12	228.62	4,438.75	298.01	2,306.32	170.39

Summary of Cash Flows Statement

Year ended 30th June

Rupees in million



Year ended June 30

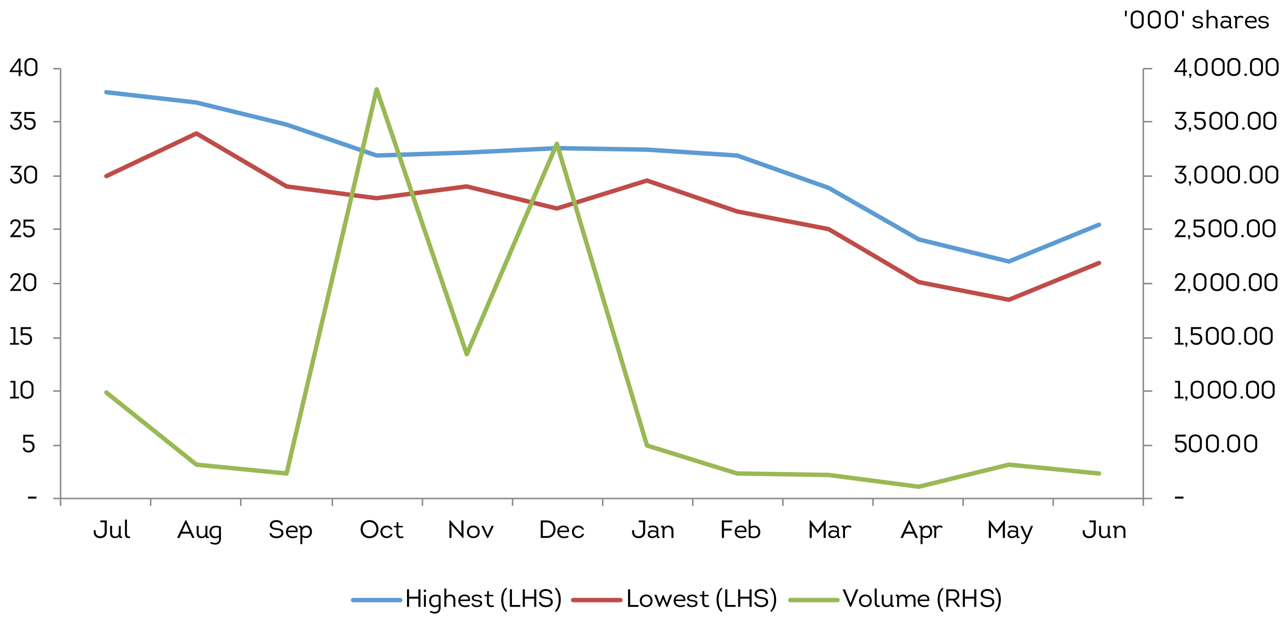
- Net cashflows from financing activities
- Net cash flows from operating activities
- Net cash flows from investing activities
- Cash and cash equivalents at end of the year
- Net change in cash and cash equivalents
- Cash and cash equivalents at beginning of the year

	2019	2018	2017	2016	2015	2014
	Rupees in million					
Net cash flows from operating activities	1,207.52	(769.65)	1,936.53	(1,680.29)	1,103.10	740.87
Net cash flows from investing activities	(0.45)	2,127.28	341.93	2,406.47	(84.78)	(1,719.28)
Net cashflows from financing activities	(1,362.68)	(1,426.68)	(910.62)	(1,914.04)	(981.51)	152.28
Net change in cash and cash equivalents	(155.61)	(69.05)	1,367.84	(1,187.86)	36.81	(826.14)
Cash and cash equivalents at beginning of the year	(1,223.00)	(1,154.74)	(2,522.58)	(1,334.72)	(1,371.53)	(545.39)
Cash and cash equivalents at end of the year	(1,377.03)	(1,223.00)	(1,154.74)	(2,522.58)	(1,334.72)	(1,371.53)

Share Price / Volume Analysis

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on the PSX			
July-18	37.80	30.02	985,500.00
August-18	36.89	34.00	312,000.00
September-18	34.84	29.00	235,500.00
October-18	31.94	28.00	3,806,500.00
November-18	32.19	29.00	1,337,000.00
December-18	32.58	27.01	3,301,000.00
January-19	32.50	29.60	490,500.00
February-19	31.85	26.71	238,500.00
March-19	28.95	25.00	219,500.00
April-19	24.08	20.10	117,500.00
May-19	21.99	18.52	311,000.00
June-19	25.47	21.93	235,000.00

Share price movement at PSX during FY2019



Sustainability Report

Reinvesting in Pakistani Economy, Society & Environment

CEO'S MESSAGE

We, at the Arif Habib Group, are extremely passionate about reinvesting in our people by providing them with the tools they need to succeed in their lives and are certain that is one of the most important things that we can do. We strongly believe that when different groups, initiatives and people come together in the spirit of true cooperation, there is no limit to the positive impact that they can produce for the country.

Arif Habib Group's CSR efforts are built upon the awareness that businesses have a duty to safeguard our scarce resources and leave a positive impact on the society. We reinvest in the well-being of people by supporting sustainable measures and providing assistance to institutions and welfare organisations, across Pakistan, reaching well beyond our business locations, impacting the lives of marginalised communities.

For us, sustainability is our responsibility to grow the business in a way that leaves the world better than we found it. Our practice of returning to society what we earn evokes trust among partners, employees, shareholders and the community. We are committed to protecting this heritage of leadership with trust through the manner in which we conduct our business.

OUR VISION FOR SUSTAINABILITY

At the Arif Habib Group we believe that Corporate Social Responsibility is more than just philanthropy. It is a philosophy that aims at maximizing the positive impacts and minimizing the negative impacts of our business operations on internal and external stakeholders. This is done through strategic engagement in sustainable, responsible business practice by embedding sustainability in our core activities and through active stakeholder engagement.

Our businesses at the Arif Habib Group span across the country, and through our daily interaction with stakeholders we are able to understand on-ground reality – the real needs of our society. Our aim is always to undertake worthwhile businesses that draw on this understanding and help in addressing core societal issues. In every business domain, we are driven by a sense of challenge that seeks to build a track record of improved service in Pakistan and worldwide. As a company, we want to be valued by society and viewed as one that contributes to a better, more sustainable future where the aspirations of people are fulfilled.

It is our aim to continue contributing to economic growth and stability in Pakistan through actively reinvesting in its economy, its people and the sustainability of its environment.

ARIF HABIB FOUNDATION

Our goal is charitable giving and to better align our objectives the Arif Habib Foundation was established. In the current year the Foundation has donated almost PKR 61.36 million in an effort to support different causes in line with our CSR objectives.

The Foundation hopes to contribute and empower others in eliminating the dearth of basic necessities that should be available to all regardless of financial income, religion, gender or national origin. We believe that only a nation that has access to basic necessities will be able to contribute positively to the country

HANDS

The Arif Habib Group has undertaken a commitment to provide better quality education, health services and livelihood opportunities in the vicinities in which it operates in partnership with HANDS.

HANDS has evolved into one of the largest Non-Profit Organizations of the country with an integrated development model and disaster management expertise. HANDS has access to more than 21 million people in country in more than 15,700 villages in 43 districts of Pakistan.

REINVESTING IN EDUCATION

The Arif Habib Group is committed to reinvesting in the improvement and development of our local educational institutions to play its part in empowering our youth to become tomorrow's leaders. We believe that providing our youth access to the quality education, within the country, through the bettering of our institutions and providing better access to higher education will be a critical factor in further developing the country and its economy in the coming years.

Group companies have collectively pledged support to Habib University Foundation (HUF), Institute of Business Administration (IBA), Karachi School of Business & Leadership (KSBL), Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), Namal Education Foundation and National University of Sciences and Technology (NUST).

Other causes supported by the Group include CARE Foundation, Progressive Education Network, The Citizens Foundation and The Hunar Foundation amongst others.

The Group also supported Durbeen, a non-profit education company, established with a long-term goal of improving public schools in Sindh by taking over the management of one of the oldest teacher training institutes in the region and linking it with the best practices in teacher education of a leading European international university.

REINVESTING IN HEALTH

Better health is central to happiness and well-being. It also makes an important contribution to economic progress, as healthy populations live longer, are more productive, and save more.

Over the past year, the Group has played its role in reinvesting in the better health of our human capital and the communities in which we work.

Group companies have also contributed to various causes which include but are not limited to Shaukat Khanum Memorial Cancer Hospital and Research Centre, Sindh Institute of Urology and Transplantation (SIUT), The Patients Aid Foundation, Indus Hospital Usman Memorial Hospital Foundation and The Kidney Centre.

Group companies support the Memon Medical Institute (a project of the Memon Health & Education Foundation) to assist in achieving their vision of providing accessible and affordable quality healthcare and education to all with dignity, respect and empathy.

Another hospital that the Group Companies support is the Mukhtar A. Sheikh Hospital which is located in the heart of Southern Punjab. Mukhtar A. Sheikh Hospital opened its doors to general public in November 2018. At its completion the hospital will include 200 beds and state of the art healthcare facility, providing assessment and treatment of common and complex medical conditions.

Fatima Fertilizer has also launched the "Fatima Mobile Clinic" which provides door to door healthcare services to the areas where all other healthcare systems have failed to operate or even reach.

Javedan Corporation Limited and Aisha Steel Mills Limited, in line with our commitment to lifesaving initiatives organized blood drives at their sites where large numbers of employees participated to play their role.

REINVESTING IN CULTURE AND DIVERSITY

The Arif Habib Group is committed to reinvesting in its vibrant local culture, as we believe that it is essential to building identity and national pride. Many of the Group companies arranged celebratory activities to commemorate the historic events of Independence Day paying tribute to the homeland which has allowed us to grow.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. JCL's housing project, Naya Nazimabad's Cricket Stadium is the Karachi Kings official home ground on which along with the annual Flagship Naya Nazimabad Ramadan Cup Karachi Kings, the Karachi Kings Send-off Ceremony for the 4th edition of Pakistan Super League was held. JCL also supported a number of other sports including but not limited to football.

REINVESTING IN THE ENABLING ENVIRONMENT

A supportive operating environment for business and industry is essential in creating a healthier economy. At the Arif Habib Group we believe that engagement with media and dialogue, capacity building, contributing to professional development and supporting networking opportunities for business is part of our responsibility to the country.

During the year under review Arif Habib Limited sponsored the 2018 IPO Conference organized by South Asian Federation of Exchange. The summit is designed to emerge as the premier IPO meeting place for various promotional IPO companies, financial advisors, underwriters, valuers, lawyers, corporate governance experts and regulators. Being the largest gathering of all IPO constituencies, the summit is expected to be a catalyst for kick-starting a wave of new listings in our domestic market. It also supported the Inter University Stock Trading Competition: Organized by Securities & Exchange Commission of Pakistan (SECP), the main purpose of this competition is to raise awareness among the youth regarding capital market as an avenue of investment. Additionally, Arif Habib Limited also sponsored the 15th Annual Excellence Awards Ceremony.

As part of its efforts to support its community, Javedan Corporation Limited is working on setting up a Vocational Centre in Naya Nazimabad. Pakarab Fertilizer Limited is also engaged with The Hunar Foundation, Karachi to build a technical school for local population within its premises, while Fatima Vocational Training Centre – Sadiqabad has been in operation since 2014 and saw the graduation of its seventh batch of female vocational training students in November 2018.

REINVESTING IN THE ENVIRONMENT

We believe that sustainable use of resources lies at the heart of maintaining a healthy environment. The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research in renewable energy.

Renewable energy is the future of energy in this country and around the world. We believe that in order to address the issue indigenous sources of power generation must be enabled and invested in. For this purpose, the group has set up, SEDPL a special-purpose company that is operating a 50 MW wind farm at Jhimpir, Sindh. We hope to contribute to a more sustainable future for the country's energy needs.

Raising awareness around environmental issues and sustainable resource allocation is critical to environmental sustainability. To recognize the Group's contribution on this front National Forum for Environment & Health (NFEH) recognised the contributions made by Javedan Corporation Limited, Arif Habib Commodities and Fatima Fertilizer at the 16th NFEH Annual Environment Excellence Award.

In commitment to the Group's environmental goals, MCB Arif Habib Savings & Investments Limited has initiated and developed a paperless process within the company as well as for external communications with stakeholders and investors.

We also value the importance of a relaxed and peaceful mind as we believe that goes a long way in ascertaining the type of society that is then built. We believe this not only comes from extra-curricular activities but also from the environment around us. To contribute in bettering the environment, Group companies have carried out plantation drives and adopted various areas around Karachi, working towards their beautification and upliftment through restoration of their long forgotten beauty and renovation to include modernity.

Governance & Management

As part of our philosophy we are committed to creating value for all stakeholders and maintaining uncompromising principles while we grow.

Corporate Governance

Transparency, accountability and adherence to ethical practices, lie at the core of AHCL's business processes.Our Board of Directors has adopted governance principles and approved policies to direct AHCL's governance practices. Currently, our Board has eight directors who effectively represent and safeguard the interests of shareholders, including minority shareholders.

The Board actively participates in key activities including approval of budgets for capital and operational expenditure, investments in new ventures and issuance of further shares.The Board also monitors Company operations by approval of financial statements and dividends, review of internal and external audit reports regarding internal controls and their effectiveness. For the purpose of ensuring standardisation, the Board has devised policies for conducting business and ensures their monitoring and implementation through an independent Internal Audit department, which continuously reports, to the Audit Committee.

Whistle Blowing

There exists a defined code of conduct within the Company which has stipulated a whistle blowing mechanism across the board. Our policies and procedures are mature, enabling employees to raise their concerns in confidence about possible improprieties in all matters, without fear of reprisal. No incidences or concerns were reported during the year.

Succession Planning

A company is only as strong as the people it employs. Developing our human resources is a key focus at AHCL. As we continue our journey of growth, the role and development of human resources becomes all the more critical. Talented people are at the heart of our efficiency driven culture. We believe in nurturing their strengths by empowering our team through challenging opportunities which enhance their potential and develop their abilities. The Group employs several qualified professionals of varying experience at different levels within the Group companies; this allows the Company to draw upon talent and experience so as to ensure smooth succession planning.

Stakeholder Engagement

AHCL is fully committed to developing effective working relationships with all our stakeholders and makes efforts to resolve issues that occur while carrying out its business dealings. We believe that Company's value depends on the trust placed in us by our stakeholders and promote dialogue with them. AHCL interacts with its stakeholders on a regular basis through use of internal and external communication. The frequency of engagements is based on business and corporate requirements with the following:

- Shareholders and Investors
- Customers and Suppliers
- Banks and other lenders
- Government functionaries and elected representatives
- Media

Criteria to Evaluate Board's Performance

At a time when accountability and performance assessment have become key metrics, self-evaluation can be a difficult proposition.

However, a high-performing company's success is a function of the capacity of its directors to provide a strategy and the way forward that is commensurate with the overall vision in order to expand and flourish. The company, hence, endeavours to develop the capacity of its Board of directors to improve both their personal and collective contributions to the overall development of the company as well as the society. A quality Board that really adds value is not just a panel of high-performing individuals but a balanced team that utilises its diverse skill sets and a culture that allows them to function as one unit to make the most effective decisions for the betterment of the company and environment it operates in. While the guidance from the chair is key, the participation of every Board member is also paramount for its effectiveness.

Performance evaluation continues to gain importance and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a custodian of the shareholders' money as well as their priorities, and translates the same into the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment.

The evaluation of the performance examines those key areas where the Board requires clarity in order to provide high level oversight including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

In accordance with this code, the Board undertook a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors conducted by the Pakistan Institute of Corporate Governance (PICG) in 2015. The findings and the factors were reassessed and re-evaluated by the Board during the financial year under review.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- Compliance with the legislative system in which Company operates, including Companies Act, 2017, Code of Corporate Governance, Listing Regulations of the Stock Exchange and the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical knowledge and experience.

- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities.

- Ensuring presence of required quorum in Board and Committees' meeting.

- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.

- Ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2019, and reports that:

- The Company has adhered in full, without any material departure, with both mandatory and voluntary provisions of the listing regulation of Pakistan Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.
- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" as stipulated in Listed Companies (Code of Corporate Governance) Regulations 2017, and the auditors have provided their review report there on.
- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2019, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have duly endorsed the unconsolidated financial statements and consolidated financial statements of the Company under their respective signatures before presenting the financial statements, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls framework and procedures necessary for the purpose.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable "International Accounting Standards/International Financial Reporting Standards (IFRS)" notified by SECP.
- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

INTERNAL AUDIT

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2017 for the financial year ended 30th June 2019 and shall retire on the conclusion of the 25th Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 27th November 2019.

- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the financial year ending on 30th June 2020.

Karachi: 26th October 2019

Chairman - Audit Committee

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

ARIF HABIB CORPORATION LIMITED
FOR THE YEAR ENDED 30TH JUNE 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (Eight) as per the following:

a.	Male Directors	:	8
b.	Female Director	:	Nil (Requirement of mandatory female representation on the Board was applicable on next reconstitution of the Board scheduled in Sep-2019. Accordingly, compliance has been duly made in accordance with the requirement of Regulations)

2. The composition of board for the reporting period is as follows:

Category	Names
Independent directors	Mr. Sirajuddin Cassim
	Khawaja Jalaluddin Roomi
Other non - executive directors	Mr. Asadullah Khawaja
	Mr. Nasim Beg
	Mr. Samad A. Habib
	Mr. Kashif A. Habib
	Mr. Muhammad Ejaz
Executive director	Mr. Arif Habib

3. The directors have confirmed that none of them is serving as a director on more than the prescribed number of listed companies as allowed under applicable Code of Corporate Governance, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consist of eight eminent directors, out of which three directors were already certified earlier under the Directors Training Program, and four directors were already exempt from the directors training program based on their past education and experience. Therefore, the Company is compliant with Regulation 20 of the Code of Corporate Governance, 2017.

10. The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee :

Khawaja Jalaluddin Roomi	Chairman
Mr. Kashif A. Habib	Member
Mr. Muhammad Ejaz	Member

b) HR and Remuneration Committee :

Khawaja Jalaluddin Roomi	Chairman
Mr. Arif Habib	Member
Mr. Nasim Beg	Member
Mr. Kashif A. Habib	Member

c) Investments & Projects Diversification Committee :

Mr. Arif Habib	Chairman
Mr. Nasim Beg	Member
Mr. Samad A.Habib	Member
Mr. Kashif A. Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee – 4 (Four) meetings of the committee were held during the financial year.

b) HR and Remuneration Committee – 4 (Four) meetings of the committee were held during the financial year.

c) Investments & Projects Diversification Committee – 5 (Five) meetings of the committee were held during the financial year.

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Arif Habib	**Dr. Shamshad Akhtar**
Chief Executive	Chairperson

Karachi: 26th October 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arif Habib Corporation Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of **Arif Habib Corporation Limited** ("the Company") for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Date: 26 October 2019

Audited Financial Statements

For the Year Ended 30th June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Arif Habib Corporation Limited

Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Arif Habib Corporation Limited** (the Company), which comprise the statement of financial position as at **30 June 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss and other comprehensive loss, its cash flows and changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter para

We draw attention to note 32.2.1 of the financial statements which describes the basis of fair value estimation of Pakarab Fertilizers Limited. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Classification and Valuation of equity investments** Refer note 4.1.2, 4.8, 12, 18 and 32 to the financial statement. In accordance with IFRS 9, the Company classifies its equity investments in listed and un-listed equity securities as measured at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) based on the business model applicable to the relevant securities. We identified classification and valuation of equity investments as key audit matter because of its significance to the financial statements as a whole and involvement of management's judgment in; reclassification of equity investments in accordance with Company's business model due to application of IFRS 9 during the year in place of IAS 39. Further in case of unlisted equity securities valuation, it involves management judgement, valuation techniques and use of assumption and estimates.	Our audit procedures to assess the classification and valuation of equity investments, amongst others, included the following: • evaluating appropriateness of policies adopted as a result of application of IFRS 9 and resulting reclassifications of equity investments based on the Company's business model applicable to relevant securities; • assessing the appropriateness of opening balance adjustments on initial adoption of IFRS 9 in respect of equity investments; • assessing, on a sample basis, whether equity investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • comparing, on a sample basis, the fair valuation of quoted investments with available external quoted market prices; and • involving our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted equity investments, in particular, relating to cash flows projections, growth rates, terminal values and discount rates including marketability discount and sensitivity of the valuation.
2.	**Related party transactions and disclosures** Refer note 1.1, 10.1.3, 13, 15, 16, 17.1, 22.1, 27 and 34 to the financial statements. Transactions with related parties mainly include transactions with subsidiaries and other associated companies. We identified transactions with related parties and its disclosures as key audit matter due to the nature of such transactions and its significance to the financial statements as a whole.	Our audit procedures in respect of related party transactions and disclosures, amongst others, included the following: • obtaining an understanding of and testing the design, implementation and operating effectiveness of control over process for identification, recording and disclosure of related party transactions; • inspecting minutes of Board of Directors, Audit Committee and Shareholders meetings and significant agreements / arrangements with related parties to understand the nature of the transactions;

		• comparing, on a sample basis, specific transactions with related parties to the underlying supporting documents; • obtaining confirmation, on a sample basis, for transactions and balances with related parties; • comparing, on a sample basis, the recording and disclosure of related party transactions with the related agreements / arrangements with them; and • evaluating the appropriateness of related party disclosures as per applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Mahmood Hussain.**

Date: 5 November 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

	Note	2019	2018
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		**10,000,000,000**	10,000,000,000
Share Capital			
Issued, subscribed and paid up share capital	5	**4,537,500,000**	4,537,500,000
Revenue reserves			
Other reserves		**-**	64,036,984
General reserve		**4,000,000,000**	4,000,000,000
Fair value reserve		**-**	-
Unappropriated profit		**11,340,451,283**	21,301,928,003
		15,340,451,283	25,365,964,987
		19,877,951,283	29,903,464,987
Non-current liabilities			
Deferred taxation - net	6	**-**	2,353,368,460
Long term loans	7	**-**	325,000,000
		-	2,678,368,460
Current liabilities			
Trade and other payables	8	**4,913,614,341**	4,904,954,300
Mark-up accrued on borrowings		**56,227,631**	22,397,069
Short term borrowings	9	**1,803,620,434**	1,267,483,663
Current maturity of long term loans	7	**-**	130,179,583
Taxation - net		**25,448,976**	7,760,798
Unclaimed dividend		**31,705,915**	31,100,331
		6,830,617,297	6,363,875,744
Contingencies and commitments	10		
		26,708,568,580	38,945,709,191

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer | Chief Financial Officer | Director

STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

	Note	2019	2018
		(Rupees)	
ASSETS			
Non-current assets			
Operating fixed assets	11	**25,273,958**	30,323,605
Long term investment	12	**16,403,149,710**	27,572,492,303
Long term loan to related party	13	**163,404,133**	182,359,745
Long term deposits and other receivables	14	**2,487,030**	2,487,030
		16,594,314,831	27,787,662,683
Current assets			
Loans and advances	15	**35,187,133**	2,201,165,333
Mark-up receivable	16	**77,012,680**	45,182,417
Prepayments and other receivables	17	**12,421,996**	7,022,786
Short term investments	18	**9,563,036,956**	8,860,191,941
Cash and bank balances	19	**426,594,984**	44,484,031
		10,114,253,749	11,158,046,508
		26,708,568,580	38,945,709,191

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS
For the year ended 30th June 2019

	Note	2019	2018
		(Rupees)	
Revenue			
Operating revenue	20	**1,033,857,601**	1,409,394,601
Loss on remeasurement of investments - net		**(1,721,225,928)**	(291,219,407)
Gain on sale of securities - net		**63,947,457**	54,077,295
		(623,420,870)	1,172,252,489
Operating and administrative expenses	21	**(102,492,959)**	(106,214,522)
Other income	22	**20,245,478**	10,353,725
Finance cost	23	**(172,040,380)**	(116,456,580)
Other charges	24	**(24,078,582)**	(11,814,624)
(Loss) / profit before tax		**(901,787,313)**	948,120,488
Taxation	25	**(62,053,738)**	(127,132,183)
(Loss) / profit for the year		**(963,841,051)**	820,988,305
(Loss) / earnings per share - basic and diluted	26	**(2.12)**	1.81

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2019

	2019	2018
	(Rupees)	
(Loss) / profit for the year	**(963,841,051)**	820,988,305
Other comprehensive (loss) / income		
Items that will not be reclassified to statement of profit or loss		
Investment in associate at FVOCI - net change in fair value	**(10,420,667,927)**	-
Related tax thereon	**2,266,495,274**	
	(8,154,172,653)	-
Items that are or may be reclassified subsequently to statement of profit or loss		
Unrealised diminution on remeasurement of investments classified as 'available for sale'	**-**	(28,009,252)
Related tax thereon	**-**	2,257,422
	-	(25,751,830)
Other comprehensive loss	**(8,154,172,653)**	(25,751,830)
Total comprehensive (loss) / income	**(9,118,013,704)**	795,236,475

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

For the year ended 30th June 2019

	Note	2019	2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	28	**476,206,126**	(1,550,968,192)
Income taxes paid		**(131,238,746)**	(177,446,146)
Dividend received		**811,493,582**	1,154,035,491
Interest received		**189,268,051**	43,177,340
Finance cost paid		**(138,209,818)**	(238,448,851)
Net cash generated from / (used in) operating activities		**1,207,519,195**	(769,650,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(450,985)**	(497,380)
Proceeds from sale of operating fixed assets		**-**	188,026
Acquisition of long term investments		**-**	(40,000,000)
Proceeds from sale of investment property		**-**	2,167,586,914
Net cash (used in) / generated from investing activities		**(450,985)**	2,127,277,560
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		**(455,179,583)**	(65,431,028)
Dividend paid		**(907,500,000)**	1,361,250,000
Net cash used in financing activities		**(1,362,679,583)**	(1,426,681,028)
Net decrease in cash and cash equivalents		**(155,611,373)**	(69,053,826)
Cash and cash equivalents at beginning of the year		**(1,222,999,632)**	(1,154,736,575)
Effect of exchange rate fluctuations on cash held		**1,585,555**	790,769
Cash and cash equivalents at end of the year	29	**(1,377,025,450)**	(1,222,999,632)

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2019

	Issued, subscribed and paid up share capital	Revenue reserves					Total
		Other reserve *	General reserve	Fair value reserve **	Unappropriated profit	Sub total	
	----------	----------	----------	(Rupees)	----------	----------	----------
Balance as at 1 July 2017	4,537,500,000	89,788,814	4,000,000,000	-	21,842,189,698	25,931,978,512	30,469,478,512
Total comprehensive income for the year ended 30 June 2018							
Profit for the year	-	-	-	-	820,988,305	820,988,305	820,988,305
Other comprehensive loss for the year	-	(25,751,830)	-	-	-	(25,751,830)	(25,751,830)
	-	(25,751,830)	-	-	820,988,305	795,236,475	795,236,475
Transactions with owners of the Company recorded directly in equity - Distributions							
Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2017	-	-	-	-	(1,361,250,000)	(1,361,250,000)	(1,361,250,000)
Balance as at 30 June 2018	4,537,500,000	64,036,984	4,000,000,000	-	21,301,928,003	25,365,964,987	29,903,464,987
Balance as at 1 July 2018	**4,537,500,000**	**64,036,984**	**4,000,000,000**	**-**	**21,301,928,003**	**25,365,964,987**	**29,903,464,987**
Adjustment on initial application of IFRS 9, net of tax (refer note 4.1.2)	**-**	**(64,036,984)**	**-**	**8,154,172,653**	**(8,090,135,669)**	**-**	**-**
Adjusted balance as at 1 July 2018	**4,537,500,000**	**-**	**4,000,000,000**	**8,154,172,653**	**13,211,792,334**	**25,365,964,987**	**29,903,464,987**
Total comprehensive loss for the year ended 30 June 2019							
Loss for the year	**-**	**-**	**-**	**-**	**(963,841,051)**	**(963,841,051)**	**(963,841,051)**
Other comprehensive income for the year	**-**	**-**	**-**	**(8,154,172,653)**	**-**	**(8,154,172,653)**	**(8,154,172,653)**
	-	**-**	**-**	**(8,154,172,653)**	**(963,841,051)**	**(9,118,013,704)**	**(9,118,013,704)**
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 June 2019	**4,537,500,000**	**-**	**4,000,000,000**	**-**	**11,340,451,283**	**15,340,451,283**	**19,877,951,283**

* Other reserve comprises of unrealised appreciation / (diminution) on remeasurement of equity investments previously as classified as 'available for sale' under IAS 39.

** Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI (2018: designated at fair value through profit or loss)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30th June 2019

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.

These financial statements are separate financial statements 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 financial statements are prepared separately.

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

Name of Companies	**Shareholding**
Subsidiaries	
- Arif Habib Limited, a brokerage house	65.52%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
Associates	
- MCB - Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	30.09%
- Pakarab Fertilizers Limited - a fertilizer company	30.00%
- Fatima Fertilizer Company Limited - a fertilizer company	15.19%
Others	
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements, and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Provision for taxation (note 4.3)
- Useful lives and residual values of operating fixed assets (note 4.4)
- Useful lives and residual values of intangible assets (note 4.5)
- Fair value of investments (note 4.6)
- Classification of investments (note 4.8.2)
- Impairment (note 4.9)
- Investment property (note 4.10)
- Provisions (note 4.16)

3. AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

3.1 New standards, amendments or interpretations which became effective during the period

The new and amended standards and interpretations that are mandatory for annual periods beginning on or after 1 July 2018 other than those disclosed in note 4.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

The Securities and Exchange Commission of Pakistan (SECP) vide its SRO 888(1)/2019 dated 29 July 2019 has notified amendments to the presentation and disclosure requirements of fourth schedule of the Companies Act, 2017. The amendments have been incorporated in these financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for annual periods beginning on or after 1 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently, in the process of analysing the potential impact of the said standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Changes in significant accounting policies

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' which are effective for reporting period / year ending on or after 30 June 2019 and from annual periods beginning on or after 1 July 2018, respectively.

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of good or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The adoption of IFRS 15, as of 1 July 2018, did not impact the timing or amount of the operating revenue and related assets and liabilities recognised by the Company. Therefore, adoption of IFRS 15 at 1 July 2018, did not have impact on the financial position and financial performance of the Company.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of unappropriated profit (for a description of transition method see (iii)).

	Note	Impact of adopting IFRS 9 on opening balance (Rupees)
Transfer from other reserve to unappropriated profit		
Cumulative unrealised appreciation on equity investment previously classified as "available-for-sale" reclassified as "fair value through profit or loss - FVTPL"	(i)	64,036,984
Transfer from unappropriated profit to fair value reserve		
Cumulative unrealised appreciation of equity investment previously classified as "fair value through profit or loss" reclassified as "fair value through other comprehensive income - FVOCI"	(i)	(8,154,172,653)
Impact at 1 July 2018		(8,090,135,669)

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IAS 39
				(Rupees)	
Financial assets					
Associates		Designated at FVTPL	Designated at FVTPL	10,768,890,013	10,768,890,013
Associates	(a)	Designated at FVTPL	FVOCI - Equity instrument	11,745,000,000	11,745,000,000
Investments in equity securities	(b)	Available-for-sale	FVOCI - Equity instrument	-	-
Investments in equity securities		Designated at FVTPL	Mandatorily at FVTPL	7,967,518,010	7,967,518,010
Investments in equity securities	(c)	Available-for-sale	Mandatorily at FVTPL	892,673,931	892,673,931
Long term loan to related party		Loans and receivables	Amortised cost	182,359,745	182,359,745
Long term deposits and other receivables		Loans and receivables	Amortised cost	2,487,030	2,487,030
Loans and advances		Loans and receivables	Amortised cost	2,201,165,333	2,201,165,333
Markup and other receivable		Loans and receivables	Amortised cost	52,205,203	52,205,203
Cash and bank balances		Loans and receivables	Amortised cost	44,484,031	44,484,031
				33,856,783,296	33,856,783,296

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IAS 39
			(Rupees)	
Financial liabilities				
Long term loans	Other financial liabilities	Other financial liabilities	325,000,000	325,000,000
Trade and other payables	Other financial liabilities	Other financial liabilities	4,904,954,300	4,904,954,300
Mark-up accrued on borrowings	Other financial liabilities	Other financial liabilities	22,397,069	22,397,069
Short term borrowings	Other financial liabilities	Other financial liabilities	1,267,483,663	1,267,483,663
Current maturity of long term loans	Other financial liabilities	Other financial liabilities	130,179,583	130,179,583
			6,650,014,615	6,650,014,615

(a) This represents investment in Pakarab Fertilizers Limited that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated this investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to statement of profit or loss.

(b) These equity securities represents investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to statement of profit or loss. These investments were fully impaired in previous years.

(c) In accordance with IFRS 9, short term investments classified as 'Available-for-Sale' have been reclassified mandatorily at fair value through profit or loss at the date of initial application with fair value changes to be recognised in statement of profit or loss based on the business model objective to hold such investments for trading.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments classified as at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Given the Company experience of collection history and no historical loss rates, the move from an incurred loss model to expected loss model did not have an impact on the financial position and financial performance of the Company.

Additional information about how the Company measures the allowance for impairment is disclosed in Note 4.9

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. There was no difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 as at 1 July 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

4.2 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12.50% of basic salary.

4.3 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in statement of other comprehensive income or equity respectively.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

4.4 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any Cost includes expenditures that are directly attributable to the acquisition of the asset including borrowing cost incurred on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of operating fixed assets is capitalised and the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss in the period in which they are incurred.

Depreciation on all operating fixed assets are charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in respective note. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the statement of profit or loss. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of th asset falls below Rs. 10,000 the same is charged directly to the statement of profit or loss.

4.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the statement profit or loss.

4.6 Fair value measurement

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Company establishes fair value using valuation techniques. These include the use of recent arm's length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants.

4.7 Investments in Subsidiaries and Associates

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company considers its associates to be such entities in which the Company has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control or has joint control, over the financial and operating policies.

Investment in subsidiaries are carried at cost in accordance with IAS 27 - 'Separate Financial Statements'. Investments in associates are accounted for under 'IFRS 9 - Financial instruments' considering each investment individually.

The Company manages its investment in associates classified at fair value upon initial recognition, with an intention to sell them in the future upon receiving its fair value in accordance with the Company's documented investment strategy.

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss except associates classified at fair value through other comprehensive income, the changes of which are recognised in statement of other comprehensive income.

4.8 Financial Instruments

4.8.1 Recognition and Initial Measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.8.2 Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as and measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investment in debt instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL

Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 July 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at fair value. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in statement of other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of other comprehensive income and are never reclassified to statement of profit and loss.

Financial assets – Policy applicable before 1 July 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 July 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in statement of profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in statement of other comprehensive income and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement profit or loss.

4.8.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss.

4.8.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.9 Impairment

4.9.1 Non-derivative financial assets - Policy applicable from 1 July 2018

Financial instruments

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- financial guarantee contracts issued at market rates; and
- other debt securities, loan to related parties, bank balances and other financial assets measured at amortised cost for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.9.2 Non-derivative financial assets - Policy applicable before 1 July 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in statement of profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through statement of profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to statement of profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in statement of profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through statement of profit or loss. Impairment losses recognised in statement of profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through statement of profit or loss.

4.9.3 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generated units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.10 Investment property

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the period in which they arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss. When investment property that was previously classified as property plant and equipment is sold, any related amount included in revaluation reserve is transferred to retained earnings.

4.11 Purchase under resale agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognised in the statement of profit or loss. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets.

The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

4.12 Off Balance Sheet Obligations

The Company issues financial guarantee contracts in return for fees (i.e. commission on guarantee) to associated concerns. Under a financial guarantee contract, the Company undertakes to meet counter party's obligations under the terms of a debt instrument, if the counter party fails to do so. Financial guarantees issued at below market interest rates are initially recognised as liabilities at fair value, while financial guarantees issued at market rates are recorded off-balance sheet. The Company's policy is to issue financial guarantees at market rates, therefore such guarantee contracts are off-balance sheet and are disclosed in note 10.1.3 to these financial statements. The commission on guarantee is recognised on time proportion basis.

4.13 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value with resulting changes in fair value recognised in the statement of profit and loss. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.14 Short term borrowings

Mark-up bearing borrowings are recognised initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

4.15 Revenue recognition

- Gain / loss on sale of investments are recognised in the statement of profit or loss on the date of transaction. All purchases and sales of securities that require delivery within the timeframe established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

- Dividend income is recognised when the Company's right to receive such dividend is established.

- Put option fee is recognised on time proportion basis over the period of its tenor.

- Interest income on bank deposits and loans are recognised on time proportion basis that takes into account the effective yield.

- Unrealised gains / (losses) arising on remeasurement of investments classified as at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

4.16 Provisions

Provision is recognised when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.17 Foreign currency

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the reporting date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the statement of profit or loss. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate prevailing at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

4.18 Mark-up bearing borrowings

Mark-up bearing borrowings including borrowing under Musharakah are recognised initially at fair value, less attributable transaction cost. Subsequent to their initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of borrowings on an effective interest basis.

4.19 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, cash at bank and short term borrowings.

4.20 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

The Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in statement of profit or loss.

4.21 Expenses

All expenses are recognised in the statement of profit or loss on an accrual basis.

5. SHARE CAPITAL

5.1 Authorised share capital

2019	2018		2019	2018
(Number of shares)			(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000,000**	10,000,000,000

5.2 Issued, subscribed and paid up share capital

2019	2018		2019	2018
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash	**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**4,507,500,000**	4,507,500,000
455,750,000	455,750,000		**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000		**4,537,500,000**	4,537,500,000

5.2.1 During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

5.2.2 At year end, Mr. Arif Habib held 70.11% (2018: 69.57%) of ordinary shares in the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30th June 2019

6. DEFERRED TAXATION - net

Net deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2019	2018
	(Rupees)	
Taxable temporary differences		
- Associates - designated at FVTPL	**-**	2,266,495,274
- Dividend receivable	**136,219**	-
- Unrealised gain on investments in equity securities at FVTPL	**-**	87,366,512
Deductible temporary differences		
- Accelerated accounting depreciation	**(424,791)**	(58,326)
- Impairment loss on long term investment - unquoted	**(435,000)**	(435,000)
	(723,572)	2,353,368,460
Deferred tax asset not recognised	**723,572**	-
Deferred tax (asset) / liability	**-**	2,353,368,460

6.1 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

	Note	2019	2018
		(Rupees)	
Unrealised loss on equity securities - mandatorily at FVTPL		**206,420,479**	-
Accelerated accounting depreciation		**1,464,796**	-
Impairment loss on long term investment - unquoted		**2,000,000**	-
Tax losses		**433,422,612**	342,581,527
		643,307,887	342,581,527

7. LONG TERM LOANS - secured

	Note	2019	2018
Term musharakah finance	7.1	**-**	455,000,000
Less: current portion		**-**	(130,000,000)
		-	325,000,000
Diminishing musharakah financing	7.2	**-**	179,583
Less: current maturity		**-**	(179,583)
		-	-
		-	325,000,000

7.1 In 2017, the Company had obtained term musharakah finance amounting to Rs. 520 million from Summit Bank Limited, under mark-up arrangement at the rate of 6 months KIBOR + 2% to be charged on semi-annual basis. The loan was repayable in eight semi-annual installments ending on 17 October 2021. The loan was secured against first pari passu charge over receivable of the Company, ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 of Rs. 286 million and personal guarantee of Chief Executive Officer of the Company.

During the year, the Company has exercised early repayment option as per agreement and repaid the entire outstanding term musharaka finance of Rs. 455 million along-with the profit till the date of repayment.

7.2 In 2013, the Company had 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 was secured against the respective vehicle and promissory note issued in favour of the lender. The return on the arrangement was 6 months KIBOR + 2%. and the loan has been repaid by the Company upon reaching its maturity on 10 November 2018.

	Note	2019	2018
		(Rupees)	
8. TRADE AND OTHER PAYABLES			
Trade creditor		**8,847,618**	53,332
Accrued liabilities	8.1	**4,541,723**	3,199,415
Other liabilities		**-**	1,476,553
Deposit under Option Agreement	8.2	**4,900,225,000**	4,900,225,000
		4,913,614,341	4,904,954,300

8.1 This represents amount payable to Arif Habib Limited against purchase of equity securities under T+2 mechanism.

8.2 This represents deposit and additional margin, affirming commitment towards exercising of Option granted to the existing sponsor of SilkBank Limited (the Bank) to purchase the Company's entire investment in the Bank under the Option Agreement dated 15 December 2015 and also the amount of deposits received from profit participant procured by the said sponsor.

9. SHORT TERM BORROWINGS - Secured

Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,000 million (2018: Rs. 2,800 million). These facilities have various maturity dates up to 31 March 2020,and need to be renewed after that. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2018: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (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 reporting date amounts to Rs. 1,196 million (2018: Rs. 1,532.52 million).

The fair value of shares of associated companies, shares held for trading and other assets pledged / charged as collateral against short term borrowings amount to Rs. 5,369 million (2018: Rs. 4,882.68 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr.Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Company was the Chairman of the Board of Directors of PSX during the year 2000. The Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honourable High Court of Sindh, Karachi. Individual liability of respective parties and undertakings is not quantifiable.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Accordingly, no provision has been recognised there against.

10.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan (SECP) issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited that were offered to general public by the Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and management is confident that the petition will be decided in the Company's favour.

10.1 .3 The Company had issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million (current outstanding: USD 80 million) to Industrial Commercial Bank of China (ICBC) in relation to financing agreement of SEDPL.

The Company had also issued Corporate Guarantees on behalf of associated concern, Aisha Steel Mills Limited to the extent of Rs. 2.477 billion and USD 10 million and Power Cement Limited to the extent of USD 10.127 million.

Further, the Company has pledged shares with various banks for running finance facilities obtained by Arif Habib Limited. These facilities amount to Rs. 1,975 million.

The Company has obtained letters of indemnity from respective related parties.

10.2 COMMITMENTS

10.2.1 There were no significant commitments at the reporting date except as otherwise disclosed in these financial statements.

11. OPERATING FIXED ASSETS

	Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold improvements	Total
	(Rupees)				
Cost					
Balance as at 01 July 2017	30,028,393	1,106,559	3,789,091	67,750,472	102,674,515
Additions	63,500	15,500	418,380	-	497,380
Disposals / transfer / written off	(201,000)	-	(223,018)	-	(424,018)
Balance as at 30 June 2018	29,890,893	1,122,059	3,984,453	67,750,472	102,747,877
Balance as at 01 July 2018	29,890,893	1,122,059	3,984,453	67,750,472	102,747,877
Additions	50,500	-	400,485	-	450,985
Disposals / transfer / written off	-	-	(67,925)	-	(67,925)
Balance as at 30 June 2019	**29,941,393**	**1,122,059**	**4,317,013**	**67,750,472**	**103,130,937**
Depreciation					
Balance as at 01 July 2017	15,099,788	479,295	2,514,932	47,987,829	66,081,844
Charge for the year	2,976,664	105,233	508,909	2,964,396	6,555,202
Disposals / transfer / written off	(82,907)	-	(129,867)	-	(212,774)
Balance as at 30 June 2018	17,993,545	584,528	2,893,974	50,952,225	72,424,272
Balance as at 01 July 2018	17,993,545	584,528	2,893,974	50,952,225	72,424,272
Charge for the year	2,386,203	89,431	462,581	2,519,737	5,457,952
Disposals / transfer / written off	-	-	(25,245)	-	(25,245)
Balance as at 30 June 2019	**20,379,748**	**673,959**	**3,331,310**	**53,471,962**	**77,856,979**
Written down value as at 30 June 2018	11,897,348	537,531	1,090,479	16,798,247	30,323,605
Written down value as at 30 June 2019	**9,561,645**	**448,100**	**985,703**	**14,278,510**	**25,273,958**
Annual rates of depreciation	**20%**	**15%**	**33%**	**15%**	

12. LONG TERM INVESTMENTS

	Note	2019	2018
		(Rupees)	
Subsidiaries - at cost	12.1	**5,058,602,290**	5,058,602,290
Associates - designated at FVTPL	12.2	**10,020,215,347**	22,513,890,013
Associates - at FVOCI	12.3	**1,324,332,073**	-
Other equity securities - at FVOCI / available for sale	12.4	**-**	-
		16,403,149,710	27,572,492,303

12.1 Subsidiaries - at cost

	Note	2019	2018
Arif Habib Limited (AHL)	12.1.1	**2,262,137,230**	2,262,137,230
Sachal Energy Development (Private) Limited (SEDPL)	12.1.2	**2,746,465,060**	2,746,465,060
Black Gold Power Limited (BGPL)	12.1.3	**50,000,000**	50,000,000
		5,058,602,290	5,058,602,290

12.1.1 Investment in AHL (quoted) represents 43.246 million (2018: 36.038 million) fully paid ordinary shares of Rs. 10 each, representing 65.52% (2018: 65.52%) of AHL's paid up share capital as at 30 June 2019. During the year, AHL has announced and issued 20% bonus shares resulting in increase in Company's shareholding by 7,207,647 shares. Market value per share as at 30 June 2019 is Rs. 31.63 (2018: Rs. 61.00), whereas book value based on net assets as per audited financial statements as at 30 June 2019 is Rs. 44.21 per share (2018: Rs. 57.95 per share).

12.1.2 Investment in SEDPL (unquoted) represents 274.647 million (2018: 274.647 million) fully paid ordinary shares of Rs. 10 each, representing 85.83% (2018: 85.83%) of SEDPL's paid up share capital as at 30 June 2019. Book value based on net assets, as per audited financial statements as at 30 June 2019 is Rs. 16.20 per share (2018: Rs.13.38 per share). The entire shareholding in SEDPL has been pledged in favour of Industrial and Commercial Bank of China (ICBC) to secure project financing of SEDPL.

12.1.3 Investment in BGPL (unquoted) represents 5 million (2018: 5 million) fully paid ordinary shares of Rs. 10 each, representing 100% (2018: 100%) of BGPL's paid up share capital as at 30 June 2019. 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.

12.2 Associates - designated at FVTPL

		Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount 2019	Carrying amount 2018
		(Rupees)			
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	12.2.1	**477,694,882**	**20,364,317**	**498,059,199**	433,283,340
Fatima Fertilizer Company Limited (FFCL)	12.2.2	**3,512,782,225**	**6,009,373,923**	**9,522,156,148**	10,335,606,673
Pakarab Fertilizers Limited (PFL)	12.3	**-**	**-**	**-**	11,745,000,000
		3,990,477,107	**6,029,738,240**	**10,020,215,347**	22,513,890,013

12.2.1 Investment in MCB-AH (quoted) represents 21.664 million (2018: 21.664 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2018: 30.09%) of MCB-AH's paid up share capital as at 30 June 2019, having historical cost of Rs. 81.95 million (2018: Rs. 81.95 million). During 2011, the Company lost control over MCB-AH and designated the investment at 'fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Market value per share as at 30 June 2019 is Rs. 22.99 (2018: Rs. 20.00), whereas book value based on net assets, as per audited financial statements as at 30 June 2019 is Rs. 20.31 per share (2018: Rs. 21.82 per share). Pursuant to Rule 5(6)(e) of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company, being a promoter of MCB-AH, has placed shares in an account marked as 'Freeze' with Central Depository Company of Pakistan Limited.

12.2.2 Investment in FFCL (quoted) represents 319 million (2018: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (2018: 15.19%) of FFCL's paid up share capital as at 30 June 2019. Fair value per share as at 30 June 2019 is Rs. 29.85 (2018: Rs. 32.40). Book value based on net assets as per audited financial statements as at 30 June 2019 is Rs. 31.48 per share (2018: Rs. 26.36 per share). Further, investment in FFCL having fair value of Rs. 2.99 billion (2018: 183.06 million) has been pledged in favor of various bank for the borrowing facility availed by Arif Habib Limited, a Subsidiary Company.

12.3 Associates - at FVOCI

	Note	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount 2019	Carrying amount 2018
Pakarab Fertilizers Limited (PFL)	12.3.1	**1,324,332,073**	**-**	**1,324,332,073**	-

12.3.1 Investment in PFL (unquoted) represents 135 million (2018: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2018: 30%) of PFL's paid up share capital as at 30 June 2019. Fair value per share as at 30 June 2019 is Rs. 9.8 (2018: Rs. 87), whereas book value based on net assets, as per audited financial statements, as at 30 June 2019 is Rs. 7.55 per share (2018: Rs. 42.29 per share). Details regarding valuation techniques and inputs used are disclosed in note 32.2 to these financial statements.

12.4 Other equity securities - at FVOCI / available for sale

At 01 July 2018, the Company designated the investment shown below as equity securities at FVOCI

		Shares 2019 (Number)	Fair value 2019 (Rupees)
Sun Biz (Private) Limited (SBL)	12.4.2	**10,000**	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	12.4.3	**5,000**	-
			-

12.4.1 Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous year and no change in fair value is recognised in current year financial statements.

12.4.2 Investment in SBL (unquoted) represents 10,000 (2018: 10,000) fully paid ordinary shares of Rs. 100 each

12.4.3 Investment in AKFS (unquoted) represents 5,000 (2018: 5,000) fully paid ordinary shares of Rs. 200 each

12.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,357 million (2018: Rs. 4,882.68 million).

13. LONG TERM LOAN TO RELATED PARTY

	2019 (Rupees)	2018 (Rupees)
At amortised cost		
Secured		
Aisha Steel Mills Limited	**182,359,793**	201,315,405
Less: Current portion of long term loan	**(18,955,660)**	(18,955,660)
	163,404,133	182,359,745

13.1 In 2017, the Company had converted running finance to a long term loan. The loan is secured against first equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2018: 6 months KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.29% to 14.05% (2018: ranged between 9.40% to 9.46%) per annum. Mark-up is payable on semi-annual basis.

13.2 Maximum balance due from related party during the year was Rs. 172.88 million (2018: Rs. 182.36 million).

14. LONG TERM DEPOSITS AND OTHER RECEIVABLES

	Note	2019	2018
		(Rupees)	
Unsecured			
Security deposit with Central Depository Company of Pakistan Limited		**4,090**	4,090
Security deposits with telecommunication companies		**40,500**	40,500
Security deposits for fuel cards		**45,000**	45,000
Secured			
Receivable from employees against leased vehicles	14.1	**2,397,440**	2,397,440
		2,487,030	2,487,030

14.1 This represents security deposits paid by the Company to / on behalf of employees for leased vehicle and is secured against respective employees' provident fund balances. It will be recovered from the respective employees from their final settlement or at the termination of lease agreement.

15. LOANS AND ADVANCES - considered good

	Note	2019	2018
		(Rupees)	
At Amortised cost			
Unsecured			
- Bid margin in initial public offer		**-**	14,000,000
Unsecured			
Loans to related parties			
- Sachal Energy Development (Private) Limited (SEDPL)		**-**	525,000,000
- Javedan Corporation Limited (JCL)	15.1	**10,067,474**	1,468,000,000
- Aisha Steel Mills Limited (ASML)		**-**	175,000,000
- Black Gold Power Limited (BGPL)	15.2	**5,500,000**	-
		15,567,474	2,168,000,000
Secured			
- Current portion of long term loan to Aisha Steel Mills Limited (ASML)	13	**18,955,660**	18,955,660
- Advance against salaries to employees	15.3	**663,999**	209,673
		35,187,133	2,201,165,333

15.1 The Company entered into an arrangement with JCL. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. The markup is payable on quarterly basis. The effective mark-up charged during the year ranged between 9.17% to 13.38% per annum (2018: ranged between 8.59% to 8.75% per annum).

15.2 During the year, the Company entered into an interest free financing agreement with BGPL to the extent of Rs. 10,000,000 in order to finance its working capital requirements and for any other business as may be mutually agreed between the parties to the agreement. The loan is repayable within 30 business days of notice of demand.

15.3 This includes advance to key management personnel amounting to Rs. 0.5 million (2018: Rs. 0.126 million).

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

16. MARK-UP RECEIVABLE

	Note	2019	2018
		(Rupees)	
From related parties:			
- Aisha Steel Mills Limited		**35,352,227**	9,670,362
- Javedan Corporation Limited		**40,567,881**	28,967,534
- Sachal Energy Development (Private) Limited		**-**	6,544,521
Others:			
United Bank Limited - Term Finance Certificates		**1,092,572**	-
		77,012,680	45,182,417

16.1 The maximum amount due from related parties in respect of markup receivable as at the end of any month during the year was Rs. 75.92 million (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.

17. PREPAYMENT AND OTHER RECEIVABLES

	Note	2019	2018
Prepayment		**4,543,498**	1,617,460
Guarantee commission receivable	17.1	**5,207,693**	3,672,178
Dividend receivable		**908,125**	-
Others		**1,762,680**	1,733,148
		12,421,996	7,022,786

17.1 This represents guarantee commission receivable from associated concerns, namely Arif Habib Limited, Sachal Energy Development (Private) Limited, Aisha Steel Mills Limited and Power Cement Limited. The maximum amount due in respect of guarantee commission receivable as at the end of any month during the year was Rs. 5.208 million (2018: Rs. 3.672 million).

18. SHORT TERM INVESTMENTS

	Note	2019	2018
Equity securities - at FVTPL	18.1	**9,513,036,956**	7,967,518,010
Equity securities - available-for-sale		**-**	892,673,931
Corporate debt securities - mandatorily at FVTPL	18.2	**50,000,000**	-
		9,563,036,956	8,860,191,941

18.1 Equity securities - at FVTPL

The investment in equity securities as at 30 June 2018 were designated at FVTPL whereas, from 1 July 2018 these were reclassified as mandatorily at FVTPL.

	Note	2019	2018
Investment in related parties and associate	18.1.1	**7,331,959,662**	6,487,388,140
Other investments		**2,181,077,294**	1,480,129,870
		9,513,036,956	7,967,518,010

18.1.1 These include investments in Aisha Steel Mills Limited (ASML), Power Cement Limited and Silkbank Limited. Further, equity investment in Javedan Corporation Limited (JCL) was reclassified from available-for-sale to FVTPL on 1 July 2018. The fair value of shares pledged of ASML to secure project financing amounted to Rs. Nil (2018: 315.4 million)

18.1.2 Fair value of these investments is determined using quoted market prices prevailing at the reporting date.

18.1.3 Reconciliation of (loss) / gain on remeasurement of equity securities at FVTPL

	Note	2019	2018
Cost of investment	18.1.4	**9,560,190,736**	7,129,144,090
Unrealised (loss) / gain :			
Balance as at 1 July	18.1.4	**925,397,482**	533,937,639
Unrealised (loss) / gain for the year		**(972,551,262)**	304,436,281
		(47,153,780)	838,373,920
Balance as at 30 June		**9,513,036,956**	7,967,518,010

18.1.4 Reclassification due to initial adoption of IFRS 9

Cost and unrealised (loss) / gain includes investment in JCL as on 1 July 2018:

Cost of investment	**805,650,369**
Unrealised gain	**87,023,562**
Fair value of JCL as on 1 July 2018	**892,673,931**

18.2 Corporate debt securities - mandatorily at FVTPL

United Bank Limited - Term Finance Certificates	18.2.1	**50,000,000**	-

18.2.1 This represents 10,000 Term Finance Certificates (TFC) of Rs. 5,000 each perpetual in nature, issued by United Bank Limited (UBL) carrying interest rate of 3-months KIBOR + 1.55%.

18.3 Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 1,012 million (2018: Rs. Nil)

19. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees)	
With banks in:			
Current accounts			
- In local currency	19.1	**417,179,759**	33,677,908
- In foreign currency		**6,576,497**	4,992,523
		423,756,256	38,670,431
Deposit accounts	19.2	**2,764,103**	5,728,620
		426,520,359	44,399,051
Cash in hand		**74,625**	84,980
		426,594,984	44,484,031

19.1 This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 31.71 million (2018: Rs. 31.10 million).

19.2 Mark-up on deposit account was at rates ranging from 4.50% to 10.25% per annum (2018: 3.75% to 5.50% per annum).

20. OPERATING REVENUE

Dividend income		**812,401,707**	1,154,035,491
Mark-up income on loans and advances	20.1	**216,415,523**	78,446,033
Mark-up income on term finance certificates		**4,682,791**	-
Mark-up income on bank deposits		**357,580**	2,488,663
Gain on sale of investment property		**-**	174,424,414
		1,033,857,601	1,409,394,601

20.1 This represents mark-up income on loan extended to associated concerns namely Aisha Steel Mills Limited, Sachal Energy Development (Private) Limited and Javedan Corporation Limited.

20.2 Operating revenue is not subject to trade or any other type of discount.

21. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees)	
Salaries and benefits	21.1	**44,561,732**	37,601,156
Rent, rates and taxes		**16,906,053**	20,371,990
Legal and professional charges		**2,502,156**	8,271,114
Depreciation	11	**5,457,952**	6,555,202
Advertisement and business promotion		**3,285,673**	5,568,252
Repairs and maintenance		**5,538,507**	5,434,840
Travelling and conveyance		**6,337,485**	3,809,540
Printing and stationery		**3,514,037**	3,745,352
Insurance		**2,307,533**	2,916,879
Electricity		**3,392,986**	2,864,742
Fees and subscription		**1,998,166**	2,032,671
Auditors' remuneration	21.2	**1,893,390**	1,917,760
Communication		**1,658,316**	1,602,898
Directors' meeting fees		**260,000**	445,000
Custody and settlement charges		**1,284,212**	1,119,774
Entertainment		**434,027**	424,575
Amortisation of intangible assets		**-**	133,326
Others		**1,160,734**	1,399,451
		102,492,959	106,214,522

21.1 Salaries and benefits include Rs. 2.07 million (2018: Rs. 1.96 million) in respect of provident fund contribution. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

21.2 Auditor's remuneration

	2019	2018
Audit fee	**1,190,000**	1,190,000
Certification including interim review	**405,000**	455,000
Sales tax	**123,540**	137,460
Out of pocket	**174,850**	135,300
	1,893,390	1,917,760

22. OTHER INCOME

	Note	2019	2018
Guarantee commission income	22.1	**17,624,571**	9,562,956
Liabilities written back		**1,035,352**	-
Profit on foreign currency translation		**1,585,555**	790,769
		20,245,478	10,353,725

22.1 This pertains to corporate guarantee issued to associated concerns namely Arif Habib Limited, Sachal Energy Development (Private) Limited, Aisha Steel Mills Limited and Power Cement Limited.

23. FINANCE COST

	2019	2018
Mark-up on short term borrowings	**170,826,003**	74,623,504
Mark-up on term musharakah financing - long term loan	**1,165,548**	41,748,234
Mark-up on diminishing musharakah financing - long term loan	**5,467**	50,186
Bank charges	**43,362**	34,656
	172,040,380	116,456,580

24. OTHER CHARGES

	Note	2019	2018
Donations	24.1	**23,300,000**	10,520,000
Loss on disposal of fixed assets		**-**	23,217
Corporate social responsibility expense		**778,582**	1,271,407
		24,078,582	11,814,624

24.1 This include donation paid to following donees:

	2019	2018
	(Rupees)	
Donees		
Prime Minister and Chief Justice of Pakistan Fund for Diamer-Bhasha and Mohmand Dams	**10,000,000**	-
Usman Memorial Hospital Foundation	**10,000,000**	-
Aman Foundation	**-**	9,520,000

24.2 There are no donations to any person, institution or organisation in which a director or his spouse had any interest, except for donation of Rs. 0.5 million made to Safi Benevolent Trust in which Mr. Nasim Beg, Director, who is honorary consultant of donee.

25. TAXATION

	Note	2019	2018
Current			
- for the year	25.1	**147,791,478**	206,440,748
- for prior years		**1,135,446**	698,521
		148,926,924	207,139,269
Deferred		**(86,873,186)**	(80,007,086)
		62,053,738	127,132,183

25.1 The provision for current year tax represents tax on taxable income at the rate of 29% per annum (2018: 30% per annum). The rate of tax imposed on the taxable income of a company for the tax year 2019 and onwards is 29%. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

25.2 The Company has been contesting various petitions against levy of “Super Tax” u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. The Company is of the view that the same is imposed against the merit of law and the Company’s legal council is of the view that the Company has a favorable case on merit. However, on prudent basis, a provision has been made in these financial statements.

25.3 Income tax assessments of the Company have been finalised up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Company has filed appeals in respect of each of the said amendment which have been decided in favour of the Company by Appellate Tribunal during the year and the Department has filed reference application before the High Court of Sindh. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Company and the relief was maintained by the Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company was subsequently allowed relief in its subsequent appeal which was also maintained by the Appellate Tribunal in favour of the Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Company was decided in its favour. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalised under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and major relief was allowed to the Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Company.

Income tax assessment for Tax Year 2015, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and relief was allowed to the Company.

Income tax return was filed by the Company for the Tax Years 2016, 2017 and 2018, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001.

25.4 Relationship between tax expense / (income) and accounting profit

	2019	2018
	(Rupees)	
(Loss) / profit before tax	**(901,787,313)**	948,120,488
Tax at the applicable tax rate of 29% (2018: 30%)	**(261,518,321)**	284,436,146
Tax effect of income under final tax regime	**(113,736,239)**	(173,105,324)
Tax effect of income taxed at lower rate	**(7,722,827)**	(68,550,513)
Prior year tax effect	**1,135,446**	698,521
Tax effect of non-deductible expenses	**-**	33,392,423
Tax effect of minimum tax at 1.25% (2018: 1.25%)	**2,988,447**	-
Tax effect of super tax at 2% (2018: 3%)	**11,847,535**	33,335,423
The effect of exempt income / permanent difference	**411,329,196**	(1,303,326)
Others	**17,730,501**	18,228,833
	62,053,738	127,132,183

26. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per shares of the Company.

	2019	2018
(Loss) / Profit for the year	**(963,841,051)**	820,988,305
	(Number)	
Weighted average number of ordinary shares	**453,750,000**	453,750,000
	(Rupees)	
(Loss) / earnings per share - basic and diluted	**(2.12)**	1.81

27. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

27.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

27.2 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive Officer, Directors and Other Executives of the Company are given below:

	Chief Executive Officer & Director		Executives	
	2019	2018	2019	2018
	----------Rupees----------			
Managerial remuneration	**8,400,000**	8,400,000	**14,153,484**	8,048,454
Contribution to provident fund	**677,424**	677,424	**836,571**	699,138
Bonus	**2,100,000**	700,000	**2,534,853**	634,170
Other perquisites and benefits	**960,000**	960,000	**2,345,928**	1,806,174
Total	**12,137,424**	10,737,424	**19,870,836**	11,187,936
Number of person(s)	**1**	1	**6**	4

27.3 Besides the above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel. The approximate value of these benefits is Rs. 0.67 million.

27.4 The aggregate amount charged to these financial statements in respect of directors' fee paid to three directors (2018: three) was Rs. 0.26 million (2018: Rs. 0.445 million). The Chief Executive Officer draws salary on account of managerial remuneration.

27.5 The Chief Executive Officer has been provided with free use of Company's maintained vehicles in accordance with the Company's policy. The approximate value of this benefit is Rs. 8.2 million.

28. NET CASH GENERATED FROM / (USED IN) OPERATIONS

	2019	2018
	(Rupees)	
(Loss) / profit before tax	(901,787,313)	948,120,488
Adjustments for:		
Depreciation	5,457,952	6,555,202
Amortisation of intangibles	-	133,326
Dividend income	(812,401,707)	(1,154,035,491)
Mark-up income on loans and advances	(216,415,523)	(78,446,033)
Mark-up income on term finance certificate	(4,682,791)	-
Loss on remeasurement of investment in associates	748,674,666	595,655,688
Loss / (gain) on remeasurement of short term investments	972,551,262	(304,436,281)
Finance cost	172,040,380	116,456,580
Exchange gain	(1,585,555)	(790,769)
Loss on disposal of assets	-	23,217
Gain on disposal of investment property	-	(174,424,414)
	863,638,684	(993,308,975)
	(38,148,629)	(45,188,487)
Changes in:		
Loans and advances	2,184,933,812	(1,739,788,603)
Trade receivable	-	183,073,309
Prepayments and other receivables	(4,448,405)	(3,355,819)
Short term investments	(1,675,396,277)	(2,199,959,416)
Unclaimed dividend	605,584	1,307,812
Trade and other payables	8,660,041	2,252,943,012
	514,354,755	(1,505,779,705)
Net cash generated from / (used in) operations	476,206,126	(1,550,968,192)

29. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	19	426,594,984	44,484,031
Short term borrowings	9	(1,803,620,434)	(1,267,483,663)
		(1,377,025,450)	(1,222,999,632)

30. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reporting segment and segment information is presented in the consolidated financial statements.

All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

31. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

Credit risk management

It is the Company's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and wherever possible or deemed necessary obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. Management closely monitors the creditworthiness of the Company's counterparties.

In order to mitigate credit risk, the company measures loss allowances at an amount equal to lifetime ECLs, except for debt securities, loan to related parties, bank balances and other financial assets measured at amortised costs for which credit risk has not increased significantly since initial recognition.

On initial application of IFRS 9, no impairment was determined as at 1 July 2018 and there has been no change in management assessment at reporting date.

Exposure to credit risk

The Company's maximum credit exposure (without taking into account collateral and other credit enhancement) at the reporting date is represented by the carrying amount of financial assets as follows:

	2019	2018
	(Rupees)	
Long term deposits and other receivables	**89,590**	89,590
Corporate debt securities - mandatorily at FVTPL	**50,000,000**	-
Loan to related party (Short term and Long term)	**197,927,267**	2,369,315,405
Guarantee commission receivable	**5,207,693**	3,672,178
Mark-up receivable	**77,012,680**	45,182,417
Cash and bank balances	**426,520,359**	44,399,051
	756,757,589	2,462,658,641

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the credit worthiness of counterparties as part of its risk management

Long term deposits

This include deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Company, hence management believes that it is not materially exposed to credit risk against it. Apart from the above other deposits are with counterparties for provision of continued supply of services. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, mark-up, and other receivables

The Company extends loans to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Mark-up receivable mainly pertains to loans extended to related parties for which the management does not expect to incur any credit loss. Other receivable mainly comprises of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk there against, based on the term of arrangement with parties involved.

The aging analysis of loans, other receivables and mark-up receivable is as follows:

Not past due	**280,147,640**	2,418,170,000

Cash and bank balances

As at 30 June 2019, the Company has placed funds with banks having good credit ratings.

The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were as follows:

	Short term	Long term
PACRA	A1 to A1+	A to AAA
JCR-VIS	A-1 to A-1+	A to AAA

The Company considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

Corporate debt securities - mandatorily at FVTPL

The Company considers that its investment in debt securities classified at FVTPL has low credit risk based on external credit rating of the counterparty. The Company has invested in debt security having credit rating of AA+ as at reporting date.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2019			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	--------Rupees--------			
Financial liabilities				
Trade and other payables	**4,913,614,341**	**4,913,614,341**	**4,913,614,341**	**-**
Mark up accrued on borrowings	**56,227,631**	**56,227,631**	**56,227,631**	**-**
Short term borrowings	**1,803,620,434**	**1,803,620,434**	**1,803,620,434**	**-**
	6,773,462,406	**6,773,462,406**	**6,773,462,406**	**-**

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	--------Rupees--------			
Financial liabilities				
Long term loan	455,179,583	523,105,647	163,742,151	359,363,496
Mark up accrued on borrowings	22,397,069	22,397,069	22,397,069	-
Trade and other payables	4,901,754,885	4,901,754,885	4,901,754,885	-
Short term borrowings	1,267,483,663	1,376,035,070	1,376,035,070	-
	6,646,815,200	6,823,292,671	6,463,929,175	359,363,496

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at reporting date. The rates of mark-up have been disclosed in respective notes to these financial statements.

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to currency risk, interest rate risk and price risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to cash and bank balances in foreign currency. Management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	2019		2018	
	(Rupees)	(US Dollars)	(Rupees)	(US Dollars)
Cash in hand	6,560	40	4,980	40
Bank balances	6,576,497	40,101	4,992,523	40,101

The following significant exchange rates were applicable during the year:

	Average rates		Reporting date rate	
	2019	2018	2019	2018
US Dollars to Pakistan Rupee	162.87	109.97	164.00	121.60

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at reporting date would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2018.

	Effect on profit or loss (net of tax)	
	2019	2018
	(Rupees)	
As at 30 June		
Effect in US Dollars	658,306	420,202

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2019	2018	2019	2018
	(Effective interest rate %)		(Rupees)	
Financial assets				
Variable rate financial instruments				
Loans and advances	9.17% to 14.13%	8.40% to 9.50%	34,523,134	193,955,660
Long term loan to related parties	10.29% to 14.05%	9.40% to 9.46%	163,404,133	182,359,745
Cash and bank balances	4.5% to 10.25%	3.75% to 5.50%	2,764,103	5,728,620
Financial liabilities				
Variable rate financial instruments				
Long term loan	-	8.16% to 8.51%	-	325,000,000
Current maturity of long term loan	-	8.16% to 8.51%	-	130,179,583
Short term borrowings	7.92% to 13.79%	7.16% to 8.92%	1,803,620,434	1,267,483,663

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore a change in interest rates at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have increased / (decreased) profit for the year by the amounts shown below.

	Increase 100 bps	Decrease 100 bps
	(Rupees)	
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial assets	2,006,914	(2,006,914)
Cash flow sensitivity - Variable rate financial liabilities	18,036,204	(18,036,204)
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial assets	1,996,843	(1,996,843)
Cash flow sensitivity - Variable rate financial liabilities	17,226,632	(17,226,632)

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted securities.

The Company's strategy is to hold its strategic equity investments for a longer period of time. Thus, management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee company remain viable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted associates which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarises the Company's equity price risk as of 30 June 2019 and 2018 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily an indication of the effect on Company's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees)		------------------------------Rupees------------------------------		
30 June 2019	**19,583,252,303**	**30% increase**	**25,458,227,994**	**-**	**5,874,975,691**
		30% decrease	**13,708,276,612**	**-**	**(5,874,975,691)**
30 June 2018	19,629,081,954	30% increase	25,517,806,540	267,802,179	5,620,922,407
		30% decrease	13,740,357,368	(267,802,179)	(5,620,922,407)

31.4 Financial instruments by category

The effect of applying IFRS 9 on the Company's financial instruments is described in Note 4.1.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements, except for certain reclassifications.

The following table shows the carrying amount of financial assets and financial liabilities.

	Mandatorily at FVTPL - Others	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets at amortized cost	Other financial liabilities
	------------------------------Rupees------------------------------				
30 June 2019					
Financial assets measured at fair value					
Equity securities	**9,513,036,956**	**1,324,332,073**	**10,020,215,347**	**-**	**-**
Corporate debt securities	**50,000,000**	**-**	**-**	**-**	**-**
	9,563,036,956	**1,324,332,073**	**10,020,215,347**	**-**	**-**
Financial assets not measured at fair value					
Cash and bank balances	**-**	**-**	**-**	**426,594,984**	**-**
Long term loan to related party	**-**	**-**	**-**	**163,404,133**	**-**
Long term deposits and other receivables	**-**	**-**	**-**	**2,487,030**	
Loans and advances	**-**	**-**	**-**	**35,187,133**	**-**
Mark-up receivable	**-**	**-**	**-**	**77,012,680**	**-**
Other receivables	**-**	**-**	**-**	**7,878,498**	**-**
	-	**-**	**-**	**712,564,458**	**-**
Financial liabilities not measured at fair value					
Long term loan - secured	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**-**	**-**	**-**	**-**	**4,913,614,341**
Mark-up accrued on borrowings	**-**	**-**	**-**	**-**	**56,227,631**
Current maturity of long term loan	**-**	**-**	**-**	**-**	**-**
Short term borrowings	**-**	**-**	**-**	**-**	**1,803,620,434**
	-	**-**	**-**	**-**	**6,773,462,406**

	At fair value 'through profit or loss' -	Loans and receivables	Available for sale	Other financial assets	Other financial liabilities
	-------------	-------------	Rupees	-------------	-------------
30 June 2018					
Financial assets measured at fair value					
Equity securities	30,481,408,023	-	892,673,931	-	-
	30,481,408,023	-	892,673,931	-	-
Financial assets not measured at fair value					
Cash and bank balances	-	44,484,031	-	-	-
Long term loan to related party	-	182,359,745	-		-
Long term deposits and other receivables	-	2,487,030	-	-	-
Loans and advances	-	2,201,165,333	-	-	-
Mark-up receivable	-	45,182,417	-	-	-
Other receivables	-	5,405,326			
	-	2,481,083,882	-	-	-
Financial liabilities not measured at fair value					
Long term loan - secured	-	-	-	-	325,000,000
Trade and other payables	-	-	-	-	4,904,954,300
Mark-up accrued on borrowings	-	-	-	-	22,397,069
Current maturity of long term loan	-	-	-	-	130,179,583
Short term borrowings	-	-	-	-	1,267,483,663
	-	-	-	-	6,650,014,615

None of the financial assets and financial liabilities have been netted off in the financial statements.

31.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability		Equity		
	Short term borrowings used for cash management purpose including related accrued markup	Long term loan including related accrued markup	Other reserve	Unappropriated profit	Total
	-------------	-------------	Rupees	-------------	-------------
Balance as at 1 July 2018	1,282,039,682	463,020,633	64,036,984	21,301,928,003	23,111,025,302
Adjustment on initial application of IFRS 9 net of tax	-	-	(64,036,984)	64,036,984	-
Adjusted balance as at 1 July 2018	1,282,039,682	463,020,633	-	21,365,964,987	23,111,025,302
Changes from financing cash flows					
Repayment of long term loans	-	(455,179,583)	-	-	(455,179,583)
Dividend paid	-	-	-	(907,500,000)	(907,500,000)
Total changes from financing activities	**-**	**(455,179,583)**	**-**	**(907,500,000)**	**(1,362,679,583)**
Other changes					
Interest expense	170,826,003	1,171,015	-	-	171,997,018
Interest paid	(129,154,391)	(9,012,065)	-	-	(138,166,456)
Changes in short term borrowings	536,136,771	-	-	-	536,136,771
Total loan related other changes	**577,808,383**	**(7,841,050)**	**-**	**-**	**569,967,333**
Total equity related other changes	**-**	**-**	**-**	**(963,841,051)**	**(963,841,051)**
Balance as at 30 June 2019	**1,859,848,065**	**-**	**-**	**19,494,623,936**	**21,354,472,001**

	Liability		Equity		
	Short term borrowings used for cash management purpose including related accrued markup	Long term loan including related accrued markup	Other reserve	Unappropriated profit	Total
	------Rupees------				
Balance as at 1 July 2017	1,329,402,922	529,213,264	89,788,814	21,842,189,698	23,790,594,698
Changes from financing cash flows					
Repayment of long term loans	-	(65,431,028)	-	-	(65,431,028)
Dividend paid	-	-	-	(1,361,250,000)	(1,361,250,000)
Total changes from financing activities	-	(65,431,028)	-	(1,361,250,000)	(1,426,681,028)
Other changes					
Interest expense	74,658,160	41,798,420	-	-	116,456,580
Interest paid	(195,888,828)	(42,560,023)	-	-	(238,448,851)
Changes in short term borrowings	73,867,428	-	-	-	73,867,428
Total loan related other changes	(47,363,240)	(761,603)	-	-	(48,124,843)
Total equity related other changes	-	-	(25,751,830)	820,988,305	795,236,475
Balance as at 30 June 2018	1,282,039,682	463,020,633	64,036,984	21,301,928,003	23,111,025,302

32. 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.

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

Management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, 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 determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose 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 reporting 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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the 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.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2019							
	Carrying amount					Fair value		
	Mandatorily / designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Associates	10,020,215,347	1,324,332,073	-	-	-	10,020,215,347	-	1,324,332,073
Short term investments	9,563,036,956	-	-	-	-	9,563,036,956	-	-
Financial assets not measured at fair value								
Subsidiaries	-	-	-	5,058,602,290	-	1,367,867,323	-	-
Long term loan to related party	-	-	163,404,133	-	-	-	-	-
Long term deposits and other receivables	-	-	2,487,030	-	-	-	-	-
Other receivables	-	-	7,878,498	-	-	-	-	-
Loans and advances	-	-	34,523,134	-	-	-	-	-
Mark-up receivable	-	-	77,012,680	-	-	-	-	-
Cash and bank balances	-	-	426,594,984	-	-	-	-	-
	19,583,252,303	1,324,332,073	711,900,459	5,058,602,290	-			
Financial liabilities not measured at fair value								
Long term loans - secured	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	4,913,614,341	-	-	-
Mark-up accrued on borrowings	-	-	-	-	56,227,631	-	-	-
Short term borrowings	-	-	-	-	1,803,620,434	-	-	-
Current maturity of long term loan	-	-	-	-	-	-	-	-
	-	-	-	-	6,773,462,406			

	30 June 2018							
	Carrying amount					Fair value		
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Associates	30,481,408,023	-	892,673,931	-	-	19,629,081,954	-	11,745,000,000
Financial assets not measured at fair value								
Subsidiaries	-	-	-	5,058,602,290	-	2,198,332,457	-	-
Long term loan to related party		182,359,745						
Long term deposits and other receivables	-	2,487,030	-	-	-	-	-	-
Other receivables	-	5,405,326	-	-	-	-	-	-
Loans and advances	-	2,201,165,333	-	-	-	-	-	-
Mark-up receivable	-	45,182,417	-	-	-	-	-	-
Cash and bank balances	-	44,484,031	-	-	-	-	-	-
	30,481,408,023	2,481,083,882	892,673,931	5,058,602,290	-			
Financial liabilities not measured at fair value								
Long term loans - secured	-	-	-	-	325,000,000	-	-	-
Trade and other payables	-	-	-	-	4,904,954,300	-	-	-
Mark-up accrued on borrowings	-	-	-	-	22,397,069	-	-	-
Short term borrowings	-	-	-	-	1,267,483,663	-	-	-
Current maturity of long term loans	-	-	-	-	130,179,583	-	-	-
	-	-	-	-	6,650,014,615			

32.1 Management assessed that the fair values of loans and advances, other receivables, mark-up receivable, cash and bank balances, trade and other payables, short term borrowings, mark-up accrued on borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposits and other receivables, long term loan to related party and other non-current liabilities, management consider that their carrying values approximates fair value.

32.2 Measurement of fair values

32.2.1 Associates - at FVOCI

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Date of valuation	Valuation approach and input used
Unquoted equity securities - Pakarab Fertilizers Limited (PFL)	30 June 2019	The management of PFL is analysing various strategies to operate the said company on sustainable basis resulting in a wide range of possible fair value measurements. As allowed under IFRS 9 - 'Financial Instruments', cost may be an appropriate estimate of fair value if there is a wide range of possible fair value measurements and costs represents the best estimate of fair value within that range. Accordingly, fair value of this investment has been estimated on this basis.

32.2.1.1 The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Unquoted equity securities - at FVOCI
	(Rupees)
Balance at 1 July 2017	11,745,000,000
Gain / (loss) recognised on remeasurement of investment	-
Balance at 30 June 2018	11,745,000,000
Balance at 1 July 2018	11,745,000,000
Gain / (loss) recognised on remeasurement of investment	(10,420,667,927)
Balance at 30 June 2019	1,324,332,073

32.2.2 Investment in subsidiaries - at cost

Investment in a subsidiary company namely Arif Habib Limited is quoted on the Pakistan Stock Exchange and fair value of investment, based on the available market price, is Rs. 1,367.87 million (2018: Rs. 2,198.33 million). The said subsidiary is carried at cost and fair value is determined for disclosure purposes.

33. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

34. 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. Remuneration of chief executive officer, directors and executives is disclosed in note 27 to the financial statements.

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 year other than those disclosed elsewhere in the financial statements are given below:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30th June 2019

Subsidiaries		2019	2018
		(Rupees)	
Name of the related party	**Transactions during the year**		
Arif Habib Limited	Services availed	6,525,709	7,836,192
	Dividend income / received	108,114,711	360,382,370
	Guarantee commission income	677,331	-
	Guarantee commission received	264,829	-
Sachal Energy Development (Private) Limited	Loan extended	-	693,000,000
	Loan repayment	525,000,000	600,000,000
	Mark-up income on loan and advance	8,585,884	11,415,754
	Mark-up income received	15,130,405	4,871,233
	Guarantee commission income	12,210,932	6,313,761
	Guarantee commission received	11,626,582	3,510,947
Black Gold Power Limited	Loan extended	5,500,000	-
	Subscription of right shares / fresh equity investment	-	40,000,000
Associates			
Fatima Fertilizer Company Limited	Dividend income / received	558,250,361	717,750,464
MCB-Arif Habib Savings and Investments Limited	Dividend income / received	37,912,292	37,912,292
Associated companies by virtue of common directorship with significant influence and related concern			
Aisha Steel Mills Limited	Loan and advances extended	1,927,000,000	425,000,000
	Loan and advances repaid	2,120,955,612	259,477,830
	Markup on loan and advance	100,021,820	20,035,512
	Markup received	74,339,955	20,278,874
	Guarantee commission income	3,841,081	3,208,434
	Guarantee commission received	3,722,956	1,840,368
	Subscription of right shares	-	155,127,056
Power Cement Limited	Guarantee commission income	895,227	40,761
	Guarantee commission received	474,689	107,725
Javedan Corporation Limited	Dividend income / received	17,672,218	33,333,833
	Loan / advance extended	1,082,000,000	1,468,000,000
	Loan and advances repaid	2,539,932,526	-
	Markup on loan and advance	107,807,819	46,994,767
	Markup received	96,207,472	18,027,233
	Subscription of right shares	-	386,172,255
	Guarantee commission income	-	-
	Guarantee commission received	-	-
	Receipts from sale of Investment properties	-	2,167,586,914

		2019	2018
		(Rupees)	
Arif Habib Dolmen REIT Management Limited	Transfer of Fixed Assets	42,680	-
Mr. Arif Habib	Dividend paid	631,341,934	785,318,901
Mr. Asadullah Khawaja	Meeting fee paid	100,000	100,000
Mr. Sirajuddin Cassim	Meeting fee paid	75,000	75,000
Khawaja Jalaluddin Roomi	Meeting fee paid	85,000	270,000
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	28,732,699	24,679,934
Arif Habib Securities Limited - Employee Provident Fund	Contribution	2,074,725	1,956,510

35. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 24 (2018: 23) and average number of employees during the year are 23 (2018: 22).

36. GENERAL

36.1 Corresponding figures

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of comparison and better presentation. Significant reclassifications are as follows

Description	Reclassified from	Reclassified to	(Rupees)
Advance tax	Advance tax	Taxation - net	312,567,502
Other receivables	Other receivables	Prepayments and other receivables	1,617,460

36.2 Date of authorisation for issue

These financial statements have been authorised for issue on 26 October 2019 by the Board of Directors of the Company.

36.3 Non adjusting event after reporting date

Subsequent to year ended 30 June 2019, the Company purchased and cancelled 45,375,000 ordinary shares. The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3 July 2019. The shares were acquired at the purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to Buy Back of Shares the ordinary share capital of the Company has been subsequently reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

Chief Executive Officer | Chief Financial Officer | Director

Audited Consolidated Financial Statements

For the Year Ended 30th June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Arif Habib Corporation Limited

Opinion

We have audited the annexed consolidated financial statements of **Arif Habib Corporation Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2019**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at **30 June 2019**, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Adoption of IFRS 9 'Financial instruments'** Refer note 3.1.2, 3.2, 21, 24, 25, 27, 28 and 42 to the consolidated financial statements. On 1 July 2018, the Group has adopted a new accounting standard for financial instruments, IFRS 9 'Financial Instruments', which provides significant changes to the classification, recognition and measurement of financial assets. The new standard also requires the Group to recognize expected credit losses (ECL) on financial instruments which involves significant judgement and estimates to be made by the Group. In accordance with IFRS 9, the Group classifies its equity investments in listed and un-listed equity securities as measured at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) based on the business model applicable to the relevant securities. Given the complexity of the requirements of IFRS 9 which includes the use of significant judgements and estimates by the management, due to first time application of the standard, we considered the above as key audit matter.	Our audit procedures in respect of adoption of IFRS 9, amongst others, included the following: • evaluating appropriateness of policies adopted as a result of application of IFRS 9 and resulting reclassifications of equity investments based on the Group's business model applicable to relevant securities; • analyzing the key aspects of the Group's methodology and policies related to expected credit losses (hereinafter referred to as "ECL") measurement for compliance with the requirements of IFRS 9; • assessing the appropriateness of opening balance adjustments on initial adoption of IFRS 9; • assessing, on a sample basis, whether equity investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • comparing, on a sample basis, the fair valuation of quoted investments with available external quoted market prices; and • involving our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted equity investments, in particular, relating to cash flows projections, growth rates, terminal values and discount rates including marketability discount and sensitivity of the valuation.
2.	**Impairment assessment of goodwill** Refer notes 3.2.1 and 17 to the consolidated financial statements. The Group has recognized goodwill from past acquisitions. The Group is required to, perform impairment assessment of goodwill at least annually.	Our audit procedures to assess the impairment assessment of goodwill, amongst others, included the following: • obtaining management's future cash flow forecasts and testing the mathematical accuracy of the underlying value-in-use calculations, comparision of historical budgets against actual result to assess the quality of management's forecast and agreeing them to the approved budgets and business plans;

	We identified annual impairment testing of goodwill as a key audit matter because of the inherent uncertainty and significant judgment involved in determining the assumptions to be used in forecasting and discounting future cash flows.	• using our own valuation specialist to assist us in evaluating the assumptions and methodologies used by the Group, in particular relating to the forecast revenue growth, profit margins, discount rate as well as assessing the integrity of the models used, including the accuracy of the underlying calculation of formulas and also assessing the sensitivity of key assumptions and inputs; and • assessing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
3.	**Related party transactions and disclosures** Refer notes 12.1, 14.1.3, 22, 24.1, 25, 27.1, 27.4, 28.1, 33.1, 38 and 44 to the consolidated financial statements. Transactions with related parties mainly include those between the Group and related / associated concerns. We identified transactions with related parties and its disclosures as key audit matter due to the nature of such transactions and its significance to the financial statements as a whole.	Our audit procedures in respect of related party transactions and disclosures, amongst others, included the following: • obtaining an understanding of and testing the design, implementation and operating effectiveness of control over process for identification, recording and disclosure of related party transactions; • inspecting minutes of Board of Directors, Audit Committee and Shareholders meetings and significant agreements / arrangements with related parties to understand the nature of the transactions; • comparing, on a sample basis, specific transactions with related parties to the underlying supporting documents; • obtaining confirmation, on a sample basis, for transactions and balances with related parties; • comparing, on a sample basis, the recording and disclosure of related party transactions with the related agreements / arrangements with them; and • evaluating the appropriateness of related party disclosures as per applicable accounting and reporting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Mahmood Hussain.**

Date: 5 November 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

	Note	2019	2018
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		**10,000,000,000**	10,000,000,000
Share capital			
Issued, subscribed and paid-up share capital	4	**4,537,500,000**	4,537,500,000
Capital reserve			
Surplus on revaluation	5	**15,432,500**	15,432,500
Revenue reserves	6	**16,975,848,933**	17,782,829,088
Equity attributable to owners of the Company		**21,528,781,433**	22,335,761,588
Non-controlling interest	7	**1,777,221,910**	1,743,177,429
Total Equity		**23,306,003,343**	24,078,939,017
Non-current liabilities			
Long term loans - secured	8	**10,728,571,018**	9,089,040,050
Land lease liability	9	**9,936,248**	9,551,705
Deferred liability - gratuity	10	**14,056,165**	10,154,032
Deferred taxation - net	11	**1,207,615,955**	1,177,271,760
		11,960,179,386	10,286,017,547
Current liabilities			
Trade and other payables	12	**5,840,217,170**	5,772,561,951
Mark-up accrued on borrowings		**290,417,576**	164,980,400
Short term borrowings	13	**4,711,758,096**	2,769,332,887
Current portion of long term loans	8	**1,645,000,000**	1,346,179,583
Current portion of liabilities against assets subject to finance lease		**-**	1,345,933
Current portion of land lease liability	9	**1,360,000**	1,360,000
Payable against purchase of investment - net		**30,970,319**	115,245,044
Taxation - net		**76,105,682**	80,483,558
Unclaimed dividend		**46,166,308**	43,856,170
		12,641,995,151	10,295,345,526
Contingencies and commitments	14		
		47,908,177,880	44,660,302,090

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	DIRECTOR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

	Note	2019	2018
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**16,158,398,853**	13,304,578,704
Intangible assets - others	16	**2,412,274**	2,989,616
Goodwill	17	**910,206,117**	910,206,117
Trading right entitlement certificate, membership card and offices	18	**8,100,000**	17,100,000
Investment properties	19	**1,726,419,800**	1,373,500,000
Equity accounted investees	20	**12,010,464,481**	17,034,078,604
Other long term investments	21	**66,046,528**	72,390,122
Long term loan to related party	22	**163,404,133**	182,359,745
Long term deposits and other receivable	23	**34,990,720**	46,076,859
		31,080,442,906	32,943,279,767
Current assets			
Trade debts	24	**2,662,752,427**	1,815,413,182
Loans and advances	25	**47,337,031**	1,750,769,161
Deposits and prepayments	26	**399,258,768**	69,742,548
Accrued mark-up and other receivables	27	**254,514,039**	353,997,898
Advance sales tax		**20,654,047**	-
Short term investments	28	**11,974,137,833**	6,638,752,545
Cash and bank balances	29	**1,469,080,829**	1,088,346,989
		16,827,734,974	11,717,022,323
		47,908,177,880	44,660,302,090

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer   Chief Financial Officer   DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30th June 2019

	Note	2019	2018
		(Rupees)	
Revenue			
Operating revenue	30	**4,381,346,702**	3,743,874,214
Loss on remeasurement of investments - net	31	**(1,410,620,487)**	(283,363,433)
Unrealised gain on remeasurement of investment property	19	**370,039,859**	384,990,000
(Loss) / gain on sale of investments - net		**(96,033,765)**	75,221,867
		3,244,732,309	3,920,722,648
Operating and administrative expenses	32	**(1,777,142,317)**	(1,559,028,924)
Other income	33	**101,567,577**	141,196,381
Finance cost	34	**(1,432,187,017)**	(1,055,329,068)
Other charges	35	**(60,599,693)**	(68,441,213)
		76,370,859	1,379,119,824
Share of profit of equity accounted investees - net of tax	20	**451,072,100**	1,030,564,889
Profit before tax		**527,442,959**	2,409,684,713
Taxation	36	**(267,483,288)**	(520,595,118)
Profit after tax		**259,959,671**	1,889,089,595
Profit attributable to:			
Equity holders of the Parent Company		**154,448,942**	1,629,395,710
Non-controlling interests		**105,510,729**	259,693,885
		259,959,671	1,889,089,595
Earnings per share - basic and diluted	37	**0.34**	3.59

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30th June 2019

	Note	2019	2018
		(Rupees)	
Profit after tax		**259,959,671**	1,889,089,595
Other comprehensive income			
Items that are or may be reclassified subsequently to consolidated statement of profit or loss			
Unrealised diminution during the year on remeasurement of investment classified as 'available for sale' - net of tax		**-**	(25,751,830)
Share of other comprehensive loss of equity accounted investees - net of tax		**(8,517,720)**	(13,468,054)
		(8,517,720)	(39,219,884)
Items that will not be reclassified subsequently to consolidated statement of profit or loss			
Share of other comprehensive loss of equity accounted investees - net of tax		**(17,704,172)**	(13,697,136)
Other comprehensive loss for the year - net of tax		**(26,221,892)**	(52,917,020)
Total comprehensive income		**233,737,779**	1,836,172,575
Total comprehensive income attributable to:			
Equity holders of the Parent Company		**128,227,050**	1,576,478,690
Non-controlling interests		**105,510,729**	259,693,885
		233,737,779	1,836,172,575

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30th June 2019

	Note	2019	2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**1,807,272,090**	1,251,111,628
Income tax paid		**(241,516,969)**	(127,573,135)
Markup received		**170,547,427**	256,890,242
Finance cost paid		**(1,124,159,029)**	(1,142,568,764)
Gratuity paid		**(1,042,499)**	(1,551,642)
Net cash from operating activities		**611,101,020**	236,308,329
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(11,672,144)**	(19,994,769)
Acquisition of intangible assets		**-**	(96,000)
Dividend from equity accounted investee		**596,162,653**	755,662,756
Acquisition of investment property		**(163,419,941)**	(859,120,000)
Proceeds from disposal of investment property		**203,855,000**	2,454,285,383
Proceeds from sale of property, plant and equipment		**1,058,305**	1,109,693
Net cash from investing activities		**625,983,873**	2,331,847,063
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term Loan		**(1,833,429,583)**	(1,172,781,028)
Liability against assets subject to finance lease		**(1,345,933)**	(470,480)
Land lease liability		**384,543**	384,542
Distribution by subsidiary to non-controlling interest		**(56,885,289)**	(189,617,630)
Disposal of equity interest in subsidiary without change in control		**-**	453,534,900
Dividend paid		**(907,500,000)**	(1,361,250,000)
Net cash used in financing activities		**(2,798,776,262)**	(2,270,199,696)
Net (decrease) / increase in cash and cash equivalents		**(1,561,691,369)**	297,955,696
Cash and cash equivalents at beginning of the year		**(1,680,985,898)**	(1,978,941,594)
Cash and cash equivalents at end of the year	40	**(3,242,677,267)**	(1,680,985,898)

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2019

	Equity attributable to owners of the Parent Company							Non-controlling interests	Total equity
	Issued, subscribed and paid-up share capital	Capital Reserve Surplus on revaluation	Revenue reserves: Other reserve *	Revenue reserves: Fair value reserve **	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Revenue reserves: Total		
	(Rupees)								
Balance as at 1 July 2017	4,537,500,000	15,432,500	207,898,277	-	4,019,567,665	13,428,863,912	22,209,262,354	1,130,836,818	23,340,099,172
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	1,629,395,710	1,629,395,710	259,693,885	1,889,089,595
Other comprehensive (loss) / income									
Unrealised diminution during the year on remeasurement of investment classified as 'available for sale' - net of tax	-	-	(25,751,830)	-	-	-	(25,751,830)	-	(25,751,830)
Share of other comprehensive loss of equity accounted investees - net of tax	-	-	(13,468,054)	-	-	(13,697,136)	(27,165,190)	-	(27,165,190)
	-	-	(39,219,884)		-	(13,697,136)	(52,917,020)	-	(52,917,020)
Total comprehensive (loss) / income for the year	-	-	(39,219,884)	-	-	1,615,698,574	1,576,478,690	259,693,885	1,836,172,575
Transactions with owners recorded directly in equity									
Distributions									
Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2017	-	-	-	-	-	(1,361,250,000)	(1,361,250,000)	-	(1,361,250,000)
Changes in ownership interest in subsidiary									
Disposal of equity interest in subsidiary without loss of control	-	-	-	-	-	(88,729,456)	(88,729,456)	542,264,356	453,534,900
	-	-	-	-	-	(1,449,979,456)	(1,449,979,456)	542,264,356	(907,715,100)
Distribution by subsidiary	-	-	-		-	-	-	(189,617,630)	(189,617,630)
Balance as at 30 June 2018	4,537,500,000	15,432,500	168,678,393	-	4,019,567,665	13,594,583,030	22,335,761,588	1,743,177,429	24,078,939,017
Balance as at 1 July 2018	**4,537,500,000**	**15,432,500**	**168,678,393**	**-**	**4,019,567,665**	**13,594,583,030**	**22,335,761,588**	**1,743,177,429**	**24,078,939,017**
Adjustment on initial application of IFRS 9, net of tax (refer note 3.1.2)	**-**	**-**	**(151,741,709)**	**(265,673)**	**-**	**124,300,177**	**(27,707,205)**	**(14,580,959)**	**(42,288,164)**
Adjusted balance as at 1 July 2018	**4,537,500,000**	**15,432,500**	**16,936,684**	**(265,673)**	**4,019,567,665**	**13,718,883,207**	**22,308,054,383**	**1,728,596,470**	**24,036,650,853**
Total comprehensive income for the year									
Profit for the year	**-**	**-**	**-**	**-**	**-**	**154,448,942**	**154,448,942**	**105,510,729**	**259,959,671**
Other comprehensive (loss) / income									
Share of other comprehensive income of equity accounted investees - net of tax	**-**	**-**	**(7,859,233)**	**(658,487)**	**-**	**(17,704,172)**	**(26,221,892)**	**-**	**(26,221,892)**
Reclassification adjustment	**-**	**-**	**(9,077,451)**	**-**	**-**	**9,077,451**	**-**	**-**	**-**
	-	**-**	**(16,936,684)**	**(658,487)**	**-**	**(8,626,721)**	**(26,221,892)**	**-**	**(26,221,892)**
Total comprehensive (loss) / income for the year	**-**	**-**	**(16,936,684)**	**(658,487)**	**-**	**145,822,221**	**128,227,050**	**105,510,729**	**233,737,779**
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)**
	-	**-**	**-**	**-**	**-**	**(907,500,000)**	**(907,500,000)**	**-**	**(907,500,000)**
Distribution by subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(56,885,289)**	**(56,885,289)**
Balance as at 30 June 2019	**4,537,500,000**	**15,432,500**	**-**	**(924,160)**	**4,019,567,665**	**12,957,205,428**	**21,528,781,433**	**1,777,221,910**	**23,306,003,343**

* Other reserve comprises of unrealised appreciation / (diminution) on remeasurement of equity investments previously as classified as 'available for sale' under IAS 39.

** Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30th June 2019

1. STATUS AND NATURE OF BUSINESS

1.1 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.

1.2 These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2019 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group"):

Name of Subsidiary Companies	*Effective holding*
- Arif Habib Limited, a brokerage house	65.52%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	65.52%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	65.52%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100%
Associates	
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset mangement company and investment advisor	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	30.00%

1.2.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 07 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.

1.2.2 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).

1.2.3 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 AH1857 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).

1.2.4 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 was located at House no 638-A, main double road, sector E-11/3, NPF, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhampir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.

1.2.5 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.

As at 30 June 2019, the BGPL has reported accumulated losses of Rs. 53.78 million (2018: Rs. 13.01 million) and its total liabilities exceeded its total assets by Rs. 3.79 million (2018: total assets exceeded its total liabilities by Rs. 36.98 million). BGPL is yet to start its operations and its management does not intend to liquidate, cease operations or wind up said company.

1.2.6 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, Centrepoint, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM2++ (2018: AM2++) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 8 October 2018. The fund under management is Rs. 79.89 billion (2018: Rs. 82.69 billion).

1.2.7 Fatima Fertilizer Company Limited (FFCL) and its wholly owned subsidiaries - Fatimafert Limited (FF) 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 was transferred to FFCL on 1 July 2015. Buber Sher (Private) Limited (BSPL) was another wholly owned subsidiary of FFCL which owned "Buber Sher" brand. BSPL now stands dissolved without winding-up by the order of the Court. The principal activity of the FFCL and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered offices of the FFCL and FF are located in E-110, Khayaban-e-Jinnah, Lahore Cantt, Pakistan. The manufacturing facility of FFCL is located at Mukhtargarh, Sadiqabad, Pakistan and Multan, Pakistan and manufacuting facility of FF is located near Chichoki Mallian at Sheikhupura road. BOD of FFCL in their meeting held on 15 October 2018 have decided to amalgamate/merge wholly its owned subsidiary, FF into FFCL with effect from 1 January 2019 subject to receipt of all requisite corporate and regulatory authorizations, consents and approvals

1.2.8 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, Fatima Packaging Limited (FPL) (formerly Reliance Sacks Limited). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the FPL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth, liners and cement bags. PFL and FPL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt. Manufacturing facility of PFL is located in Multan while manufacturing facility of FPL is located in Sadiqabad, Rahim Yar Khan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 .

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise disclosed.

2.4 Use of judgments and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements, and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Classification of Investments (note 3.20.2)
- Fair value of investment (note 3.24)
- Derivate financial instruments (note 3.3)
- Impairment (note 3.22)
- Staff retirement benefits (note 3.5)
- Provision for taxation (note 3.6)
- Useful lives and residual values of property, plant and equipment (note 3.7)
- Lease classification (note 3.7)
- Investment property (note 3.8)
- Impairment of investment property (note 3.8)
- Useful lives and residual values of intangible assets (note 3.9)
- Trade and other receivables (note 3.13)
- Provisions (note 3.18)

2.5 Amendments / interpretation to existing standard and forthcoming requirements

2.5.1 New standards, amendments or interpretations which became effective during the period

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 3.1, are considered not to be relevant or do not have any significant effect on the consolidated financial statements and are therefore not stated in these consolidated financial statements.

The Securities and Exchange Commission of Pakistan (SECP) vide its SRO 888(I)/2019 dated 29 July 2019 has notified amendments to the presentation and disclosure requirements of fourth schedule of the Companies Act, 2017. The amendments have been incorporated in these consolidated financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto, will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on these consolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently, in the process of analysing the potential impact of the said standard.

  Further, SEDPL plant's control due to purchase of total output by CPPA and other arrangement under the Energy Purchase Agreement (EPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to SEDPL were not accounted for as a lease in prior years. SEDPL arrangement with CPPA falls under the definition of a lease under IFRS 16, however, the SECP vide S.R.O. 986(I)/2019 dated 2 September 2019 has extended the earlier exemption from IFRIC 4 to all companies, which have entered into power purchase arrangements before 1 January 2019. SEDPL signed its Power Purchase Agreement with CPPA on 27 February 2014, accordingly, requirement of lease accounting relating to the SEDPL's arrangement with CPPA will not be applicable to SEDPL.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's consolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's consolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above improvements to standards are not likely to have material / significant impact on Group's consolidated financial statements.

2.6 Exemption from applicability of IFRIC 4 "Determining whether an arrangement contains a lease

International Accounting Standards Board (IASB) has issued IFRIC-4 "Determining whether an Arrangement contains a Lease", which is effective for financial periods beginning on or after 1 January 2006. According to the said interpretation an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a lease in accordance with the requirements of IAS 17 "Leases".

The subsidiary company's plant's control, due to purchase of total output by National Transmission & Despatch Company (NTDC), appears to fall under the scope of IFRIC 4. However, Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O No. 24 (I)/2012 has exempted application of IFRIC 4 for all companies. However, impact of IFRIC-4 is mandatory to be disclosed in the financial statements as per requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had this interpretation been applied, following adjustments to consolidated statement in profit or loss and consolidated statement of financial position would have been made:

	2019	2018
	(Rupees)	
Decrease in unappropriated consolidated profit at beginning of the year	**172,411,580**	(273,170,787)
Increase / (decrease) in consolidated profit for the year	**(201,513,050)**	445,582,367
Increase / (decrease) in unappropriated consolidated profit at end of the year	**(29,101,470)**	172,411,580

2.7 Exemption from application of Expected Credit Loss (ECL) required under IFRS-9

Although Group has adopted IFRS 9 "Financial Instruments" effective from 1 July 2018, SEDPL shall follow relevant requirements of IAS 39 'Financial Instruments Recognition and measurement' in respect of financial assets due from the Government of Pakistan (GoP).

SECP through S.R.O 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 3.1, the significant accounting policies applied in the preparation of these consolidated financial statements are the same as those applied in earlier periods presented.

3.1 Change in accounting policies resulting from adoption of standard during the year

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' which are effective for reporting period / year ending on or after 30 June 2019 and from annual periods beginning on or after 1 July 2018, respectively.

3.1.1 IFRS 15 'Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 "Construction Contracts" and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of good or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Parent Company makes strategic investment in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The major revenue is through SEDPL from the sale of electricity to the National Transmission and Despatch Company Pakistan (NTDC), the sole customer of SEDPL, at the rates specified under the Energy Purchase Agreement (EPA), as amended from time to time. EPA is a contract over a period of 20 years starting from Commencement Of Distribution (COD), under which the SEDPL has two performance obligations:

i) to sell and deliver all output of the complex, and
ii) insurance, operation & maintenance.

Moreover, SEDPL recognises revenue from selling all output of complex over time as the customer i.e NTDC simultaneously receives and consumes the benefits from the services provided by SEDPL under EPA. Further, SEDPL principally satisfies its performance obligation of revenue associated with insurance, operations and maintenance over time and the amount of revenue is recognised based on consideration specified in the EPA. Hence, SEDPL's policy is in line with the requirements of IFRS-15.

The adoption of IFRS 15 'Revenue from contracts with customers', as of 1 July 2018, did not impact the timing or amount of the operating revenue and related assets and liabilities recognised by the Group.

3.1.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. However, impairment losses for trade debts, receivable against margin financing and other receivables are presented in other charges and are not presented separately in the consolidated statement of profit or loss due to materiality considerations. The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of unappropriated profit (for a description of transition method see (iii).

	Note	Impact of adopting IFRS 9 on opening balance (Rupees)
Unappropriated profit		
Recognition of expected credit losses	(i)	**27,707,205**
Transfer from fair value reserve to unappropriated profit		
Cumulative unrealised appreciation on equity investment previously classified as "available-for-sale" reclassified as "fair value through profit or loss - FVTPL"	(i)	**152,007,382**
Impact at 1 July 2018		**179,714,587**
Fair value reserve		
Cumulative unrealised appreciation on equity investment previously classified as "available-for-sale" reclassified as "fair value through other comprehensive income - FVOCI"		**(265,673)**
Non - Controlling Interest		
Recognition of expected credit losses		**(14,580,959)**

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at July 1, 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IAS 39
				(Rupees)	
Financial assets					
Investments in equity securities		Designated at FVTPL	Mandatorily at FVTPL	5,630,786,960	5,630,786,960
Investments in equity securities	(a)	Available-for-sale	FVOCI - Equity instrument	-	-
Investments in equity securities	(b)	Available-for-sale	Mandatorily at FVTPL	892,673,931	892,673,931
Long term loan to related party		Loans and receivables	Amortised cost	182,359,745	182,359,745
Long term deposits and other receivables		Loans and receivables	Amortised cost	46,076,859	46,076,859
Trade Debts		Loans and receivables	Amortised cost	1,815,413,182	1,813,787,581
Deposits and prepayments		Loans and receivables	Amortised cost	69,742,548	69,742,548
Loans and advances		Loans and receivables	Amortised cost	1,750,769,161	1,711,057,505
Markup and other receivable		Loans and receivables	Amortised cost	353,997,898	353,046,991
Cash and bank balances		Loans and receivables	Amortised cost	1,088,346,989	1,088,346,989
				11,830,167,273	11,787,879,109
Financial liabilities					
Long term loans		Other financial liabilities	Other financial liabilities	10,435,219,633	10,435,219,633
Liabilities against assets subject to finance lease		Other financial liabilities	Other financial liabilities	1,345,933	1,345,933
Land lease liability		Other financial liabilities	Other financial liabilities	10,911,705	10,911,705
Trade and other payables		Other financial liabilities	Other financial liabilities	5,772,561,951	5,772,561,951
Accrued mark-up and other receivables		Other financial liabilities	Other financial liabilities	164,980,400	164,980,400
Short term borrowings		Other financial liabilities	Other financial liabilities	2,769,332,887	2,769,332,887
Payable against purchase of investment - net		Other financial liabilities	Other financial liabilities	115,245,044	115,245,044
				19,269,597,553	19,269,597,553

(a) These equity securities represents investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to consolidated statement of profit or loss.

(b) In accordance with IFRS 9, short term investments classified as 'available-for-sale' have been reclassified mandatorily at fair value through profit or loss at the date of initial application with fair value changes to be recognised in consolidated statement of profit or loss based on the business model objective to hold such investments for trading.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments classified as at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The following table reconciles carrying amount of financial asset under IAS 39 to carrying amount of financial asset having impairment impact under IFRS-9 on 1 July 2018:

	Original carrying amount under IAS 39	Impairment loss allowance under IFRS-9	New carrying amount under IFRS 9
		(Rupees)	
Trade Debts	1,815,413,182	(1,625,601)	1,813,787,581
Loans and advances	1,750,769,161	(39,711,656)	1,711,057,505
Markup and other receivable	353,997,898	(950,907)	353,046,991
	3,920,180,241	(42,288,164)	3,877,892,077

The above stated impairment does not include impairment on Financial asset held by SEDPL because of exemption from application of ECL required under IFRS-9 as described in note 2.7 to these consolidated financial statements.

Additional information about how the Group measures the allowance for impairment is described in note 3.21 to these consolidated financial statements

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. There was no difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 as at 1 July 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

3.2 Basis of consolidation and equity accounting

3.2.1 Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortised and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated statement of profit or loss. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss.

3.2.2 Subsidiaries

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

These consolidated financial statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and the accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. Any retained interest in the former subsidiary is measured at fair value where control is lost.

The financial year of the Parent Company and its subsidiaries are the same and also audited.

3.2.3 Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

3.2.4 Associates

The Parent Company considers its associates to be such entities in which the Group has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in consolidated statement of financial position at cost (including transaction cost), plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated statement of profit or loss reflects the Group's share of the results of its associate and consolidated statement of other comprehensive income reflect Group's shares in other comprehensive income of equity accounted investee. The equity method for investments in associates is applied from the date when significant influence commence until the date that significant influence ceases. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of investment. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2.4.1 The Group's share of results of associate MCB - Arif Habib Savings and Investments Limited, Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited are based on audited financial statements of the associate.

3.2.4.2 The financial statements of Silkbank Limited for the year ended 31 December 2018 were audited by its external auditor and financial statements for six months period ended 30 June 2019 were unaudited. However, a limited review of these financial statements was carried out by its external auditor. Accordingly, the share of profit and other comprehensive loss recognised for the year ended 30 June 2019 amounting to Rs. 197.85 million and Rs. 14.19 million respectively were derived from 31 December 2018 financial statements and 30 June 2019 financial statements. Equity method accounting on said associate has been discontinued on 30 June 2019 due to loss of significant influence, impact of this change is mentioned in note 20.4 to these consolidated financial statements.

3.2.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any Unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as Unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognised in consolidated statement of profit or loss. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.4 Purchase / Sold under resale / repurchase agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognised in the consolidated statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

3.5 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

3.5.1 Defined contribution plan

The Parent Company, AHL and AHCPL operate recognised provident fund schemes for all eligible permanent employees for which their contributions are charged to consolidated statement of profit or loss.

3.6 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. However, in case of SEDPL, a wind power generation company, no tax is payable in accordance with Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 on profit or gains derived by it from electric power generation. Further SEDPL is exempt from minimum tax on turnover under Clause (11a) (v) of part IV of Second Schedule to the Income Tax Ordinance, 2001.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilised. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. However, in case of SEDPL, no deferred tax has been provided owing to exemption of its income derived from electric power generation as provided under Clause 132 of Part I of second schedule to the Income Tax Ordinance, 2001.

3.7 Property, Plant and Equipment

Owned

Operating fixed assets, except capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Cost incurred to replace a component of an item of operating fixed assets is capitalised, the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to consolidated statement of profit or loss during the period in which they are incurred.

Depreciation on all operating fixed assets are charged to the consolidated statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in respective note. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the consolidated statement of profit and loss. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the consolidated statement of profit or loss.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Capital work in progress is stated at cost less impairment and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

Leased

Leases in terms of which the Group companies assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. The corresponding liability to the lessor is included in the consolidated statement of financial position as liabilities against assets subject to finance lease.

Leased assets which are obtained under Ijarah agreement are not recognised in the consolidated statement of financial position and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to consolidated statement of profit or loss on a straight line basis over the lease term.

Major stores and spares (Capital Spares)

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as operating fixed assets under category of major stores and spares.

3.8 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any and subsequently carried at fair value with any change therein recognised in consolidated statement of profit or loss.

For the purpose of subsequent measurement, the fair value of the investment property is determined with sufficient regularity based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

An investment property is derecognised either when disposed and any gain / (loss) on disposal is recognised in consolidated statement of profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in consolidated statement of profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain presented in the surplus on revaluation reserve. Any loss is recognised in consolidated statement of profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.9 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Subsequent expenditure is capitalized only if when it increases the future economic benefits embodied in the specific assets to which it relates. Other expenditure is recognised in consolidated statement of profit or loss. Amortisation is charged using the straight line method over assets estimated useful life at the rates stated in respective note, after taking into account residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortisation on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the consolidated statement of profit or loss.

3.9.1 Trading right entitlement certificate, membership card and offices

These are held by Arif Habib Limited (AHL), Arif Habib Commodities (Private) Limited (AHCPL) and Arif Habib 1857 (Private) Limited (AH1857) and are stated at cost less impairment losses, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.10 Biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss.

3.11 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.12 Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in consolidated statement of profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity - accounted investee is no longer equity accounted.

3.13 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less allowance for impairment. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss

3.14 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Group are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

3.15 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in consideration for goods and services received.

3.16 Short term borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

3.17 Revenue recognition

- Gain / loss on sale of investments are recognised in the consolidated statement of profit or loss on the date of transaction. All purchases and sales of securities that require delivery within the timeframe established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the financial assets.

- Brokerage, consultancy and advisory fee, commission etc. are recognised as and when such services are provided.

- Rental income from investment property is recognised on accrual basis.

- Dividend income is recognised when the Group's right to receive such dividend is established.

- Mark-up / interest income is recognised on a time proportion basis over the period of its tenor.

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.

- Rebate on export is recognised after finalization of export documents.

- Put option fee is recognised on time proportion basis over the period of its tenor.

- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in consolidated statement of profit or loss for the period in which they arise.

- Reverse repo income is recorded on accrual basis and late payment charges are accrued in the period in which they arise.

- Revenue from the sale of electricity to the National Transmission and Despatch Company (NTDC), the sole customer of SEDPL, subsidiary company, is recorded upon the output delivered and capacity available at the rates as specified under the Energy Purchase Agreement (EPA), as amended from time to time. EPA is a contract over a period of 20 years starting from Commercial Operation Date i.e. 11 April 2017.

3.18 Provisions

Provision is recognised when, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.19 Financial instruments

3.19.1 Recognition and Initial Measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.19.2 Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as and measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investment in debt instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL.

Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 July 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in consolidated statement of profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at fair value. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in consolidated statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to consolidated statement of profit or loss.

Financial assets – Policy applicable before 1 July 2018

The Group classified its financial assets into one of the following categories:
- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
    - held for trading;
    - derivative hedging instruments; or
    - designated as at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 July 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in consolidated statement of profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to consolidated statement of profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

3.19.3 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated statement of profit or loss.

3.20 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.21 Impairment

3.21.1 Non-derivative financial assets - Policy applicable from 1 July 2018

Financial instruments

The Group recognizes loss allowances for ECLs on:
- financial assets measured at amortized cost except debts due directly / ultimately from Government of Pakistan (GoP) for which exemption is granted by SECP as mentioned in note 2.7;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date;
- financial guarantee contracts issued at market rates; and
- other debt securities, loan to related parties, bank balances and other financial assets measured at amortized cost for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, contract asset and dues from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June 2019

Non-derivative financial assets - Policy applicable before 1 July 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through consolidated statement of profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through consolidated statement of profit or loss.

3.21.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in consolidated statement of profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.22 Off balance sheet obligations

The Group issues financial guarantee contracts in return for fees (i.e. commission on guarantee) to associated concerns. Under a financial guarantee contract, the Group undertakes to meet counter party's obligations under the terms of a debt instrument, if the counter party fails to do so. Financial guarantees issued at below market interest rates are initially recognised as liabilities at fair value, while financial guarantees issued at market rates are recorded off-balance sheet. The Group's policy is to issue financial guarantees at market rates, therefore such guarantee contracts are off-balance sheet and are disclosed in note 14.1.3 to these consolidated financial statements. The commission on guarantee is recognised on time proportion basis.

3.23 Fair value measurement

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Company establishes fair value using valuation techniques. These include the use of recent arm's length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants and are disclosed in note 42 to these consolidated financial statement

3.24 Foreign currency transaction and foreign operations

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the reporting date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the consolidated statement of profit or loss except in case of SEDPL, subsidiary company, which has availed the exemption as allowed by the SECP vide S.R.O 24(1)/2012 dated 16 January 2012 for the power sector companies, such gain or loss to be capitalised as part of plant which is departure from the requirement of International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates'.

Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, are translated to Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in consolidated statement other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity except to the extent that the translation differences is allocated to Non-Controlling Interest (NCI). When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated statement of profit or loss as part of gain or loss on disposal. If group retain control then it is reattributed to NCI. When group retain significant influence the relative portion of cumulative amount is reclassified to consolidated statement of profit or loss.

3.25 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

3.26 Cash and cash equivalents

Cash and cash equivalent for the purpose of consolidated statement of cash flow comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and short term running finance.

3.27 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at moving average cost.

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale

3.28 Stores, spare parts and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on reporting date.

3.29 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transactions cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of borrowings on an effective interest basis.

3.30 Expenses

All expenses are recognised in the consolidated statement of profit or loss on an accrual basis.

3.31 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, and intangible assets.

3.32 Dividend and appropriation to reserve

Dividend distribution to shareholders and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

The Parent Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated statement of profit or loss.

4. SHARE CAPITAL

4.1 Authorized share capital

2019 (Number of shares)	2018 (Number of shares)		Note	2019 (Rupees)	2018 (Rupees)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid-up share capital

2019 (Number of shares)	2018 (Number of shares)		Note	2019 (Rupees)	2018 (Rupees)
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000			**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000			**4,537,500,000**	4,537,500,000

4.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib held 70.11% (2018: 69.57%) of ordinary shares in the Parent.

5. SURPLUS ON REVALUATION

In the year 2015, Arif Habib Limited (AHL), a subsidiary company, had reclassified Leasehold Land and Offices to Investment Property. Immediately before transfer, AHL re-measured the said assets on respective fair values and recognised surplus in revaluation reserve as per the requirement of IAS 40 'Investment Property'.

6. REVENUE RESERVES

	2019	2018
	(Rupees)	
Other reserve	**-**	168,678,393
Fair value reserve	**(924,160)**	-
General reserves	**4,019,567,665**	4,019,567,665
Unappropriated profit	**12,957,205,428**	13,594,583,030
	16,975,848,933	17,782,829,088

7. NON CONTROLLING INTEREST (NCI)

Following are the share of non-controlling interest in respective companies of the group:

	2019	2018
Arif Habib Limited	**1,003,263,753**	1,096,266,391
Arif Habib Commodities (Private) Limited	**23,248,222**	22,252,122
Arif Habib 1857 (Private) Limited	**14,759,539**	16,782,303
Sachal Energy Development (Private) Limited	**735,950,396**	607,876,613
	1,777,221,910	1,743,177,429

7.1 The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations. :

	30 June 2019		30 June 2018	
	Arif Habib Limited	**Sachal Energy Development (Private) Limited**	Arif Habib Limited	Sachal Energy Development (Private) Limited
NCI Percentage	**34.48%**	**14.17%**	34.48%	14.17%
	-----(Rupees)-----			
Non-current assets	**1,930,670,892**	**16,093,518,856**	1,595,416,528	13,236,446,419
Current assets	**3,711,785,971**	**2,934,793,838**	3,877,950,857	2,006,804,020
Non-current liabilities	**-**	**10,753,923,431**	-	8,785,105,787
Current liabilities	**2,724,889,709**	**3,090,102,015**	2,286,051,538	2,177,694,968
Net assets	**2,917,567,154**	**5,184,287,248**	3,187,315,847	4,280,449,684
Intra-group elimination	**(2,713,402)**	**1,336,893**	(2,720,113)	1,336,893
Net assets attributable to NCI	**1,003,263,753**	**735,950,396**	1,096,266,391	607,876,613
Revenue	**178,306,173**	**3,216,729,353**	736,206,388	2,726,782,595
(Loss) / Profit	**(62,460,529)**	**903,837,564**	536,256,096	852,192,656
Other Comprehensive Income	**-**	**-**	-	-
Total comprehensive income	**(62,460,529)**	**903,837,564**	536,256,096	852,192,656
(Loss) / profit allocated to NCI	**(21,536,390)**	**128,073,783**	182,158,618	65,612,257
Cash flows from operating activities	**(469,171,838)**	**1,861,223,971**	247,014,532	1,877,258,258
Cash flows from investing activities	**137,851,663**	**(212,158)**	(457,139,956)	(14,387,444)
Cash flows from financing activities	**(164,641,379)**	**(1,772,687,554)**	(470,480)	(1,646,571,869)
Net (decrease) / increase in cash and cash equivalents	**(495,961,554)**	**88,324,259**	(210,595,904)	216,298,945
Dividend paid to NCI	**56,885,289**	**-**	189,617,630	-

8. LONG TERM LOANS - secured

	Note	2019	2018
		(Rupees)	
Term finance loan	8.1	13,160,000,000	10,944,000,000
Less: current portion		(1,645,000,000)	(1,216,000,000)
		11,515,000,000	9,728,000,000
Transaction cost			
Balance at 01 July		(963,959,950)	(1,103,753,453)
Less: Amortization		177,530,968	139,793,503
		(786,428,982)	(963,959,950)
		10,728,571,018	8,764,040,050
Term musharakah finance	8.2	-	455,000,000
Less: current portion		-	(130,000,000)
		-	325,000,000
Diminishing musharakah financing	8.3	-	179,583
Less: current portion		-	(179,583)
		-	-
		10,728,571,018	9,089,040,050

8.1 This represent long term loan facility of USD 100 million (current outstanding USD 80 million) availed by subsidiary company, SEDPL from Industrial and Commercial Bank of China (ICBC) under facility agreement dated 15 February 2015. The facility agreement has been registered with the State Bank of Pakistan on 29 May 2015. The loan carries mark-up at the rate of six months LIBOR plus 3.75% payable in arrears on semiannual basis. Principal is repayable in 20 bi-annual installment with a grace period of two years. During the current year, 2 semiannual installments of USD 5 million each (2018: 2 semiannual installment of USD 5 million each) have been repaid.

This loan has been secured against first charge of USD 107,134,400 duly registered with Securities and Exchange Commission of Pakistan, over all present and future current and operating fixed assets, pledge of all shares of the SEDPL in favour of ICBC and corporate guarantee issued by the Parent Company in the favour of ICBC.

Following are the key conditions as per the facility agreement which can create lender's right to cancel all or part of its commitments and can demand or declare payable payment of all or part of the loan:

- non payment of any due amount in pursuant to facility agreement;
- failure to comply with the terms of facility agreement related to purpose, security, non-disposal, SINOSURE insurance policy, negative pledge and financial covenants of the guarantee;
- any material misrepresentation given in relation to the facility agreement ;
- in case of insolvency of SEDPL or insolvency legal proceedings against SEDPL;
- in case of material adverse effect due to modification, revocation, suspension, termination or expiry of license or authority ;
- SINOSURE insurance policy is terminated, repudiated, invalid or ineffective in any other way; and
- SEDPL suspends or ceases to carry on all or a material part of its business.

8.2 In 2017, the Parent Company obtained term musharakah finance amounting to Rs. 520 million from Summit Bank Limited, under mark-up arrangement at the rate of 6 months KIBOR + 2% to be charged on semiannually basis. The loan is repayable in eight semi-annual instalments ending on 17 October 2021. The loan is secured against first pari passu charge over receivable of the Parent Company, ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 of Rs. 286 million and personal guarantee of Chief Executive Officer of the Parent Company.

During the year, the Parent Company has exercised early repayment option as per the agreement and repaid the entire outstanding term musharakah finance of Rs. 455 million along with the profit till the date of repayment.

8.3 The Parent Company has 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 has been repaid by the Parent Company upon reaching its maturity on 10 November 2018.

9. LAND LEASE LIABILITY

	2019	2018
	(Rupees)	
Balance at 1 July	**10,911,705**	10,527,163
Charge for the year	**1,744,543**	1,744,542
Paid during the year	**(1,360,000)**	(1,360,000)
Balance at 30 June	**11,296,248**	10,911,705
Less: Current portion shown under current liabilities	**(1,360,000)**	(1,360,000)
	9,936,248	9,551,705

This represents lease rental liability against 680 acres of land in Jhimpir Area, District Thatta of the Province of Sindh acquired by SEDPL, subsidiary company, under a sub lease agreement dated 20 October 2014 of master lease agreement dated 11 February 2008. Under the terms of the agreement, SEDPL has paid lease rental and incidental expenses amounting to Rs. 5,905,000 for 10 years. SEDPL is required to pay lease rental amounting to Rs. 1,360,000 yearly for ten years (from 1 February 2018 to 31 January 2028), and Rs. 3,145,000 yearly for the next ten years (from 1 February 2028 to 31 January 2038). The lease rentals are being amortised on straight line basis over the useful life of the project.

10. DEFERRED LIABILITY - GRATUITY

This represents deferred liability for employees' gratuity obligation of SEDPL:

	2019	2018
	(Rupees)	
Balance at beginning of the year	**10,154,032**	6,857,337
Liability recognised for the year	**4,944,632**	4,848,337
Gratuity paid during the year	**(1,042,499)**	(1,551,642)
Balance at end of the year	**14,056,165**	10,154,032

10.1 This include provision for gratuity of Rs. 10.36 million (2018: Rs. 7.44 million) payable to key management personnel of SEDPL.

11. DEFERRED TAXATION - net

	2019	2018
	(Rupees)	
The liability for deferred taxation comprises of temporary differences relating to:		
- Accelerated tax depreciation	**2,828,548**	3,387,540
- Investment in equity accounted associates	**1,208,339,527**	1,157,937,363
- Dividend receivable	**136,219**	-
- Investment property	**160,686,292**	44,832,675
- Unrealised gain on investments	**-**	32,860,023
- Accrued markup	**2,689,946**	2,117,600
	1,374,680,532	1,241,135,201
Deferred tax asset comprises of temporary differences relating to:		
- Accelerated tax depreciation	**(424,791)**	(58,326)
- Allowance for impairment loss on trade debts	**(119,282,529)**	(63,370,115)
- Unrealised gain on investments	**(46,922,257)**	-
- Impairment loss on 'other long term investment'	**(435,000)**	(435,000)
	(167,064,577)	(63,863,441)
	1,207,615,955	1,177,271,760

11.1 AHL, subsidiary company, based on the future projections, has recognised deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate, to Rs 119.28 million (2018: 63.37 million)..

12. TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees)	
Creditors	12.1	**594,084,957**	545,853,523
Operating and maintenance payable		**262,794,919**	259,014,080
Accrued liabilities		**23,772,427**	11,312,853
Withholding tax payable		**39,368,405**	23,200,525
Deposit under Option Agreement	12.2	**4,900,225,000**	4,900,225,000
Loan from Directors	12.3	**3,800,000**	-
Payable to provident fund		**272,108**	46,694
Other liabilities		**15,899,354**	32,909,276
		5,840,217,170	5,772,561,951

12.1 This includes amount of Rs. 28.71 million (2018: 21.3 million) payable to related parties by AHL.

12.2 This represents deposit and additional margin, affirming commitment towards exercising of Option granted to the existing sponsor of SilkBank Limited (the Bank) to purchase the Parent Company's entire investment in the Bank under the Option Agreement dated 15 December 2015 and also the amount of deposits received from profit participant procured by the said sponsor.

12.3 The said loan was provided to meet working capital requirements of ACHPL which was fully utilized during the year.

13. SHORT TERM BORROWINGS

	Note	2019	2018
		(Rupees)	
Secured - from banking companies			
- Running finance from banks	13.1	**3,712,854,073**	2,740,064,559
- Term finance	13.2	**998,904,023**	29,268,328
		4,711,758,096	2,769,332,887

13.1 Short term running finance facilities are available to Parent Company and its subsidiary, AHL, from various commercial banks, under mark-up arrangements, amounting to Rs. 8,190 million (2018: Rs. 7,590 million). These facilities have various maturity dates up to 31 March 2020 and need to be renewed after that. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2018: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 6 month KIBOR + 0.75% (2018: 1 month KIBOR + 0.5% to 6 months KIBOR + 1.25%) 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. 4,477 million (2018: Rs. 4,850 million).

13.2 This represent short term finance facility (revolving) of Rs. 1,000 million obtained from a commercial bank by SEDPL, subsidiary company, during the year (2018: Rs. 360 million) and carries mark-up at 3 months KIBOR + 3.5% payable quarterly in arrears (2018: 3 months KIBOR + 3% payable quarterly in arears). The facility is repayable on demand within one year and the facility is secured against;

- ranking charge of Rs. 1,334 million over all present and future current and fixed assets of SEDPL
- personal guarantee of director Mr. Arif Habib.

13.3 The fair value of shares of associated companies, shares held for trading and other securities / assets pledged as collateral against short term borrowings amount to Rs. 11,266.8 million (2018: Rs. 10,629 million).

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Parent Company

14.1.1 The Parent Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited. The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Parent Company was the Chairman of the Board of Directors of PSX during the year 2000. The Parent Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honourable Sindh High Court, Karachi. Individual liability of respective parties and undertakings is not quantifiable.

The legal advisor of the Parent Company is of the opinion that there are reasonable grounds for a favourable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Parent Company. Accordingly, no provision has been recognised there against.

14.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan (“SECP”) issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 (“the Ordinance”) regarding non-compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Parent Company for subscription of shares of Summit Bank Limited that were offered to general public by the Parent Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Parent Company against the order. The Parent Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and management is confident that the petition will be decided in Parent Company’s favour.

14.1.3 The Parent Company has issued Corporate Guarantee, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 100 million (current outstanding: USD 80 million) to Industrial Commercial Bank of China in relation to financing agreement of SEDPL.

The Parent Company has also issued Corporate Guarantees on behalf of associated concern, Aisha Steel Mills Limited to the extent of Rs. 2.477 billion and USD 10 million and Power Cement Limited to the extent of USD 10.127 million.

Further, the Parent Company has pledged shares with various banks for running finance facilities obtained by AHL. These facilities amount to Rs. 1,975 million.

The Company has obtained letters of indemnity from respective related parties.

AHL, Subsidiary Company

14.1.4 AHL has been contesting a demand of Rs. 45.42 million raised against its non taxable services vide order issued on 12 September 2014 by the Assistant Commissioner, Sindh Revenue Board. AHL has filed an appeal against the impugned order in the appropriate forum and accordingly a stay was granted against the impugned order. During the previous year, Appellate Tribunal of Sindh Revenue Board has remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. AHL’s legal counsel is of the view that the AHL has a favorable case based on merit. Accordingly no provision of the said amount has been made in these consolidated financial statements.

SEDPL, Subsidiary Company

14.1.5 There are no contingencies as on 30 June 2019.

Associates

14.1.6 The Group's share of associates' contingent liabilities is Rs. 3,548.07 million (2018: 7,506.77 million).

14.2 Commitments

Parent Company

14.2.1 There were no significant commitments at the balance sheet date except as otherwise disclosed in these consolidated financial statements.

AHL, Subsidiary Company

14.2.2 Following commitments are outstanding as at the year end:	**2019**	2018
	(Rupees)	
Outstanding settlements against marginal trading contracts	**183,844,159**	251,249,997
Outstanding settlements against sale/purchase of securities in regular market	**67,513,807**	150,852,380
Financial guarantee given by a commercial bank on behalf of AHL	**250,000,000**	250,000,000

SEDPL, Subsidiary Company

14.2.3 Commitments relates to operating lease of land as disclosed in note 9 to these consolidated financial statements.

14.2.4 SEDPL has entered into Operation and Maintenance Agreement with Hydrochina International Engineering Company Limited on 28 April 2012 as amended by Amendment Agreement dated 01 July 2017 for USD 1,885,000 per year for a period of two years till 30 June 2019. Operation and maintenance payable recorded under the said contract is USD 1,413,750 as at the reporting date. Subsequent to the year end, the SEDPL has arranged Operation and Maintenance services from Goldwind Pakistan (Private) Limited with effect from 1 July 2019, and the related Operation and Maintenance Agreement thereof is in under signing process.

14.2.5 Significant contracts

(a) Energy Purchase Agreement (EPA)

SEDPL has entered into Energy Purchase Agreement (EPA) on 27 February 2014 with National Transmission and Dispatch Company Limited (through its Central Power Purchasing Agency) on behalf of ex- WAPDA Distribution Companies ("the Power Purchaser") for the sale of its entire energy. The term of EPA is 20 years.

(b) Implementation Agreement (IA)

SEDPL has entered into implementation agreement (IA) with Government of Pakistan on 11 August 2014 to install wind turbines, generate and sell electricity up to 49.5 MW in Sindh Province, Pakistan.

(c) Operation and Maintenance Agreement - Offshore

SEDPL has entered into Operation and Maintenance Agreement with Hydrochina International Engineering Company Limited on 28 April 2012 as amended and novated by Novation and Amendment agreement 1 July 2017.

(d) Operation and Maintenance Agreement - Onshore

SEDPL has entered into Operation and Maintenance Agreement with Hydrochina International Engineering Company Limited on 28 April 2012 as amended by Amendment agreement dated 1 July 2017.

(e) Facility Agreement

SEDPL has entered into Facility Agreement of USD 100 Million with Industrial and Commercial Bank of China (ICBC) on 15 February 2015.

(f) Short Term Finance Facility

SEDPL has entered into short term running finance facility (revolving) of Rs. 1,000 million obtained from Faysal Bank Limited on 9 November 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees)	
Operating fixed assets	15.1	**16,158,398,853**	13,304,578,704

15.1 Operating fixed assets

	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Vehicles Leased	Plant and machinery	Office equipment	Computer and allied equipment	Exchange Gain/loss	Total
	(Rupees)								
COST									
Balance as at 01 July 2018	170,235,651	4,206,267	47,192,453	2,088,000	12,491,792,687	4,615,546	32,363,748	1,591,686,700	14,344,181,052
Additions during the year	-	2,524,903	50,500	-	-	3,473,400	5,623,341	3,594,250,000	3,605,922,144
Disposals	-	-	-	(2,088,000)	-	(75,000)	(181,301)	-	(2,344,301)
Balance as at 30 June 2019	**170,235,651**	**6,731,170**	**47,242,953**	**-**	**12,491,792,687**	**8,013,946**	**37,805,788**	**5,185,936,700**	**17,947,758,895**
DEPRECIATION									
Balance as at 01 July 2018	127,845,247	1,205,673	23,589,256	1,084,508	781,732,105	2,123,042	21,959,183	80,063,334	1,039,602,348
Charge for the year	6,108,321	622,286	4,727,373	89,333	624,528,162	770,440	4,364,864	109,819,998	751,030,777
Disposals / transfers	-	-	-	(1,173,841)	-	(43,115)	(56,127)	-	(1,273,083)
Balance as at 30 June 2019	**133,953,568**	**1,827,959**	**28,316,629**	**-**	**1,406,260,267**	**2,850,367**	**26,267,920**	**189,883,332**	**1,789,360,042**
Written down value as at 30 June 2019	**36,282,083**	**4,903,211**	**18,926,324**	**-**	**11,085,532,420**	**5,163,579**	**11,537,868**	**4,996,053,368**	**16,158,398,853**
COST									
Balance as at 01 July 2017	170,235,651	2,356,645	34,102,393	3,880,500	12,491,792,687	3,575,598	28,990,770	40,336,700	12,775,270,944
Additions during the year	-	1,849,622	13,291,060	-	-	1,039,948	3,814,139	1,551,350,000	1,571,344,769
Disposals	-	-	(201,000)	(1,792,500)	-	-	(441,161)	-	(2,434,661)
Balance as at 30 June 2018	170,235,651	4,206,267	47,192,453	2,088,000	12,491,792,687	4,615,546	32,363,748	1,591,686,700	14,344,181,052
DEPRECIATION									
Balance as at 01 July 2017	120,711,040	934,136	18,320,185	1,767,870	157,197,311	1,679,096	18,016,629	504,209	319,130,476
Charge for the year	7,134,207	271,537	5,351,978	335,572	624,534,794	443,946	4,122,069	79,559,125	721,753,228
Disposals / transfers	-	-	(82,907)	(1,018,934)	-	-	(179,515)	-	(1,281,356)
Balance as at 30 June 2018	127,845,247	1,205,673	23,589,256	1,084,508	781,732,105	2,123,042	21,959,183	80,063,334	1,039,602,348
Written down value as at 30 June 2018	42,390,404	3,000,594	23,603,197	1,003,492	11,710,060,582	2,492,504	10,404,565	1,511,623,366	13,304,578,704
Rates of depreciation (%)	5 - 15	10 - 15	20	20	5	15 - 20	33	5	

16. INTANGIBLE ASSETS - OTHERS

	2019	2018
	(Rupees)	
Cost		
Opening balance	**9,108,247**	9,012,247
Additions during the year	**-**	96,000
Closing balance	**9,108,247**	9,108,247
Amortization		
Opening balance	**6,118,631**	5,251,238
Amortization for the year	**577,342**	867,393
Closing balance	**6,695,973**	6,118,631
Written down value as at 30 June	**2,412,274**	2,989,616

16.1 The amortisation charge has been allocated to operating and administrative expenses (note 32).

17. GOODWILL

Goodwill is monitored by the management at individual entity level which are considered cash generating units. The carrying amount of goodwill allocated to the individual cash generating units (CGUs) is as follows:

	Note	2019	2018
		(Rupees)	
Arif Habib Limited	17.1	**838,683,576**	838,683,576
Sachal Energy Development (Private) Limited	17.2	**71,522,541**	71,522,541
		910,206,117	910,206,117

17.1 Impairment testing of Goodwill relating to Arif Habib Limited (AHL):

The recoverable amount of the business operations of AHL (cash generating unit) have been determined based on its value in use determined by discounting future cash flows to be generated from continuing use of cash generating units. The calculations uses cash flow projections which require the use of assumptions prepared by management covering period from 2020 to 2024 till terminal period. The Group has applied 21% discount rate to cash flow projections cash flows beyond the five year period are extrapolated using the estimated growth rate of 5%.

The calculation of 'value in use' for the business operations is most sensitive to the following assumptions:

Revenue

Revenue comprises of brokerage, advisory, consultancy, dividend and capital gain. Major revenue depends on the volume of trading of shares and increase in share index. The market index and volume of share is expected to grow in upcoming future which will result in increase in revenue of AHL. Management used an average of 6% annual growth rate in revenue. Management is of the view that these assumptions are reasonable considering the current market conditions.

Financial charges

Financial cost has projected based on the short term financing arrangement made by the AHL. The finance charges are expected to decrease as revenue generated will be utilized to reduced borrowings. Management expects to reduce finance cost by 46% in upcoming periods.

Discount rate

Discount rates reflect management's estimate of the rate of return required for the business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the weighted average cost of capital.

Long term growth rate

This is the weighted average growth rate used to extrapolate cash flows beyond five year period. The terminal growth rate is considered by management to be achievable.

Sensitivity to changes in other assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amount of the cash generating units will not result in an impairment of Goodwill.

17.2 Impairment testing of Goodwill relating to Sachal Energy Development (Private) Limited (SEDPL):

The recoverable amount of the business operations of SEDPL (cash generating unit) have been determined by dividend discount model which is a quantitative method used for predicting the price of a company's stock based on the theory that its present-day price is worth the sum of all of its future dividend payments when discounted back to their present value covering period from 2020 to 2037.

The calculation of 'dividend discount model' for the business operations is most sensitive to the following assumptions:

Revenue growth (Tariff rate)

Revenue growth assumptions have been derived from the projections prepared by management taking into account the tariff fixed by regulatory authority. Management is of the view that these assumptions are reasonable considering the current market conditions.

Cost of supply of services and gross margins

Cost of supply of power has been projected on the basis of multiple strategies planned by management to ensure profitable operations. These strategies include cost cutting mechanism such as reducing maintenance cost, and increasing efficiency of power supply etc. resulting in improved gross margins over the forecasted period.

Financial charges

Financial cost has projected based on the long term financing arrangement made by the SEDPL. Finance cost is expected to be reduced due to payments of semiannually installments.

Discount rate

Discount rates reflect management's estimate of the rate of return required for the business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rate (cost of equity) is calculated by using the Capital Asset Pricing Model (CAPM). The Group has applied 20% discount rate to estimated future dividends.

Sensitivity to changes in other assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amount of the cash generating units will not result in an impairment of Goodwill.

18. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES	**Note**	**2019**	2018
		(Rupees)	
Trading right entitlement certificate			
Cost		**35,500,000**	35,500,000
Impairment		**(30,500,000)**	(21,500,000)
	18.1	**5,000,000**	14,000,000
Membership cards			
- Pakistan Mercantile Exchange Limited		**1,000,000**	1,000,000
Booths			
- Pakistan Stock Exchange Limited - three booths		**2,100,000**	2,100,000
		8,100,000	17,100,000

18.1 This represents TREC received by Its subsidiaries, Arif Habib Limited and Arif Habib 1857 (Private) Limited, in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These have been carried at cost less impairment.

19. INVESTMENT PROPERTIES

	Note	2019	2018
		(Rupees)	
Opening balance		**1,373,500,000**	2,362,374,219
Acquisition during the year		**163,419,941**	859,120,000
Disposal during the year		**(180,540,000)**	(2,232,984,219)
		1,356,379,941	988,510,000
Changes in fair value - net		**370,039,859**	384,990,000
		1,726,419,800	1,373,500,000

19.1 This represent investment in certain plots of land and residential bungalows situated at Naya Nazimabad, Deh Mangohpir, Gadap Town, Karachi owned by AHL. Further, this include the investment in offices located in the building complex of Pakistan Stock Exchange Limited, ISE Towers REIT Management Company Limited and LSE Financial Services Limited owned by AHL. The fair value of such investment properties were determined by an independent external property valuer having appropriate recognised qualification and relevant experience. A gain of Rs. 370.04 million representing change in fair value has been recognised in consolidated statement of profit or loss.

19.2 Forced sales value of the above investment properties as at 30 June 2019 is Rs. 1,478.1 million (2018: Rs. 1,171 million).

20. EQUITY ACCOUNTED INVESTEES

	Note	2019	2018
		(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	20.1	**11,568,379,073**	10,107,412,937
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	20.2	**562,068,013**	592,687,874
Pakarab Fertilizers Limited (PFL)	20.3	**-**	1,785,318,300
Silkbank Limited	20.4	**-**	4,668,642,098
		12,130,447,086	17,154,061,209
Less: Allowance for impairment		**(119,982,605)**	(119,982,605)
		12,010,464,481	17,034,078,604

20.1 Investment in FFCL (quoted) represents 319 million (2018: 319 million) fully paid ordinary shares of Rs. 10 each representing 15.19% (2018: 15.19%) of FFCL's paid up share capital as at 30 June 2019. Fair value per share as at 30 June 2019 is Rs. 29.85 (2018: Rs. 32.40) which is based on quoted share price on stock exchange at reporting date.

20.2 Investment in MCB-AH (quoted) represents 21.66 million (2018: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2018: 30.09%) of MCB-AH's paid up share capital as at 30 June 2019. Market value per share as at 30 June 2019 was Rs. 22.99 (2018: Rs. 20.00) which is based on quoted share price on stock exchange at reporting date.

20.3 Investment in PFL (unquoted) represents 135 million (2018: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2018: 30%) of PFL's paid up share capital as at 30 June 2019, having cost of Rs. 1,324.33 million (2018: Rs. 1,324.33 million). The management of PFL is analysing various strategies to operate the said company on sustainable basis resulting in a wide range of possible fair value measurements. As allowed under IFRS 9, cost may be an appropriate estimate of fair value if there is a wide range of possible fair value measurements and costs represents the best estimate of fair value within that range. Accordingly, the fair value has been estimated at Rs. 9.81 per share as at 30 June 2019 (2018: Rs. 87 per share). The Group's has not recognised loss amounting to Rs 834.16 million in relation to its interest in PFL, because the Group has no obligation in respect of this loss.

20.4 On 30 June 2019, management has assessed that the Group ceases to exercise significant influence over Silkbank Limited (the Bank) due to the fact that the Option Holder has already affirmed its commitment towards exercising of Option by depositing money in respect of the Put Option agreement. Consequently, the nominee director on the Board of Directors of the Bank was advised during the year to resign and based on that, the nominee has formally resigned subsequent to the year end. However, since Parent Company has lost significant influence therefore, said investee company is now carried at fair value which is presented in note 28 and its gain on difference of fair value of retained interest and carrying amount at the date of discontinuing the use of equity method is presented in note 31 to these consolidated financial statements.

20.5 Summarized financial information of the associates of the Group as of 30 June 2019 is as follows

	2019			
	MCB - Arif Habib Savings and Investments Limited	**Pakarab Fertilizer Limited**	**Silkbank Limited**	**Fatima Fertilizer Company Limited**
	(Rupees in '000)			
Percentage ownership interest	**30.09%**	**30.00%**	**0.00%**	**15.19%**
Non-current assets	885,754	21,963,961	-	104,382,572
Current assets	1,158,569	28,959,646	-	37,198,228
Non-current liabilities	42,342	10,882,372	-	21,186,379
Current liabilities	539,754	36,082,609	-	44,236,561
Net assets	1,462,227	3,958,626	-	76,157,860
Elimination of revaluation surplus with related deferred taxation*	-	(6,739,169)	-	-
Net assets of equity accounted investee (adjusted)	1,462,227	(2,780,543)	-	76,157,860
Group's interest in net assets of investee company	439,984	(834,163)	-	11,568,379
Restricting share of loss to carrying amount (refer note 20.3)		834,163		
Goodwill	-	-	-	-
Carrying amount of equity accounted investee**	**442,085**	**-**	**-**	**11,568,379**
Revenue	**715,079**	**15,923,430**	**10,451,037**	**61,692,570**
Profit / (loss) from continuing operations	24,235	(5,080,160)	700,854	13,350,308
Loss from discontinuing operations	-	(3,640,386)	-	-
Other comprehensive loss	-	(11,057)	(50,271)	(57,362)
Total comprehensive income / (loss)	24,235	(8,731,603)	650,583	13,292,946
Group's share of total comprehensive income in equity accounted investee	**7,292**	**(1,785,318)**	**183,660**	**2,019,216**
Dividends received by the Group	**37,912,292**	**-**	**-**	**558,250,361**

	2018			
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizer Limited	Silkbank Limited	Fatima Fertilizer Company Limited
	(Rupees in '000)			
Percentage ownership interest	30.09%	30.00%	28.23%	15.19%
Non-current assets	954,679	43,800,051	-	96,537,898
Current assets	1,294,049	19,538,035	161,888,560	24,595,752
Non-current liabilities	54,837	18,106,677	-	25,375,660
Current liabilities	622,920	26,199,402	147,997,193	29,218,076
Net assets	1,570,971	19,032,007	13,891,367	66,539,914
Elimination of revaluation surplus with related deferred taxation*	-	(13,080,947)	(47,700)	-
Net assets of equity accounted investee (adjusted)	1,570,971	5,951,060	13,843,667	66,539,914
Group's interest in net assets of investee company	472,705	1,785,318	3,908,067	10,107,413
Goodwill	-	-	760,575	-
Carrying amount of equity accounted investee**	472,705	1,785,318	4,668,642	10,107,413
Revenue	703,021	9,776,863	8,887,851	44,844,081
Profit / (loss) from continuing operations	127,628	(4,074,246)	1,402,938	11,856,317
Other comprehensive loss	(10,194)	(12,100)	(48,117)	(45,322)
Total comprehensive income / (loss)	117,434	(4,086,346)	1,354,821	11,810,995
Group's share of total comprehensive income in equity accounted investee	35,335	(1,225,904)	399,856	1,794,113
Dividends received by the Group	37,912,292	-	-	717,750,464

*The adjustment represent alignment of accounting policy of associates with the Group.

**Group's share of net assets equal the carrying amount of equity accounted investees.

20.6 Financial statements of MCB-AH, FFCL and PAFL have been audited by their independent auditors. Financial statements of Silkbank as at 31 December 2018 has been audited and interim financial information of Silkbank for the six months period ended 30 June 2019 has been reviewed by its independent auditor.

21. OTHER LONG TERM INVESTMENTS

	Note	2019	2018
		(Rupees)	
Equity securities - at FVOCI / available for sale	21.1	-	-
Equity securities - designated at FVTPL	21.2	66,046,528	72,390,122
		66,046,528	72,390,122

21.1 Equity securities - at FVOCI / available for sale

At 01 July 2018, the Parent Company designated the investment shown below as equity securities at FVOCI.

		Shares	Fair value
		2019	
		(Number)	(Rupees)
Sun Biz (Private) Limited (SBL)	21.1.3	10,000	-
Al-Khabeer Financial Services (Private) Limited (AKSF)	21.1.4	5,000	-

21.1.2 Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous year and no change in fair value is recognised in current year financial statements.

21.1.3 Investment in SBL (unquoted) represents 10,000 (2018:10,000) fully paid ordinary shares of Rs. 100 each

21.1.4 Investment in AKFS (unquoted) represents 5,000 (2018:5,000) fully paid ordinary shares of Rs. 200 each

21.2 Equity securities - designated at FVTPL

		2019	2018
		(Rupees)	
Pakistan Stock Exchange Limited	21.2.1	13,023,998	19,786,459
ISE Towers REIT Management Company Limited	21.2.2	40,936,808	43,910,720
LSE Financial Services Limited	21.2.2	12,085,722	8,692,943
		66,046,528	72,390,122

21.2.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by AHL, subsidiary company, in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by AHL were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

In March 2017, AHL disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, AHL is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription. Given the above, the investment to the extent of 25% has been classified as other long term investment while the remaining investment in PSX has been classified under short term investment.

21.2.2 This represents the investment in 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited and 3,034,604 unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited. Management of AHL has carried out the valuation of the aforementioned investments. In this connection, Discounted Free Cash Flow to Equity model for business valuation was used to determine fair value of respective investee companies. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Principal assumptions used in the valuation of above unquoted investments described in note 42 to these consolidated financial statements.

22. LONG TERM LOAN TO RELATED PARTY

	Note	2019	2018
		(Rupees)	
Secured			
Aisha Steel Mills Limited		**182,359,793**	201,315,405
Less: Current portion of long term loan		**(18,955,660)**	(18,955,660)
		163,404,133	182,359,745

22.1 As approved by shareholders during the annual general meeting held on 28 October 2017, the Company had converted running finance to a long term loan. 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 (2018: 6 months KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period was ranged between 10.29% to 14.05% per anum (2018: ranged between 9.40% to 9.46% per annum). Mark-up is payable on semi-annual basis.

22.2 Maximum balance due from related party during the year was Rs. 172.88 million (2018: Rs. 182.36 million).

23. LONG TERM DEPOSITS AND OTHER RECEIVABLE

	Note	2019	2018
		(Rupees)	
Pakistan Stock Exchange Limited			
LSE Financial Services Limited		**17,207,961**	17,207,961
ISE Towers REIT Management Company Limited		**-**	12,331,941
National Clearing Company of Pakistan Limited		**150,000**	150,000
Receivable from employees against leased vehicles		**2,594,578**	1,307,134
Pakistan Mercantile Exchange deposit for office	23.1	**2,397,440**	2,870,040
Other deposits		**11,507,205**	11,507,205
		1,133,536	702,578
		34,990,720	46,076,859

23.1 This represents security deposits paid by the Parent Company on behalf of employees for leased vehicle and is secured against respective employees' provident fund balances. It will be recovered from the respective employees from their final settlement or at the termination of lease agreement.

24. TRADE DEBTS

	Note	2019	2018
		(Rupees)	
Trade debt			
- secured	24.1	**2,399,342,940**	1,143,372,161
- unsecured	24.2	**1,062,507,452**	1,007,748,575
		3,461,850,392	2,151,120,736
Less: Allowance for impairment of trade debt	24.3	**(902,969,044)**	(922,829,128)
		2,558,881,348	1,228,291,608
Unbilled Receivable			
- Regular energy		**23,126,450**	515,125,613
- Shortfall energy		**7,018,480**	55,753,318
- Bonus energy		**11,105,839**	11,105,839
- Late payment charges		**62,620,310**	5,136,804
	24.4	**103,871,079**	587,121,574
		2,662,752,427	1,815,413,182

24.1 This includes trade debts of SEDPL, subsidiary company, from Central Power Purchasing Agency Limited (CPPA) which are secured by a guarantee from Government of Pakistan (GoP) under the Implementation Agreement (IA) dated 11 August 2014. As referred in note 2.7, SECP has exempted the applicability of expected credit loss allowance on trade debts due directly / ultimately from GoP. Further, these are subject to mark-up on delay payments under EPA dated 27 February 2014 at the rate of 3 month KIBOR plus 4.5% per annum. This also includes Rs. 0.4 million (2018: Rs. 0.1 million) due from related parties. AHL, subsidiary company, holds capital securities having fair value of Rs. 37,076 million (2018: Rs. 42,256 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 2,424 million (2018: Rs. 1,149 million)

24.2 This represents commission, consultancy and other service fee receivable by AHL.

24.3 Movement in allowance for impairment of trade debts during the year was as follows. Comparative amounts for the year ended 30 June 2018 represents the allowance account for impairment losses under IAS 39.

	2019	2018
	(Rupees)	
Balance as at 1 July 2018 under IAS 39	**922,829,128**	877,449,000
Adjustment on initial application of IFRS 9	**1,625,601**	-
Balance as at 1 July 2018 under IFRS 9	**924,454,729**	877,449,000
(Reversal) / provision during the year	**(21,485,685)**	45,380,128
Balance as at 30 June 2019	**902,969,044**	922,829,128

24.4 This represents un-invoiced revenue of SEDPL, subsidiary company. These invoices will be raised subsequent to year end. The decision of NEPRA for one time adjustment of tariff at COD was made on 1 June 2018. However, as per the EPA, invoices can only be made after the gazette notification of the decision. Accordingly, this amount represents unbilled revenue of SEDPL till 30 June 2019 based on the adjustments allowed to the initial tariff.

25. LOANS AND ADVANCES - considered good

	Note	2019	2018
		(Rupees)	
Unsecured			
Advance:			
- Bid margin in initial public offer		**-**	14,000,000
- for expenses		**1,109,165**	2,453,499
		1,109,165	16,453,499
Loans to related parties:			
Javedan Corporation Limited (JCL)	25.1	**10,067,474**	1,468,000,000
Aisha Steel Mills Limited (ASL)	25.2	**-**	175,000,000
		10,067,474	1,643,000,000
Secured			
Receivable against Reverse repo		**52,152,387**	62,815,648
Less: Allowance for imapirment	25.3	**(39,711,656)**	-
		12,440,731	62,815,648
Advances / loan to employees'	25.4	**4,764,001**	9,544,354
Loans to related parties:			
Aisha Steel Mills Limited (ASL)	22.1	**18,955,660**	18,955,660
		47,337,031	1,750,769,161

25.1 The Parent Company entered into an arrangement with JCL. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum (2018: 3 month KIBOR + 2.25% per annum). The markup is payable on quarterly basis. The effective mark-up charged during the year ranged between 9.17% to 13.38% per anum (2018: ranged between 8.59% to 8.75% per annum).

25.2 The Parent Company entered into a loan agreement with ASL. The loan is repayable within 30 business days' notice of demand. The mark-up rate on the said loan is 3 months KIBOR + 3% per annum (2018: 3 months KIBOR + 3% per annum). Mark-up is payable on quarterly basis. The effective mark-up charged during the year was ranged between 9.92% to 14.13% per annum (2018: ranged between 9.16% to 9.50% per annum).

25.3 Movement in allowance for impairment relating to Receivable against reverse repo agreement is as follows:

Balance as at 1 July 2018 under IAS 39	**-**
Adjustment on initial application of IFRS 9	**39,711,656**
Balance as at 1 July 2018 under IFRS 9	**39,711,656**
Provision during the year	**-**
Balance as at 30 June 2019	**39,711,656**

25.4 This includes advance and loans provided to key management personnel amounting to Rs. 4.55 million (2018: Rs. 5.02 million). Loan provided to executive and staff are interest free. This include loans which have been provided for the purchase of vehicles and for other purposes in accordance with the terms of employment. The advances and loans are repayable as respective Company's policy. The advances and loans are secured against staff provident fund.

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

26. DEPOSITS AND PREPAYMENTS

	Note	2019 (Rupees)	2018
Deposits - future clearing	26.1	38,869,319	7,425,828
Prepayments		58,540,214	4,145,144
Marginal trading system - exposure deposit	26.2	301,754,729	58,129,807
Others		94,506	41,769
		399,258,768	69,742,548

26.1 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL, subsidiary company, in accordance with the regulations of PSX.

26.2 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL, subsidiary company, in accordance with the regulations of National Clearing Company of Pakistan Limited.

27. ACCRUED MARK-UP AND OTHER RECEIVABLES

	Note	2019 (Rupees)	2018
Mark-up receivable			
From related parties:	27.1		
Aisha Steel Mills Limited		35,352,227	9,670,362
Javedan Corporation Limited		40,567,881	28,967,534
		75,920,108	38,637,896
Others		50,657,640	21,355,813
		126,577,748	59,993,709
Receivable against margin financing	27.2	116,163,581	257,416,270
Less: Allowance for impairment	27.3	(1,917,749)	-
		114,245,832	257,416,270
Guarantee commission receivable			
Aisha Steel Mills Limited	27.4	987,489	869,364
Power Cement Limited		420,538	-
		1,408,027	869,364
Other receivables			
Dividend receivable		908,125	2,024,298
Others	27.5	11,374,307	33,694,257
		12,282,432	35,718,555
		254,514,039	353,997,898

27.1 The maximum amount due from related parties in respect of markup receivable as at the end of any month during the year was Rs. 75.92 million (2018: Rs. 38.64 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

27.2 Margin financing facility is provided to clients on markup basis ranging from 12% to 18.25% per anum (2018: 12% to 14% per annum).

27.3 Movement in allowance for impairment relating to Receivable against margin financing is as follows:

	2019 (Rupees)	2018
Balance as at 1 July 2018 under IAS 39	-	-
Adjustment on initial application of IFRS 9	950,907	-
Balance as at 1 July 2018 under IFRS 9	950,907	-
Provision during the year	966,842	-
Balance as at 30 June 2019	1,917,749	-

27.4 The maximum amount due from related party in respect of guarantee commission as at the end of any month during the year was Rs. 1.82 million (2018: Rs. 0.869 million).

	Note	2019	2018
		(Rupees)	
28. SHORT TERM INVESTMENTS			
Equity securities - at FVTPL	28.1	**11,602,524,636**	5,558,396,838
Equity securities - available-for-sale		**-**	892,673,931
Corporate debt securities - at FVTPL	28.2	**371,613,197**	187,681,776
		11,974,137,833	6,638,752,545
28.1 Equity securities - at FVTPL			
Investment in quoted equity securities			
- Related parties	28.1.1	**7,331,959,662**	1,587,163,140
- Others	28.1.2	**4,270,564,974**	3,964,233,698
Investment in units of mutual funds		**-**	7,000,000
		11,602,524,636	5,558,396,838

28.1.1 These include investments in Aisha Steel Mills Limited (ASML), Power Cement Limited and Silkbank Limited. Further, equity investment in Javedan Corporation Limited (JCL) was reclassified from available-for-sale to FVTPL on 1 July 2018. The fair value of shares pledged of ASML to secure project financing amounted to Rs. Nil (2018: 315.4 million).

28.1.2 Fair value of short term investments pledged with various banking companies against various finance facilities amounts of Rs. 6909.79 million (2018: Rs. 5,745.98 million).

28.3 Total value of pledged securities with financial institutions by AHL, subsidiary company, indicating separately securities belonging to customers are as under:

	30 June 2019		30 June 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	**209,810,000**	**4,495,028,500**	136,000,000	4,414,016,000
Brokerage House	**73,490,995**	**1,402,764,488**	74,942,000	1,331,963,863
	283,300,995	**5,897,792,988**	210,942,000	5,745,979,863

	Note	2019	2018
28.2 Corporate debt securities - at FVTPL		(Rupees)	
Term Finance Certificates	28.2.1	**371,613,197**	187,681,776

28.2.1 This includes Term Finance Certificate (TFCs) amounting to Rs. 321.61 million (2018: Rs.187.68 million) under Market Making agreements.

	Note	2019	2018
		(Rupees)	
28.3 Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL			
Cost of investment	28.3.1	**13,199,284,347**	6,540,302,134
Unrealised (loss) / gain:			
Balance as at 1 July	28.3.1	**185,473,973**	407,565,674
Unrealised (loss) / gain for the year		**(1,410,620,487)**	(309,115,263)
		(1,225,146,514)	98,450,411
Balance as at 30 June		**11,974,137,833**	6,638,752,545

28.3.1 Reclassification due to initial adoption of IFRS 9

Cost and unrealised (loss) / gain includes investment in JCL as on 1 July 2018:

	(Rupees)
Cost of investment	805,650,369
Unrealised gain	87,023,562
Fair value of JCL as on 1 July 2018	892,673,931

29. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees)	
With banks in:			
Current accounts			
- In local currency	29.1	**613,428,244**	274,778,786
- In foreign currency		**6,576,497**	4,992,523
		620,004,741	279,771,309
Deposit accounts	29.2	**848,298,767**	807,960,925
		1,468,303,508	1,087,732,234
Cash in hand		**777,321**	614,755
		1,469,080,829	1,088,346,989

29.1 This includes unclaimed dividend deposited in separate dividend account amounting to Rs. 46.17 million (2018: Rs. 43.86 million).

29.2 The balance in deposit accounts carry mark-up ranging from 4.50% to 10.25% per annum (2018: 2.40% to 6.35% per annum).

29.3 Bank balances also include customers' bank balances held in designated bank accounts by AHL, subsidiary company, amounting to Rs. 595.99 million (2018: 661.625 million).

30. OPERATING REVENUE

		2019	2018
		(Rupees)	
Dividend income		**196,325,399**	147,525,311
Mark-up income on loans and advances	30.1	**207,829,639**	67,030,279
Mark-up income on term finance certificates		**4,682,791**	-
Brokerage income		**308,800,570**	336,741,228
Mark-up income on bank deposits		**54,707,643**	50,895,648
Underwriting, consultancy and placement commission		**375,510,816**	218,033,808
Revenue from sale of energy - net	30.2	**3,184,909,578**	2,698,269,920
Income from reverse repo transaction		**25,265,266**	4,076,856
Gain on sale of investment property		**23,315,000**	221,301,164
		4,381,346,702	3,743,874,214

30.1 This include mark-up income received from associated concerns namely Aisha Steel Mills Limited and Javedan Corporation Limited.

30.2 Revenue from sale of energy - net

	2019	2018
	(Rupees)	
Regular energy	**3,200,802,993**	2,707,938,882
Short fall energy	**399,502,963**	275,260,220
Bonus Energy	**-**	11,105,839
Less: Sales tax	**(516,349,207)**	(330,644,538)
	3,083,956,749	2,663,660,403
Late payment charges	**100,952,829**	34,609,517
	3,184,909,578	2,698,269,920

31. LOSS ON REMEASUREMENT OF INVESTMENTS - net

This includes gain arising from difference in fair value of retained interest and carrying amount at the date of discontinuing the use of equity method for Silkbank amounting to Rs. 47.92 million.

32. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees)	
Cost of energy's sales	32.1	**1,170,111,556**	1,055,759,451
Salaries and benefits	32.2	**209,506,535**	176,190,177
Printing and stationery		**5,511,998**	7,044,286
Communication		**16,743,814**	15,130,360
Rent, rates and taxes		**47,519,383**	47,399,751
Utilities		**4,771,627**	3,930,762
Legal and professional charges		**9,769,533**	19,767,556
Central Depository Company and clearing house charges		**29,466,904**	25,249,348
Entertainment		**1,177,620**	1,108,936
Travel and conveyance		**31,284,149**	26,861,421
Depreciation		**16,682,617**	17,659,309
Amortisation of intangible assets		**577,342**	867,395
Repairs and maintenance		**27,175,038**	23,061,774
Insurance		**7,223,986**	7,667,492
Fees and subscription		**3,587,693**	2,301,215
Advertisement, business promotion and research		**63,347,032**	27,562,341
Meeting expenses		**864,127**	1,415,089
Auditors' remuneration	32.3	**4,904,273**	4,790,572
Technical assistance / commission and advisory fee		**116,217,443**	86,249,246
Others		**10,699,647**	9,012,443
		1,777,142,317	1,559,028,924

32.1 This includes depreciation expense of Rs. 734.35 million (2018: 704.09 million) recognised by SEDPL, subsidiary company.

32.2 This includes the Group's contribution to staff retirement benefits amounting to Rs. 13.40 million (2018: Rs. 12.95 million).

32.2.1 Parent Company, AHL and AHCPL have set up provident fund for its employees. All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

32.3 Auditors' remuneration

	Note	2019	2018
		(Rupees)	
Audit fee		**3,157,200**	3,097,200
Certifications including half yearly review		**1,505,483**	1,482,712
Out of pocket		**241,590**	210,660
		4,904,273	4,790,572

33. OTHER INCOME

	Note	2019	2018
Profit on exposure deposit		**2,564,458**	1,404,805
Mark-up on Margin Trading System		**46,416,016**	72,726,944
Guarantee commission income	33.1	**4,736,308**	3,249,195
Reversal of allowance for impairment loss in trade debts		**21,485,685**	11,146,084
Exchange gain		**-**	832,021
Others		**26,365,110**	51,837,332
		101,567,577	141,196,381

33.1 This pertains to corporate guarantee issued to associated concerns namely Aisha Steel Mills Limited and Power Cement Limited.

34. FINANCE COST

	2019	2018
	(Rupees)	
Mark-up on long term loans	**800,345,379**	682,220,638
Mark-up on short term borrowings	**447,419,402**	223,239,594
Mark-up on finance lease	**17,569**	100,765
Bank charges	**5,059,844**	7,223,471
Amortisation of transaction cost	**177,530,968**	139,793,503
Mark-up on Margin Trading System securities	**1,813,855**	2,751,097
	1,432,187,017	1,055,329,068

35. OTHER CHARGES

	Note	2019	2018
		(Rupees)	
Workers' Welfare Fund		**-**	80,198
Donations	35.1	**24,878,582**	11,791,407
Exchange loss		**10,634,146**	-
Loan monitoring and processing charges certificates and others		**9,302,700**	-
Impairment loss on long term investments		**9,000,000**	-
Impairment loss on other receivables		**966,842**	56,525,996
Trade debt written-off		**5,804,510**	-
Loss on disposal of fixed / scrap assets		**12,913**	43,612
		60,599,693	68,441,213

35.1 This include donation paid to following donees:

Donees	2019	2018
Prime Minister and Chief Justice of Pakistan Fund for Diamer-Bhasha and Mohmand Dams	**10,000,000**	-
Usman Memorial Hospital Foundation	**10,000,000**	-
Aman Foundation	**-**	9,520,000

There are no donations to any person, institution or organisation in which a director or his spouse had any interest, except for donation of Rs. 0.5 million made to Safi Benevolent Trust in which Mr. Nasim Beg, Director, who is honorary consultant of donee.

36. TAXATION

	2019	2018
	(Rupees)	
For the year		
- Current	**232,634,149**	326,871,916
- Prior year	**4,504,944**	698,860
	237,139,093	327,570,776
Deferred	**30,344,195**	193,024,342
	267,483,288	520,595,118

36.1 Relationship between tax expense and accounting profit

	2019	2018
Profit before taxation	**527,442,959**	2,409,684,713
Tax at the applicable tax rate at 29% (2018: 30%)	**152,958,458**	722,905,414
Tax effect of income under final tax regime	**(239,821,463)**	(139,724,553)
Tax effect of income taxed at lower rate	**61,222,250**	(88,592,709)
Tax effect of minimum tax at 1.25% (2018: 1.25%)	**3,003,172**	1,534,585
Tax effect of super tax at 2% (2018: 3%)	**11,847,535**	33,335,423
Prior year tax effect	**4,504,944**	698,860
Tax effect of non-deductible expenses	**34,919,722**	48,309,566
The effect of exempt income / permanent difference	**283,302,932**	(102,999,530)
Others	**(44,454,262)**	45,128,062
	267,483,288	520,595,118

Parent Company

36.2 The provision for current year tax represents tax on taxable income at the rate of 29% (2018: 30%) per annum. The rate of tax imposed on the taxable income of a company for the tax year 2019 and onwards is 29%. The Parent Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

36.3 The Parent Company has been contesting various petitions against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. The Company is of the view that the same is imposed against the merit of law and the Parent Company's legal council is of the view that the Parent Company has a favorable case on merit. However, on prudent basis, a provision has been made in these consolidated financial statements.

36.4 Income tax assessments of the Parent Company have been finalised up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Parent Company has filed appeals in respect of each of the said amendment which have been decided in favour of the Parent Company by Appellate Tribunal during the year and the Department has filed reference application before the High Court of Sindh. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Parent Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Parent Company and the relief was maintained by Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001 The Parent Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favour of the Parent Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Parent Company was decided in favour of the Parent Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalised under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and major relief was allowed to the Parent Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Parent Company.

Income tax assessment for Tax Year 2015, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and relief was allowed to the Parent Company.

Income tax return was filed by the Parent Company for the Tax Years 2016, 2017 and 2018, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001.

AHL, Subsidiary Company

36.5 The provision for current year tax represents tax on taxable income at the rate of 29% (2018: 30%) per annum. The rate of tax imposed on the taxable income of a company for the tax year 2019 and onwards is 29%. AHL computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

36.6 Income tax assessments are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 (“the Ordinance”) unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

36.7 AHL has been contesting Civil Suit No. 284/2016 against levy of “Super Tax” u/s 4B of the Income Tax Ordinance, 2001 through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. AHL is of the view that the same is imposed against the merit of law and its legal council is of the view that the AHL has a favourable case on merit. However, on prudent basis, a provision was made in these consolidated financial statements.

SEDPL, Subsidiary Company

36.8 The provision for the current year has been booked on interest income at the corporate tax rate of 29% applicable for the tax year 2019. The Company’s income derived from electric power generation is exempt from tax under clause (132) of Part I of the second schedule of the Income Tax Ordinance, 2001.

36.9 *BGPL, Subsidiary Company*

Tax charge at applicable rate of 29% (2018: 30%) is NIL due to taxable loss of Rs. 40.75 (2018: Rs. 7.28 million), however, minimum tax at the rate of 1.25% (2018: 1.25%) in accordance with section 113 of the Income Tax Ordinance, 2001 has been provided for current year.

37. EARNINGS PER SHARE - BASIC AND DILUTED

37.1 Basic earnings per share

		2019	2018
		(Rupees)	
Profit after tax attributable to ordinary shareholders	Rupees	**154,448,942**	1,629,395,710
Weighted average number of ordinary shares	Number	**453,750,000**	453,750,000
Earnings per share	Rupees	**0.34**	3.59

37.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2019 and 30 June 2018 which would have any effect on the earnings per share if the option to convert is exercised.

38. REMUNERATION OF CHIEF EXECUTIVE OFFICERS, DIRECTORS AND OTHER EXECUTIVES

38.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

38.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executive Officer, Directors and other Executives of the Parent and respective subsidiaries are given below:

	Chief Executives Officer		Director and other Executives	
	2019	2018	2019	2018
	(Rupees)			
Managerial remuneration	**8,400,000**	8,400,000	**112,270,058**	115,570,271
Retirement benefits	**677,424**	677,424	**9,086,234**	8,506,784
Commission and bonus	**2,100,000**	700,000	**53,938,021**	18,283,712
Other allowance	**960,000**	960,000	**6,645,093**	7,184,365
Total	**12,137,424**	10,737,424	**181,939,406**	149,545,132
Number of persons	**1**	1	**42**	38

38.3 The Chief Executive Officer draws salary on account of managerial remuneration.

38.4 Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

38.5 The Chief Executive Officer and certain Executives have been provided with free use of respective Group Companies' maintained vehicles in accordance with the policy. The approximate value of these benefits is Rs. 8.2 million. (2018: 10.35 million)

38.6 Executives as mentioned above include Chief Executive Officers of subsidiaries

39. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		(Rupees)	
Profit before tax		**527,442,959**	2,409,684,713
Adjustments for:			
Depreciation		**751,030,777**	721,753,228
Amortisation of intangible assets		**577,342**	867,393
Mark-up income		**(207,829,639)**	(67,030,279)
Share of profit of equity-accounted investees - net of tax		**(451,072,100)**	(1,030,564,889)
Unrealised gain on investment property		**(370,039,859)**	(384,990,000)
Reversal of allowance for impairment loss in trade debts		**(21,485,685)**	(11,146,084)
Gain on sale of investment property		**(23,315,000)**	(221,301,164)
Provision for gratuity		**4,944,632**	4,848,337
Unrealised loss on remeasurement of other long term investment		**6,343,594**	11,924,216
Unrealised loss on remeasurement of short term investment		**1,410,620,487**	283,363,433
Impairment loss on trading rights entitlement certificates and others		**9,000,000**	-
Loss on sale of property, plant and equipment		**12,913**	43,612
Impairment loss on other receivables		**966,842**	56,525,996
Trade debt written-off		**5,804,510**	-
Finance cost		**1,427,127,173**	1,055,329,068
		2,542,685,987	419,622,867
		3,070,128,946	2,829,307,580
Changes in working capital:			
Decrease in current assets			
Long term deposits and other receivable		**11,086,139**	3,458,200
Trade debts		**(831,658,070)**	89,794,263
Loans and advances		**1,722,387,742**	(1,586,803,947)
Deposits and prepayments		**(329,516,220)**	(23,993,473)
Receivable against sale of investment - net		**-**	148,659,303
Accrued mark-up and other receivables		**93,511,065**	(815,994,128)
Advance sales tax		**(20,654,047)**	-
Short term investments		**(1,893,704,097)**	(1,609,907,002)
		(1,248,547,488)	(3,794,786,784)
(Decrease) / increase in current liabilities			
Trade and other payables		**67,655,219**	2,107,179,273
Payable against purchase of investment - net		**(84,274,725)**	115,245,044
Unclaimed dividend		**2,310,138**	(5,833,485)
		(14,309,368)	2,216,590,832
		(1,262,856,856)	(1,578,195,952)
Cash generated from operations		**1,807,272,090**	1,251,111,628

40. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	29	**1,469,080,829**	1,088,346,989
Short term borrowings	13	**(4,711,758,096)**	(2,769,332,887)
		(3,242,677,267)	(1,680,985,898)

41. FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

41.1 Credit risk

Credit risk reported the financial loss that would be recognised at the reporting date if counterparties fail to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

Management has netted off receivable against purchase of investment from AHL, subsidiary company with payable against purchase of investment appearing in said subsidiary's book. The receivable and payable pertain to similar transaction and will settled net.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

	Note	2019	2018
		(Rupees)	
Trade debts - gross		**2,662,752,427**	1,815,413,182
Long term deposits		**32,593,280**	43,206,819
Loans (long term and short term)		**244,579,654**	1,907,131,053
Accrued mark-up and other receivables		**140,268,207**	96,581,628
Deposits		**340,718,554**	65,597,404
Bank balances		**1,468,303,508**	1,087,732,234
		4,889,215,630	5,015,662,320

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Trade debts

The maximum exposure to credit risk for trade debt at the reporting date by geographic region were as follows:

	2019	2018
Domestic (Pakistan)	**2,662,752,427**	1,815,413,182

The maximum exposure to credit risk for trade debt at the reporting date by type of customer were as follows:

	2019	2018
	(Rupees)	
End-user customer / exports	**2,662,752,427**	1,815,413,182

At 30 June, the age analysis of trade debts is as follows:

	2019		2018	
	Gross	Impairment Loss	Gross	Impairment Loss
	(Rupees)			
Neither past due nor impaired	1,184,018,230	(4,701,557)	814,834,600	(13,408,263)
Past due 1 - 30 days	362,257,639	(8,445,241)	243,945,983	(259,598)
Past due 31 - 180 days	991,174,660	(12,321,454)	206,456,876	(3,417,905)
More than 180 days	924,399,863	(902,969,044)	885,883,277	(885,883,277)
	3,461,850,392	(928,437,296)	2,151,120,736	(902,969,044)

No impairment has been recognised except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

Deposits

These deposits are with counterparties for provision of continued supply of services, Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions, Pakistan Stock Exchange Limited for taking exposure in stock market, National Clearing Company of Pakistan Limited for trading in securities in stock market and for the license of trading in Pakistan Mercantile Exchange. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, advances, mark-up and other receivables.

The Group extends loans and advances to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Mark-up receivable mainly pertains to loans extended to related parties for which management is not expecting to incur any credit loss. Other receivable mainly comprise of receivable from related concern on guarantee commission etc. and does not expect to have material credit risk there against based on the term of arrangement with parties involved.

The aging analysis of loans, advances, other receivables and mark-up receivable is as follows:

As at 30 June 2019 the Group has placed funds with banks having good credit ratings. The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were as follows:

	Short term	Long term
PACRA	A1+ to A-1	AAA to A
JCR-VIS	A1+ to A-3	AAA to BBB-
Moody's	P-1	A1

Management does not expect to incur impairment therein as the loan extended under agreement and its settlement is carried out through National Clearing Company of Pakistan Limited. Management hold underlying securities subject to lending as pledge.

41.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. Management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2019			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	-----------------------------	--(Rupees)--	-----------------------------	
Financial liabilities				
Long term loans	**12,373,571,018**	**16,755,735,622**	**2,465,882,108**	**14,289,853,514**
Land lease liability	**11,296,248**	**43,134,822**	**1,360,000**	**41,774,822**
Trade and other payables	**5,840,217,170**	**5,841,486,003**	**5,841,486,003**	**-**
Short term borrowings	**4,711,758,096**	**2,877,945,236**	**2,877,945,236**	**-**
	22,936,842,532	**25,518,301,683**	**11,186,673,347**	**14,331,628,336**

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----------------------------	--(Rupees)--	-----------------------------	
Financial liabilities				
Long term loans	10,435,219,633	14,765,637,444	2,054,271,474	12,711,365,970
Liabilities against assets subject to finance lease	1,345,933	1,345,933	1,345,933	-
Land lease liability	10,911,705	44,494,822	1,360,000	43,134,822
Trade and other payables	5,772,561,951	5,772,561,951	5,772,561,951	-
Short term borrowings	2,769,332,887	2,877,945,236	2,877,945,236	-
	18,989,372,109	23,461,985,386	10,707,484,594	12,754,500,792

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk, interest rate risk and price risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to cash and bank balances which is denominated in foreign currency. Group's management believes that the Group's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	2019		2018	
	Rupees	**US Dollars**	**Rupees**	**US Dollars**
Bank balances	**6,576,497**	**40,101**	4,992,523	41,057

The following significant exchange rates were applicable during the year:

	Average rates		Reporting date rate	
	2019	2018	**2019**	2018
US Dollars to Pakistan Rupee	**162.87**	109.97	**164.00**	121.60

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the consolidated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2018

	Effect on profit and loss 2019	2018
	(Rupees)	
As at 30 June		
Effect in US Dollars	**657,650**	499,252

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the reporting date, the interest rate profile of the Group's significant interest-bearing financial instruments was as follows:

	2019	2018	2019	2018
	Effective interest rate (in %)		Carrying amounts (in Rupees)	
Financial assets				
Loans and advances	**9.17% to 14.13%**	8.40% to 9.50%	**29,023,134**	1,844,315,405
Long term loan to related parties	**10.29% to 14.05%**	9.40% to 9.46%	**163,404,133**	182,359,745
Cash and bank balances	**4.5% to 10.25%**	2.40% to 6.35%	**1,468,303,508**	1,087,732,234
Financial liabilities				
Long term finance	**6.27% to 6.59%**	6.25% to 8.51%	**10,728,571,018**	9,089,040,050
Current portion of long term loans	**6.27% to 6.59%**	6.25% to 8.51%	**1,645,000,000**	1,346,179,583
Short term finance	**7.63% to 13.79%**	7.16% to 9.92%	**4,711,758,096**	2,769,332,887

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

	Profit and loss 100 bps Increase	Decrease
	(Rupees)	
As at 30 June 2019		
Cash flow sensitivity-Variable rate financial liabilities	**(154,403,291)**	**154,403,291**
Cash flow sensitivity-Variable rate financial assets	**14,973,266**	**(14,973,266)**
As at 30 June 2018		
Cash flow sensitivity-Variable rate financial liabilities	(118,583,729)	118,583,729
Cash flow sensitivity-Variable rate financial assets	29,320,476	(29,320,476)

The above sensitivity is not necessarily indicative of the actual effect of changes in interest rate as those are based on management's best estimate of possible change of interest rate in future.

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Group is exposed to equity price risk since it has investments in quoted equity securities.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted associates which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2019 and 2018 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	-------	-------	(Rupees)	-------	-------
30 June 2019	**11,718.57**	**30% increase**	**15,234.14**	**-**	**3,515.57**
		30% decrease	**8,203.00**	**-**	**(3,515.57)**
30 June 2018	6,516.46	30% increase	8,471.40	267.80	1,687.14
		30% decrease	4,561.52	(267.80)	(1,687.14)

41.4 Financial instruments by categories

The effect of applying IFRS 9 on the Group's financial instruments is described in Note 3.1.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements, except for certain reclassifications.

The following table shows the carrying amount of financial assets and financial liabilities.

	Mandatorily at FVTPL - Others	FVOCI - Equity Instruments	Designated at FVTPL	Financial assets at amortised cost	Other financial liabilities
			(Rupees)		
30 June 2019					
Financial assets measured at fair value					
Equity securities	11,602,524,636	-	66,046,528	-	-
Corporate debt securities	371,613,197	-	-	-	-
Financial assets not measured at fair value					
Cash and bank balances	-	-	-	1,469,080,829	-
Long term loan to related party	-	-	-	163,404,133	-
Long term deposits and other receivables	-	-	-	34,990,720	-
Loans and advances	-	-	-	47,337,031	-
Trade Debts	-	-	-	2,662,752,427	-
Deposits and prepayments	-	-	-	399,258,768	-
Accrued mark-up and other receivables	-	-	-	254,514,039	-
	11,974,137,833	**-**	**66,046,528**	**5,031,337,947**	**-**
Financial liabilities not measured at fair value					
Long term loans - secured	-	-	-	12,373,571,018	-
Payable against purchase of investment - net	-	-	-	30,970,319	-
Trade and other payables	-	-	-	5,840,217,170	-
Mark-up accrued on borrowings	-	-	-	290,417,576	-
Short term borrowings	-	-	-	4,711,758,096	-
	-	**-**	**-**	**23,246,934,179**	**-**

	At fair value through profit or loss	Loans and receivables	Available for Sale	Other financial assets	Other financial liabilities
			(Rupees)		
30 June 2018					
Financial assets measured at fair value					
Equity securities	5,630,786,960	-	892,673,931	-	-
Corporate debt securities	187,681,776	-	-	-	-
Financial assets not measured at fair value					
Cash and bank balances	-	1,088,346,989	-	-	-
Long term loan to related party	-	182,359,745	-	-	-
Long term deposits and other receivables	-	46,076,859	-	-	-
Loans and advances	-	1,739,958,971	-	-	-
Trade Debts	-	1,400,735,099	-	-	-
Deposits and prepayments	-	69,742,548	-	-	-
Accrued mark-up and other receivables	-	181,554,407	-	-	-
	5,818,468,736	4,708,774,618	892,673,931	-	-
Financial liabilities not measured at fair value					
Long term loans - secured	-	-	-	-	10,435,219,633
Liabilities against assets subject to finance lease	-	-	-	-	1,345,933
Payable against purchase of investment - Net	-	-	-	-	-
Trade and other payables	-	-	-	-	5,738,048,573
Mark-up accrued on borrowings	-	-	-	-	164,980,400
Short term borrowings	-	-	-	-	2,769,332,887
	-	-	-	-	19,108,927,426

None of the financial assets and financial liabilities have been netted off in the financial statements.

41.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liability				Equity			Total
	Short term borrowings used for cash management purpose including related accrued mark-up	Long term loan including related accrued mark-up	Liabilities against assets subject to finance lease	Land lease liability	Other Reserves	Unappropriated profit	Non controlling interests	
	(Rupees)							
Balance as at 1 July 2018	2,839,018,294	10,530,495,209	1,365,350	9,551,705	168,678,393	13,594,583,030	1,743,177,429	28,886,869,410
Adjustment on initial application of IFRS 9 net of tax	-	-	-	-	(152,007,382)	124,300,177	(14,580,959)	(42,288,164)
Adjusted balance as at 1 July 2018	2,839,018,294	10,530,495,209	1,365,350	9,551,705	16,671,011	13,718,883,207	1,728,596,470	28,844,581,246
Changes from financing cash flows								
Repayment of long term Loan	-	(1,833,429,583)	-	-	-	-	-	(1,833,429,583)
Liability against assets subject to finance lease	-	-	(1,345,933)	-	-	-	-	(1,345,933)
Land lease liability	-	-	-	384,543	-	-	-	384,543
Distribution by subsidiary to non-controlling interest	-	-	-	-	-	-	(56,885,289)	(56,885,289)
Dividend paid by the Parent Company	-	-	-	-	-	(907,500,000)	-	(907,500,000)
Total changes from financing activities	**-**	**(1,833,429,583)**	**(1,345,933)**	**384,543**	**-**	**(907,500,000)**	**(56,885,289)**	**(2,798,776,262)**
Other changes								
Interest expense	447,419,402	800,345,379	17,569	-	-	-	-	1,247,782,350
Interest paid	(345,175,503)	(777,132,685)	(36,986)	-	-	-	-	(1,122,345,174)
Transaction cost relating to long term loan	-	177,530,968	-	-	-	-	-	177,530,968
Impact of revaluation of liability	-	3,594,250,000	-	-	-	-	-	3,594,250,000
Changes in running finance	1,942,425,209	-	-	-	-	-	-	1,942,425,209
Total loan related other changes	**2,044,669,108**	**3,794,993,662**	**(19,417)**	**-**	**-**	**-**	**-**	**5,839,643,353**
Total equity related other changes					**(16,671,011)**	**145,822,221**	**105,510,729**	**234,661,939**
Balance as at 30 June 2019	**4,883,687,402**	**12,492,059,288**	**-**	**9,936,248**	**-**	**12,957,205,428**	**1,777,221,910**	**32,120,110,276**
Difference	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Principal	**4,711,758,096**	**12,373,571,018**	**-**	**9,936,248**	**-**	**-**	**-**	**-**
mark-up	**171,929,306**	**118,488,270**	**-**	**-**	**-**	**-**	**-**	**-**
	4,883,687,402	**12,492,059,288**	**-**	**9,936,248**	**-**	**12,957,205,428**	**1,777,221,910**	**32,120,110,276**

	Liability					Equity			
	Unclaimed dividend	Short term borrowings used for cash management purpose including related accrued markup	Long term loan including related accrued markup	Liabilities against assets subject to finance lease	Land lease liability	Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Unappropriated profit	Non controlling interests	Total
	(Rupees)								
Balance as at 1 July 2017	49,689,655	3,113,872,737	10,147,821,396	1,842,537	10,527,163	207,898,277	13,428,863,912	1,130,836,818	28,089,992,495
Changes from financing cash flows									
Repayment of long term loans	-	-	378,568,972	-	-	-	-	-	378,568,972
Payment of finance lease liablity	-	-	-	(470,480)	-	-	-	-	(470,480)
Payment of land lease liablity	-	-	-	-	384,542	-	-	-	384,542
Distribution by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(189,617,630)	(189,617,630)
Disposal of NCI	-	-	-	-	-	-	(88,729,456)	542,264,356	453,534,900
Unclaimed dividend	(5,833,485)	-	-	-	-	-	-	-	(5,833,485)
Dividend paid by the Parent Company	-	-	-	-	-	-	(1,361,250,000)	-	(1,361,250,000)
Total changes from financing activities	(5,833,485)	-	378,568,972	(470,480)	384,542	-	(1,449,979,456)	352,646,726	(724,683,181)
Other changes									
Interest expense	-	233,214,162	822,014,141	100,765	-	-	-	-	1,055,329,068
Interest paid	-	(324,551,993)	(957,702,803)	(107,472)	-	-	-	-	(1,282,362,268)
Transaction cost relating to long term loan	-	-	139,793,503	-	-	-	-	-	139,793,503
Changes in running finance	-	(183,516,612)	-	-	-	-	-	-	(183,516,612)
Total loan related other changes	-	(274,854,443)	4,104,841	(6,707)	-	-	-	-	(270,756,309)
Total equity related other changes	-	-	-	-	-	(39,219,884)	1,615,698,574	259,693,885	1,836,172,575
Balance as at 30 June 2018	43,856,170	2,839,018,294	10,530,495,209	1,365,350	10,911,705	168,678,393	13,594,583,030	1,743,177,429	28,930,725,580
Difference	-	-	-	-	-	-	-	-	-
Principal	-	2,769,332,887	10,435,219,633	1,345,933	10,911,705	-	-	-	-
Markup	-	69,685,407	95,275,576	19,417	-	-	-	-	-
	43,856,170	2,839,018,294	10,530,495,209	1,365,350	10,911,705	168,678,393	13,594,583,030	1,743,177,429	28,930,725,580

42. FAIR VALUE MEASUREMENTS

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

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

The Group management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, relevant experience, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Group 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 Group determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group 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.

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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.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the 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.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	2019							
	Carrying amount					Fair value		
	Mandatorily / designated at FVTPL	FVOCI - Equity Instruments	Financial assets at amortized cost	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Other investments	12,040,184,361	-	-	-	-	11,665,548,634	321,613,197	53,022,530
Financial assets not measured at fair value								
Long term loan to related party	-	-	163,404,133					
Long term deposits and other receivable	-	-	34,990,720	-	-	-	-	-
Trade Debt	-	-	2,662,752,427	-	-	-	-	-
Loans and advances	-	-	47,337,031	-	-	-	-	-
Deposits and prepayments	-	-	399,258,768					
Accrued mark-up and other receivables	-	-	254,514,039	-	-	-	-	-
Cash and bank balances	-	-	1,469,080,829	-	-	-	-	-
	12,040,184,361	**-**	**5,031,337,947**	**-**	**-**			
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	12,373,571,018	-	-	-
Mark-up accrued on borrowings	-	-	-	-	290,417,576	-	-	-
Trade and other payables	-	-	-	-	5,800,848,765	-	-	-
Short term borrowings	-	-	-	-	4,711,758,096	-	-	-
	-	**-**	**-**	**-**	**23,176,595,455**			

	30 June 2018							
	Carrying amount					Fair value		
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Other investments	5,818,468,736	-	892,673,931	-	-	6,470,857,228	187,681,776	52,603,663
Financial assets not measured at fair value								
Long term loan to related party	-	182,359,745	-	-	-	-	-	-
Long term deposits and other receivable	-	34,990,720	-	-	-	-	-	-
Trade Debt	-	1,730,440,403	-	-	-	-	-	-
Loans and advances	-	1,750,769,161	-	-	-	-	-	-
Deposits and prepayments		69,742,548						
Accrued mark-up and other receivables	-	438,970,677	-	-	-	-	-	-
Cash and bank balances	-	1,088,346,989	-	-	-	-	-	-
	5,818,468,736	5,295,620,243	892,673,931	-	-			
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	10,435,219,633	-	-	-
Mark-up accrued on borrowings	-	-	-	-	164,980,400	-	-	-
Trade and other payables	-	-	-	-	5,726,160,901	-	-	-
Short term borrowings	-	-	-	-	2,769,332,887	-	-	-
	-	-	-	-	19,095,693,821			

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Unlisted equity instruments	**2019**	2018
	(Rupees)	
Balance at 1 July	**52,603,663**	58,586,933
Total gains recognised in conslidated statement of profit or loss on remeasurement of investment	**418,867**	(5,983,270)
Balance at 30 June	**53,022,530**	52,603,663

The 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 following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in these consolidated statement of financial position, as well as the significant unobservable input used.

Assets measured at fair value	Date of valuation	Valuation approach and input used		Inter-relationship between significant unobservable Inputs and fair value measurement
Non-financial assets at fair value				
Investment Properties	30 June 2019	The valuation approach is based on the rates per square yard on which the properties would be sold on the date of valuation. In determining the valuation, development progress, market condition, sale price, potential future value, location, identification of plot, approach to area, utilities / services, size of plots and other factors have been considered. Potential values was mainly considered due to inherent value of land which may enhance with passage of time or in some alternative use within sight. Further, the inherent quality of the property itself create condition for its particular suitability for such better use. The consideration of potential value becomes relevant in such situation.		The fair value are subjected to change owing to change in input. However, management does not expect material sensitivity to the air values arising from non-observable inputs.
Financial assets at fair value				
Equity securities - unquoted (refer note 21.2.2)	30 June 2019	Discounted cash flows: The valuation model considers the present value of future cash flow of investee company discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years.		The estimated fair value would increase / (decrease) if: - number of operating days increase / (decrease) - the annual growth rate were higher or lower - the EBITDA margin were higher or lower
		Inputs used:		
		Long term growth rate	8%	
		Long term return on equity	13.10%	Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.
Term Finance Certificates (TFCs)	30 June 2019	*Market comparison* The fair value is determined considering recent trade in market of respective securities.		Not applicable

The reconciliation of investment property has been disclosed in respective note; hence not disclosed separately. The fair value of investment property amounting to Rs. 1,726.4 million has been classified under level 3 in fair value hierarchy.

43. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

44. TRANSACTIONS AND BALANCES 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. Remuneration of chief executive, directors and executives is disclosed in note 38 to these consolidated financial statements.

Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements are given below:

Name of the related party	Transactions during the year	2019	2018
		(Rupees)	
Associates			
Fatima Fertilizer Company Limited	Dividend income / received	**558,250,361**	717,750,464
MCB-Arif Habib Savings and Investments Limited	Dividend income / received	**37,912,292**	37,912,292
Associated companies by virtue of common directorship and other related parties			
Aisha Steel Mills Limited	Subscription of right shares	**-**	155,127,056
	Markup on loan and advance	**100,021,820**	20,035,512
	Markup received	**74,339,955**	20,278,874
	Loan and advances extended	**1,927,000,000**	425,000,000
	Loan and advances repaid	**2,120,955,612**	259,477,830
	Guarantee commission income	**3,841,081**	3,208,434
	Guarantee commission received	**3,722,956**	1,840,368
Power Cement Limited	Guarantee commission income	**895,227**	40,761
	Guarantee commission received	**474,689**	107,725
Javedan Corporation Limited	Subscription of right shares	**-**	386,172,255
	Dividend income / received	**17,672,218**	33,333,833
	Markup on loan and advance	**107,807,819**	46,994,767
	Markup received	**96,207,472**	18,027,233
	Loan / advance extended	**1,082,000,000**	1,468,000,000
	Loan and advances repaid	**2,539,932,526**	-
	Receipts from sale of Investment properties	**-**	2,167,586,914
	Purchase of plots	**125,000,000**	829,120,000
	Development charges paid	**26,088,000**	30,000,000
	Balance receivable at year end	**-**	14,256,026
	Sale of plots	**-**	162,710,000

Name of the related party	*Transactions during the year*	2019	2018
		(Rupees)	
Arif Habib Dolmen REIT Management Limited	Transfer of Fixed Assets	**42,680**	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	**71,773,994**	60,707,094
Arif Habib Securities Limited - Employees Provident Fund	Contribution paid	**2,074,725**	1,956,510
Arif Habib Limited - Provident Fund	Contribution paid	**6,386,995**	6,046,635
Alhamra Islamic Pension Fund	Contribution paid	**100,644**	50,322
Key management personnel			
Mr. Arif Habib (CEO of Parent Company)	Dividend paid	**643,668,934**	790,473,901
	Brokerage commission earned	**6,313,501**	17,601,500
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	**100,000**	100,000
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	**75,000**	75,000
Khawaja Jalaluddin Roomi (Director of Parent Company)	Meeting fee paid	**85,000**	270,000
Zafar Alam (Chairman of subsidiary company)	Dividend paid	**1,500**	5,000
	Meeting fee paid	**125,000**	100,000
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	**8,037,263**	6,465,888
	Dividend paid	**2,196**	7,320
	Balance payable at year end	**25,972,102**	11,988,637
Muhammad Haroon (Director of subsidiary company)	Brokerage commission earned	**123,632**	620,841
	Dividend paid	**3,894**	12,980
	Balance payable at year end	**4,239**	11,466
	Meeting fee paid	**75,000**	100,000
Muhammad Sohail Salat (Director of subsidiary company)	Dividend paid	**1,500**	5,000
	Meeting fee paid	**125,000**	100,000
Sharmin Shahid (Director of subsidiary company)	Brokerage commission earned	**626,491**	8,113
	Dividend paid	**2,748**	9,160
	Meeting Fee Paid	**100,000**	100,000
Nida Ahsan (Director of subsidiary company)	Brokerage commission earned	**7,691,785**	35,000
	Dividend paid	**2,748**	9,160
	Balance payable at year end	**12,182**	1,508,352
	Meeting fee paid	**-**	100,000
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	**46,351**	281,704
	Dividend paid	**1,302**	4,340
Kashif A. Habib (Director of Parent Company)	Brokerage, commission earned	**76,805**	-

45. SEGMENT INFORMATION

For management purposes the Group is organized into following major business segments:

Capital market operations Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.

Brokerage Principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services.

Energy Development Principally engaged in energy development.

Others Others includes assets of multi commodities entities.

	2019				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Revenues					
Operating revenue	320,994,353	830,459,829	3,217,779,859	12,112,661	4,381,346,702
Loss on remeasurement of investments - net	(924,627,940)	(485,992,547)	-	-	(1,410,620,487)
Gain on sale of securities - net	70,473,166	(166,506,931)	-	-	(96,033,765)
Unrealised gain on remeasurement of investment property	-	370,039,859	-	-	370,039,859
	(533,160,421)	548,000,210	3,217,779,859	12,112,661	3,244,732,309
Operating and administrative expenses	(102,492,958)	(396,847,577)	(1,260,667,924)	(17,133,858)	(1,777,142,317)
	(635,653,379)	151,152,633	1,957,111,935	(5,021,197)	1,467,589,992
Other income	5,771,660	87,714,459	-	8,081,458	101,567,577
	(629,881,719)	238,867,092	1,957,111,935	3,060,261	1,569,157,569
Finance cost and other charges	(194,533,407)	(234,222,649)	(1,064,009,188)	(21,466)	(1,492,786,710)
	(824,415,126)	4,644,443	893,102,747	3,038,795	76,370,859
Share of profit from equity accounted associates - net of tax	451,072,100	-	-	-	451,072,100
Segment results	(373,343,026)	4,644,443	893,102,747	3,038,795	527,442,959
Taxation	(179,272,681)	(78,819,836)	(9,240,898)	(149,873)	(267,483,288)
Profit after tax	(552,615,707)	(74,175,393)	883,861,849	2,888,922	259,959,671

	2018				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Revenues					
Operating revenue	281,933,721	718,326,205	2,727,223,093	16,391,195	3,743,874,214
(Loss) / gain on remeasurement of investments - net	(288,433,488)	5,070,055	-	-	(283,363,433)
Gain on sale of securities - net	69,989,239	5,232,628	-	-	75,221,867
Unrealised gain on remeasurement of investment property	-	384,990,000	-	-	384,990,000
	63,489,472	1,113,618,888	2,727,223,093	16,391,195	3,920,722,648
Operating and administrative expenses	(106,214,523)	(324,776,709)	(1,109,249,515)	(18,788,177)	(1,559,028,924)
	(42,725,051)	788,842,179	1,617,973,578	(2,396,982)	2,361,693,724
Other income	4,039,964	97,655,616	263,670	39,237,131	141,196,381
	(38,685,087)	886,497,795	1,618,237,248	36,840,149	2,502,890,105
Finance cost and other charges	(128,271,204)	(241,422,912)	(754,057,115)	(19,050)	(1,123,770,281)
	(166,956,291)	645,074,883	864,180,133	36,821,099	1,379,119,824
Share of profit from equity accounted associates - net of tax	1,030,564,889	-	-	-	1,030,564,889
Segment results	863,608,598	645,074,883	864,180,133	36,821,099	2,409,684,713
Taxation	(400,162,049)	(116,775,567)	(1,536,486)	(2,121,016)	(520,595,118)
Profit after tax	463,446,549	528,299,316	862,643,647	34,700,083	1,889,089,595

	2019				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	10,296,531,706	6,409,402,342	19,101,573,540	90,205,811	35,897,713,399
Investment in equity accounted associates	12,010,464,481	-	-	-	12,010,464,481
	22,306,996,187	6,409,402,342	19,101,573,540	90,205,811	47,908,177,880
Segment liabilities	8,029,385,634	2,707,196,016	13,842,812,316	22,780,571	24,602,174,537
Capital expenditure	450,985	10,727,042	212,158	281,959	11,672,144
Depreciation and amortisation	5,457,952	8,461,273	737,400,485	288,409	751,608,119
Expenses other than depreciation and amortisation	630,195,427	(159,613,906)	(1,960,153,496)	4,732,788	(1,484,839,187)

	2018				
	Capital market operations	Brokerage	Energy Development	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	11,531,594,178	3,993,393,793	12,018,167,454	83,068,061	27,626,223,486
Investment in equity accounted associates	17,034,078,604	-	-	-	17,034,078,604
	28,565,672,782	3,993,393,793	12,018,167,454	83,068,061	44,660,302,090
Segment liabilities	7,866,145,942	2,268,859,028	10,427,826,361	18,531,742	20,581,363,073
Capital expenditure	497,380	4,741,776	14,319,794	435,819	19,994,769
Depreciation and amortisation	6,688,529	8,407,741	707,227,259	297,092	722,620,621
Expenses other than depreciation and amortisation	99,525,994	316,368,968	50,356,722	18,491,085	484,742,769

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities	**2019**	2018
	(Rupees)	
Operating revenues		
Total revenue for reportable segments	5,121,468,167	4,655,117,776
Elimination of inter-segment revenue	(740,121,465)	(1,119,385,128)
Consolidated revenue	4,381,346,702	3,743,874,214
Profit or loss		
Total profit or loss before tax for reportable segments	635,557,669	3,517,654,087
Elimination of inter-segment revenue / expense	(108,114,710)	(1,107,969,374)
Consolidated profit before tax	527,442,959	2,409,684,713

45.1 Geographical segment analysis

	2019			
	Profit before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	527,442,959	47,908,177,880	23,306,003,343	44,376,126,695

	2018			
	Profit before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	2,409,684,713	44,975,884,342	24,078,939,017	49,593,378,566

45.2 CAPACITY AND PRODUCTION

	Note	2019	2018
		(Megawatt hours)	
Sachal Energy Development (Private) Limited			
Annual benchmark energy		**136,500**	136,500
Actual energy delivered	45.2.1	**132,403**	136,311

45.2.1 Lower energy generation is due to lower wind speed as compared to the benchmark wind speed as specified in the Energy Purchase Agreement

46. NUMBER OF EMPLOYEES

	2019	2018
Parent Company:		
Number of employees as at 30 June	**24**	23
Average number of employees	**23**	22
Subsidiary Company, AHL:		
Number of employees as at 30 June	**118**	109
Average number of employees	**116**	105
Subsidiary Company, AHCPL:		
Number of employees as at 30 June	**18**	18
Average number of employees	**18**	18
Subsidiary Company, AH1857:		
Number of employees as at 30 June	**-**	-
Average number of employees	**-**	-
Subsidiary Company, BGPL:		
Number of employees as at 30 June	**3**	4
Average number of employees	**3**	4
Subsidiary Company, SEDPL:		
Number of employees as at 30 June	**35**	33
Average number of employees	**36**	33

47. GENERAL

47.1 Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of comparison and better presentation. Significant reclassification as are follows:

Description	Reclassified from	Reclassified to	30 June 2018 (Rupees)
Receivable against margin financing	Trade Debts	Accrued mark-up and other receivables	257,416,270
Other Receivables - others	Accrued mark-up and other receivables	Trade Debt - unsecured	144,329,991
Other Receivables - others	Accrued mark-up and other receivables	Allowance for impairment of trade debt	59,357,212
Unbilled receivables	Accrued mark-up and other receivables	Trade Debt	587,121,574
Advance tax	Advance Tax	Provision for taxation	315,582,252
Loss on remeasurement of investments - net	Operating revenue	Loss on remeasurement of investments - net (presented on face of consolidated statement of profit or loss)	283,363,433
Gain on sale of investments - net	Operating revenue	Gain on sale of investments - net (presented on face of consolidated statement of profit or loss)	75,221,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30th June 2019

47.2 Date of authorisation for issue

These consolidated financial statements have been authorized for issue on 26 October 2019 by the Board of Directors of the Parent Company.

47.3 Non adjusting event after balance sheet date

Subsequent to year ended 30 June 2019, the Parent Company purchased and cancelled 45,375,000 ordinary shares. The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3 July 2019. The shares were acquired at the purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to Buy Back of Shares the ordinary share capital of the Parent Company has been subsequently reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

Chief Executive Officer	Chief Financial Officer	DIRECTOR

Corporate Calendar of Major Events

- **RESULTS**

The Company follows the period of 1st July to 30th June as the Financial Year.

For the Financial Year ending on 30th June 2020, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2019	Last Week of November, 2019	2nd quarter ending	31st December 2019	Last Week of February, 2020
3rd quarter ending	31st March 2020	Last Week of April, 2020	Year ending	30th June 2020	Last Week of September, 2020

- **ISSUANCE OF ANNUAL REPORT**

21 days before AGM i.e. on or before 5th November 2019.

- **25TH ANNUAL GENERAL MEETING**

The 25th Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 27th November 2019 at 10:30 A.M at the PSX Auditorium, 3rd floor, Admin Block, Pakistan Stock Exchange, Karachi.

Shareholders' Information

REGISTERED & CORPORATE OFFICE

Arif Habib Centre
23, M.T. Khan Road
Karachi-74000
Tel: (021) 32460717-9 Fax No: (021) 32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

SHARE REGISTRAR OFFICE

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

LISTING ON STOCK EXCHANGES

AHCL equity shares are listed on Pakistan Stock Exchange (PSX).

STOCK CODE

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

INVESTOR SERVICE CENTRE

AHCL share department is operated by Central Depository Company of Pakistan (CDC) Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 4,046 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar office and Company Secretary at AHCL Registered office. For assistance, queries, complaints and redressal of grievances, shareholders may contact either the registered office or the Share Registrar office.

CONTACT PERSONS:

Mr. Manzoor Raza
Tel: (021) 32467456
Email: manzoor.raza@arifhabibcorp.com

Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email: mohsin_rajabali@cdcrsl.com

STATUTORY COMPLIANCE

During the year the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

BOOK CLOSURE DATES

The Share transfer books of the company will remain closed from 21st November 2019 to 27th November 2019 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Wednesday, 20th November 2019 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

LEGAL PROCEEDINGS

No case has ever been filed by shareholders against the Company for non-receipt of share / dividend.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to Section 132 of the Companies Act, 2017 AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

PROXIES

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at General Meeting of the Company can appoint another member as his/her proxy to attend and vote at the meeting.

Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy. The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

WEB PRESENCE

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with statutory guidelines issued by regulator from time to time. Updated information about the Company and its affiliates can be accessed at AHCL web site, www.arifhabibcorp.com

SHAREHOLDING PATTERN

The shareholding pattern of the equity share capital of the Company as on 30th June 2019 alongwith categories of shareholders are given on page 42 to 44 of this report.

Notice of Twenty Fifth Annual General Meeting

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Wednesday, 27th November, 2019 at 10:30 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Extra Ordinary General Meeting held on 21st September 2019.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2019 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2019.

3) To appoint the Auditors for the year ending 30th June 2020 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.

Special Business

4) To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30th June 2020 which require approval of shareholders u/s 207 and/or 208 of the Companies Act, 2017, by passing the following special resolutions with or without modification:

   "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending 30th June 2020."

   "FURTHER RESOLVED THAT the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and/or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval u/s 207 and/or 208 of the Companies Act, 2017 (if required)."

5) To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):

   Investment in Associated Companies & Associated Undertakings

   "RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for the following limits of investments / additional investments in associated companies and associated undertakings for a period upto next annual general meeting, and subject to the terms and conditions as mentioned in the Annexure-B of Statement under Section 134(3)."

   "FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of following equity investments limits in associated companies and associated undertakings as are also mentioned in the Annexure-C of Statement under Section 134(3) against which approval had been sought in previous general meeting(s), upto unutilized amount, and for a period upto next annual general meeting, which shall be renewable in next general meeting(s) for further period(s)."

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of following sanctioned limits of loans / advances / guarantees in associated companies and associated undertakings, for which approval has been sought in previous general meeting(s), as mentioned in detail in the Annexure-C of statement under Section 134(3), whereas the renewal of limits will be in the nature of loan and/or running finance and/or corporate guarantee for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable in next general meeting(s) for further period(s) as specified."

--------------------- **Amount in million** ---------------------

	Name of Associated Companies & Undertakings	Proposed Fresh Investment		Renewal Requested	
		Equity	Loan/ Advance/ Guarantee	Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee
		PKR	PKR	PKR	PKR / USD
1	Javedan Corporation Ltd.	-	-	737	PKR 2,432
2	Summit Bank Ltd.	(No more an associated company)			
3	Arif Habib Ltd.	-	-	490	PKR 4,500
4	MCB - Arif Habib Savings and Investments Ltd.	-	-	399	-
5	Pakarab Fertilizers Ltd.	-	-	1,000	PKR 1,000
6	Fatima Fertilizer Company Ltd.	-	-	1,800	PKR 1,000
7	Rotocast Engineering Co. (Pvt.) Ltd.	-	-	300	PKR 200
8	Arif Habib Dolmen REIT Management Ltd.	-	-	1,000	PKR 500
9	Aisha Steel Mills Ltd.	500	-	48	PKR 8,250 plus USD 80
10	Power Cement Ltd.	500	-	248	PKR 1,500 plus USD 49
11	Sachal Energy Development (Pvt.) Ltd.	-	-	754	PKR 11,500 OR PKR 1,000 plus USD 100
12	Safe Mix Concrete Ltd.	-	-	150	PKR 150
13	Dolmen City REIT	-	-	799	-
14	National Resources (Pvt.) Ltd.	150	-	-	-

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 to accurately reflect and disclose the currency amount of USD 100,000,000 which was previously indicatively reflected as PKR 10,500,000,000 for disclosure purposes against the Corporate Guarantee amounting to USD 100,000,000 issued by the Company in 2016 on behalf of Sachal Energy Development (Private) Limited, a subsidiary, as is explained in detail under point # 11 in Annexure-C of statement under Section 134(3)."

"FURTHER RESOLVED THAT the Chief Executive and/or any two directors jointly and/or any one director and Chief Financial Officer / Company Secretary jointly, be and are hereby authorized to take and do, and/or cause to be taken or done, any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above, as and when required at the time of investment, including but not limited to negotiating and executing any necessary agreements/documents, and any ancillary matters thereto."

Any Other Business

6) To consider any other business with the permission of the Chair.

A Statement under Section 134(3) of the Companies Act 2017 pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board

Manzoor Raza
Company Secretary

Karachi: 5th November 2019

Notes:

1. Share transfer books of the company will remain closed from 21st November 2019 to 27th November 2019 (both days inclusive). Transfers received in order at the office of our registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Wednesday, 20th November 2019 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

(i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

(ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.

(iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy form.

4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Important:

Unclaimed dividends

Shareholders, who by any reason, could not claim their previous dividends are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, to collect/enquire about their unclaimed dividend, if any. The details of the dividend declared by the Company which have remained due for more than three years are available on the Company's website. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

Notice to Shareholders for provision of their identification details

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with relevant directives of SECP and will be constrained under Section 243(2)(a) of the Companies Act, 2017 to withhold dispatch of future dividend warrants of such shareholders, if any. Members are also requested to update with their Broker / Participant / CDC account services, their bank account details including IBAN; and contact details including phone number(s) & email address, to enable the Company to communicate and / or meet future statutory requirements depending upon such details, if any.

Attention of corporate entities / legal persons is also invited towards SECP Circular # 16 of 2018. Respective shareholders (corporate entities / legal persons) are advised to provide the information pertaining to ultimate beneficial owners and / or other information as prescribed in the subject SECP circular to the share registrar of the company.

E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 - 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Provision of Video Link Facility:

Shareholders may participate in the meeting via video-link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company. It may be noted that no person other than the member or proxy holder can attend the meeting through video link facility.

Distribution of Annual Report

The audited financial statements of the Company for the year ended 30th June 2019 have been made available on the Company's website (http://www.arifhabibcorp.com) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated 31st May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in an Extra Ordinary General Meeting held on 21st September 2016. Accordingly, Annual Report of the Company for the year ended 30th June 2019 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website (http://arifhabibcorp.com/contact.php).

Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 4 and Agenda item No. 5 of the Notice to be transacted at the Annual General Meeting of the Company.

Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

ANNEXURE A

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THOSE TRANSACTIONS WITH RELATED PARTIES (IF EXECUTED) DURING THE FINANCIAL YEAR ENDING 30TH JUNE 2020 WHICH REQUIRE APPROVAL OF SHAREHOLDERS U/S 207 AND / OR 208 OF THE COMPANIES ACT, 2017

The Company shall be conducting transactions with its related parties during the year ending 30th June 2020 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of an investment holding Company, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2020, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

ANNEXURE B

INVESTMENTS IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKINGS

The Board of Directors of the Company has approved the specific limits for equity investments along with other particulars for investments in the following associated companies and associated undertakings, subject to the consent of members under Section 199 of the Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The Board of Directors do hereby undertake / certify that necessary due diligence for the following proposed investments have been carried out. The principal purpose of this special resolution is to make the Company in a ready position to capitalize on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available, and the limit shall be valid till the holding of next annual general meeting with the option of renewal thereon.

1 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Aisha Steel Mills Limited ("ASML")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Arif Habib, Mr. Nasim Beg, Mr. Muhammad Ejaz and Mr. Kashif Habib
III	Earnings per share (Basic) for the last three years	Year 2019: 0.26 Year 2018: 1.57 Year 2017: 1.74
IV	Break-up value of share, based on the latest audited financial statements	PKR 10.76 per share as at 30th June 2019
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	30th June 2019 (PKR in Million) Non-current assets 21,566.71 Current assets 11,164.20 Equity 8,746.83 Non-currentliabilities 7,272.99 Current liabilities 16,711.10 Operating Revenue 20,230.80 Loss before Tax (412.43) Profit after Tax 253.70
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations,prescribed details thereof	Not applicable

VII	Maximum amount of investment to be made	Fresh limit of Rs. 500 million is requested for approval. This is in addition to: - Renewal requested separately for the unutilized limit of equity investment of Rs. 48.07 million; and - Cumulative investment at cost of Rs. 3.7 billion already made up to 30 June 2019
VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns on investment by capturing the opportunities on the right time. Approval of limit shall remain valid for a period upto next annual general meeting, and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds i- Justification for investment through borrowing ii- Detail of collateral, guarantees provided and assets pledged for obtaining such funds iii- Cost benefit analysis	The investment may be made from Company's own available liquidityand/or credit lines. i- Higher rate of return ii- Pledge of listed securities and / or charge over assets of the Company, if and where needed. iii- Company expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreements(if any) with associated company or associated undertaking with regards to proposed investment	There is no agreement to date.
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	With expansion slated to come online in recent future, Aisha Steel is likely to benefit from entry in high margin, high growth segment of new product and capturing the flat steel demand via capacity expansion in CRC and GI. Consequently the investment is expected to add value to AHCL shareholders. Performance of ASL can be referred in Point III to V above.
XIII	Any other important details necessary for the members to understand the transaction	None

XI V	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / based on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: 88,242,116 (ordinary shares) and 16,990,000 (preference shares) being 12.95% holding in the company as on 30 June 2019 After: Increase in securities / percentage in accordance with Sr. Nos. VII, XIV and XVI.
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	As at 26 October 2019: Current price per share: Rs. 7.74 (ordinary shares), Rs. 12.97 (preference shares) and Rs. 43 (cumulative preference shares) Weighted average market price per share of preceding twelve weeks: 7.52 (ordinary shares), Rs. 13.97 (preference shares) Rs. 43 (cumulative preference shares)
XIX	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

2 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	Power Cement Limited ("PCL")
II	Basis of relationship	An associated undertaking due to common control & common directorships of Mr. Nasim Beg, Mr. Kashif Habib, Mr. Samad Habib and Mr. Muhammad Ejaz
III	Earnings per share (Basic) for the last three years	Year 2019 : 0.55 Year 2018 : 0.32 Year 2017 : 1.14
IV	Break - up value of share, based on the latest audited financial statements	PKR 11.49 per share as at 30th June 2019
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	30th June 2019 (PKR in Million) Non-current assets 33,389.32 Current assets 6,619.08 Equity 12,221.54 Non-current liabilities 18,017.02 Current liabilities 9,769.85 Operating Revenue 3,858.46 Loss before Tax (412.40) Profit after Tax 582.11
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, prescribed details thereof	Not applicable
VII	Maximum amount of investment to be made	Fresh limit of Rs. 500 million is requested for approval. This is in addition to: - Renewal requested separately for the unutilized limit of equity investment of Rs. 247.82 million; and - Cumulative investment at cost of Rs. 3.07 billion already made up to 30 June 2019.

VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns on investment by capturing the opportunities on the right time. Approval of limit shall remain valid for a period upto next annual general meeting, and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds i- Justification for investment through borrowing ii - Detail of collateral, guarantees provided and assets pledged for obtaining such funds iii - Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. i - Higher rate of return ii - Pledge of listed securities and / or charge over assets of the Company, if and where needed. iii - Company expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreements (if any) with associated company or associated undertaking with regards to proposed investment	There is no agreement to date.
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	The Net Profit Margin has increased to 15% in 2019 from 7% in 2018, resulting in an increase in earnings per share from PKR 0.32 to 0.55 per share. Consequently the investment is expected to add value to AHCL shareholders. Performance of PCL can be referred in Point III to V above.

XIII	Any other important details necessary for the members to understand the transaction	None
XIV	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/ investment
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / bases on Sr. Nos. VII & XIV
XVII	Number of securities and percentage thereof held before and after the proposed investment	Before: 109,945,652 being 10.34 % holding in the company as on 30 June 2019 After: Increase in securities / percentage in accordance with Sr. Nos. VII, XIV and XVI.
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	As at 26 October 2019: Current price per share: Rs. 4.87 Weighted average market price per share of preceding twelve weeks: 5.05
XIX	Fair value determined in terms of sub - regulation (1) of regulation 5 for investments in unlisted securities	Not applicable

3 Investment in Securities

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking	National Resources (Pvt.) Ltd ("NRPL")
II	Basis of relationship	An associated undertaking due to common directorship of Mr. Arif Habib
III	Earnings per share (Basic) for the last three years	Year 2019 : (1.72) (The company is incorporated on 8 February 2019 and is in prefeasibility stage)
IV	Break - up value of share, based on the latest audited financial statements	PKR 8.28 per share as at 30th June 2019
V	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	30th June 2019 (PKR in Million) Non-current assets 0.24 Current assets 170.81 Equity 165.53 Non-current liabilities 0.05 Current liabilities 5.47 Operating Revenue - Loss before Tax (34.34) Profit after Tax (34.47)
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely :	
	1. description of the project and its history since conceptualization;	1. The associated company is a very long term strategic venture between esteemed business groups of the country with the principal line of business being mining, minerals, quarrying and allied services;
	2. starting date and expected date of completion of work;	2. The company was incorporated in 8 February 2019 and the initial phase may take at least more than 5 years to complete;
	3. time by which such project shall become commercially operational;	3. At least in more than 5 years;
	4. expected time by which the project shall start paying return on investment; and	4. At least in more than 5 years; and
	5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	5. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;
VII	Maximum amount of investment to be made	Fresh limit of Rs.150 million is requested for approval.

VIII	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment. Approval of limit shall remain valid for a period upto next annual general meeting, and shall be renewable thereon for further period(s).
IX	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds 1. Justification for investment through borrowing 2. Detail of collateral, guarantees provided and assets pledged for obtaining such funds 3. Cost benefit analysis	The investment may be made from Company's own available liquidity and/or credit lines. 1. Higher rate of return 2. Pledge of listed securities and / or charge over assets of the Company, if and where needed. 3. Company's expects to time the investment to earn return over and above the borrowing cost.
X	Salient feature of agreements (if any) with associated company or associated undertaking with regards to proposed investment	There is no agreement to date
XI	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the company have no interest in the investee company except in their capacity as sponsor / director / shareholder of associated company
XII	In case an investment in associate company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	The Company has not made any equity investment in NRPL. Performance of NRPL can be referred in Point III to V above.
XIII	Any other important details necessary for the members to understand the transaction	None
XIV	Maximum price at which securities will be acquired	At par/premium/offered/negotiated price prevailing on the date of transaction / investment
XV	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
XVI	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / bases on Sr. Nos. VII & XIV

XVII	Number of securities and percentage thereof held before and after the proposed investment	Nil
XVIII	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not applicable
XIX	Fair value determined in terms of sub - regulation (1) of regulation 5 for investments in unlisted securities	As the company is in prefeasibility stage, it is impractical to ascertain fair value at this stage.

Following directors of the company have no interest in the investee companies except in their capacity as director / shareholder

Mr. Arif Habib	- Chief Executive and shareholder of Arif Habib Corporation Limited - Chairman and shareholder of Aisha Steel Mills Limited - Shareholder of Power Cement Limited - Director and shareholder of National Resources (Private) Limited
Dr. Shamshad Akhtar	- Chairperson and shareholder of Arif Habib Corporation Limited
Mr. Muhammad Ejaz	- Director and shareholder of Arif Habib Corporation Limited, - Director and shareholder of Aisha Steel Mills Limited and Power Cement Limited
Mr. Asadullah Khawaja	- Director and shareholder of Arif Habib Corporation Limited
Khawaja Jalaluddin Roomi	- Director and shareholder of Arif Habib Corporation Limited
Mr. Nasim Beg	- Director and shareholder of Arif Habib Corporation Limited - Director and shareholder of Aisha Steel Mills Limited - Chairman and shareholder of Power Cement Limited
Mr. Samad A. Habib	- Director and shareholder of Arif Habib Corporation Limited - Director and shareholder of Power Cement Limited
Mr. Kashif A. Habib	- Director and shareholder of Arif Habib Corporation Limited - Director and shareholder of Aisha Steel Mills Limited - Chief Executive and shareholder of Power Cement Limited

Annexure C

Statement under Section 134(3) of the Companies Act, 2017, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for decision to make investment under the authority of a resolution passed earlier pursuant to provisions of section 208 of the Companies Ordinance, 1984 (repealed) / section 199 of the Companies Act, 2017 is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) / section 199 of the Companies Act, 2017 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans, advances, running finance and corporate guarantees are also hereby sought for the companies, in which directors of the company have no inertest except in their capacity as director/shareholder, as per following details for a period upto next annual general meeting, unless specifically approved for a longer period:

1. Name of associated company / undertaking : Javedan Corporation Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,250,000,000	2,231,550,000	200,000,000
b)	amount of investment made to date;	2,513,399,501	10,067,474	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
	Earnings per share - basic & diluted		2.01 & 2.01	3.10 & 2.84
i	Net Profit		579,880,000	703,713,000
ii	Shareholders Equity		17,284,413,000	13,835,272,000
iii	Total Assets		25,283,074,000	20,840,488,000
iv	Break-up value		59.91	51.79
v	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 736,600,499	Sanctioned 2,231,550,000	Sanctioned 200,000,000

2. Name of associated company / undertaking : Summit Bank Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	755,822,522	-	-
b)	amount of investment made to date;	257,071,472	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2017	FY2016
i	Loss per share - basic & diluted		(0.51) & (0.51)	(1.00) & (1.00)
ii	Net (Loss) / Profit		(1,146,439,000)	(2,174,392,000)
iii	Shareholders Equity		11,034,525,000	12,671,952,000
iv	Total Assets		233,049,936,000	215,022,348,000
v	Break-up value		4.18	6.35
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised -	Sanctioned -	Sanctioned -
	Being an associated company earlier due to common directorship of Mr. Asadullah Khawaja in both the companies, the relationship ceased to exist consequent to resignation of Mr. Khawaja from the board of Summit Bank. Consequently, need for seeking special resolution is not required anymore.			

3. Name of associated company / undertaking: Arif Habib Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,421,676,000	1,500,000,000	3,000,000,000
b)	amount of investment made to date;	2,931,230,887	-	1,784,737,750
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	(Loss) / earnings per share		(0.95)	8.13
ii	Net (loss) / profit		(62,460,529)	536,256,096
iii	Shareholders Equity		2,917,567,154	3,187,315,847
iv	Total Assets		5,642,456,863	5,473,367,385
v	Break-up value		44.21	57.95
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 490,445,113	Sanctioned 1,500,000,000	Sanctioned 3,000,000,000

4. Name of associated company / undertaking : MCB - Arif Habib Savings and Investments Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	481,200,000	-	-
b)	amount of investment made to date;	81,947,527	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earnings per share - basic & diluted		0.34	1.77
ii	Net Profit		24,235,396	124,192,903
iii	Shareholders Equity		1,462,226,313	1,567,536,132
iv	Total Assets		2,044,323,310	2,243,825,724
v	Break-up value		20.31	21.77
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. ::	Unutilised 399,252,473	Sanctioned -	Sanctioned -

5. Name of associated company / undertaking : Pakarab Fertilizers Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,324,332,000	1,000,000,000	-
b)	amount of investment made to date;	1,324,332,073	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2018	FY2017 (Restated)
i	Loss per share		(18.25)	(8.76)
ii	Net loss		(8,212,446,000)	(3,941,887,000)
iii	Shareholders Equity		5,128,903,000	19,701,914,000
iv	Total Assets		49,980,827,000	61,483,295,000
v	Break-up value		11.40	43.78
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 999,999,927	Sanctioned 1,000,000,000	Sanctioned -

6. Name of associated company / undertaking : Fatima Fertilizer Company Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,500,000,000	1,000,000,000	-
b)	amount of investment made to date;	700,037,106	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2018	FY2017
i	Earnings per share		6.32	5.04
ii	Net Profit		13,272,392,000	10,576,013,000
iii	Shareholders Equity		62,261,314,000	53,741,792,000
iv	Total Assets		109,951,006,000	99,336,477,000
v	Break-up value		29.65	25.59
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 1,799,962,894	Sanctioned 1,000,000,000	Sanctioned -

7. Name of associated company / undertaking : Rotocast Engineering Company (Private) Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	300,000,000	200,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2018	FY2017 (Restated)
i	Earnings per share		62.34	14.27
ii	Net Profit		62,342,124	14,267,403
iii	Shareholders Equity		4,111,006,566	4,036,178,817
iv	Total Assets		5,382,396,898	6,093,788,413
v	Break-up value		4,111.01	4,036.18
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 300,000,000	Sanctioned 200,000,000	Sanctioned -

8. Name of associated company / undertaking : Arif Habib Dolmen REIT Management Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	1,000,000,000	500,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earnings / (loss) per share		1.88	(6.81)
ii	Net profit / (loss)		37,625,037	(136,283,015)
iii	Shareholders Equity		194,390,429	156,804,304
iv	Total Assets		219,586,038	172,901,459
v	Break-up value		9.72	7.84
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. ::	Unutilised 1,000,000,000	Sanctioned 500,000,000	Sanctioned -

9. Name of associated company / undertaking : Aisha Steel Mills Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance & Long Term	Corporate Guarantee
a)	total investment approved;	3,750,000,000	2,539,206,765 (RF)* & 210,793,235 (LTL)**	PKR 5,500,000,000 plus USD 80,000,000 ***
	amount of investment made to date;	3,701,928,887	182,359,793 (LTL)	PKR 4,122,457,000
b) c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earning per share - basic & diluted		0.26	1.57 & 1.54
ii	Net Profit		255,722,000	1,283,982,000
iii	Shareholders Equity		8,746,828,000	8,491,106,000
iv	Total Assets		32,730,909,000	20,425,788,000
v	Break-up value		10.76	9.65
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 48,071,113	Sanctioned 2,539,206,765 (RF)* 210,793,235 (LTL)**	Sanctioned PKR 5,500,000,000 plus USD 80,000,000 ***

*RF = Running Finance
**LTL = Long Term Loan
***Approval of guarantee limit of any currency equivalent to USD 80 million has already been granted for 5 years by shareholders in EOGM held on 30-Mar-19. The same is disclosed above for completeness of information.

10. Name of associated company / undertaking : Power Cement Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,322,000,000	1,000,000,000	PKR 500,000,000 plus USD 49,000,000 *
b)	amount of investment made to date;	3,074,183,366	-	USD 10,127,500
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earnings per share		0.55	0.32
ii	Net Profit		582,106,000	319,907,000
iii	Shareholders Equity		12,221,540,000	11,299,062,000
iv	Total Assets		40,008,403,000	24,517,306,000
v	Break-up value		11.49	10.63
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 247,816,634	Sanctioned 1,000,000,000	Sanctioned PKR 500,000,000 plus USD 49,000,000 *

* Approval of guarantee limit of USD 49 million includes the following:
PKR equivalent of USD 11 million granted for 2 years by shareholders in EOGM held on 26-Sep-18. The limit will expire on 25-Sep-20 and is requested for renewal till next AGM. Any currency equivalent of USD 38 million granted for 5 years by shareholders in EOGM held on 30-Mar-19; same being disclosed above for completeness of information.

11. Name of associated company / undertaking : Sachal Energy Development (Private) Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,500,000,000	1,000,000,000	** USD 100,000,000
b)	amount of investment made to date;	2,746,465,560	-	** USD 100,000,000
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee and availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earnings per share		2.82	2.66
ii	Net Profit		903,837,564	852,402,656
iii	Shareholders Equity		5,184,287,248	4,280,449,684
iv	Total Assets		19,028,312,694	15,243,250,439
v	Break-up value		16.20	13.38
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 753,534,440	Sanctioned 1,000,000,000	Sanctioned ** USD 100,000,000

** During 2016, the Company has issued a Corporate Guarantee in USD Currency on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL) in favor of Industrial Commercial Bank of China (ICBC) in relation to financing agreement of SEDPL. At the time of issuance of guarantee, AHCL held 100% ownership in SEDPL and hence exempted from obtaining approval through special resolution for investments in SEDPL in pursuance of clause (f) of S.R.O.704(I)/2011 dated 13-Jul-11. The disclosure regarding guarantee was however made in Note # 9.3 of Annual Audited Accounts of 2016. In the AGM of AHCL held in Oct-17, despite still being exempt as disclosed above, the Company had sought approval of shareholders u/s 199 of the Companies Act, 2017 for the amount of guarantee so extended to SEDPL. That included approval of amount of guarantee of USD 100 million which was also disclosed in Note # 9.3 of Annual Audited Accounts of 2017. However, for the purpose of special resolution, the shareholders have approved the indicative amount of Rs.10.5 billion being prevalent PKR equivalent of the USD guaranteed amount of USD 100 million as disclosed to the shareholders. Renewal of the same amount was sought and granted in AGM held in Oct-18 as well. No other guarantee has been issued by the Company on behalf of SEDPL after it ceased to be a wholly owned subsidiary since Dec-17. During the current year, consequent to a sharp decline in PKR versus USD, the PKR equivalent value of outstanding guaranteed amount in USD since 2016 is no longer accurately reflected by the indicative amount of PKR 10.5 billion as mentioned in the previous shareholders' voluntary approval in Oct-17 and renewal in Oct-18. In order to remain compliant and for the sake of clarity, shareholders' confirmation / approval is hereby sought for the above disclosure, whereby guarantee is deemed to be approved for USD 100 million rather than indicative equivalent of PKR 10.5 billion.

12. Name of associated company / undertaking : Safe Mix Concrete Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	150,000,000	150,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance and availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	(Loss) / earnings per share		(1.19)	0.10
ii	Net (loss) / profit		(29,771,054)	2,415,374
iii	Shareholders Equity		188,148,433	241,056,394
iv	Total Assets		608,474,409	753,508,449
v	Break-up value		7.53	9.64
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 150,000,000	Sanctioned 150,000,000	Sanctioned -

13. Name of associated company / undertaking : Dolmen City REIT

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	1,000,000,000	-	-
b)	amount of investment made to date;	201,492,133	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :		FY2019	FY2018
i	Earnings per unit		3.09	2.27
ii	Net Profit		6,869,588,000	5,055,268,000
iii	Total unitholders fund		46,233,196,000	42,232,181,000
iv	Total Assets		47,022,210,000	42,998,020,000
v	Net Asset Value per share		20.79	18.99
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised 798,507,867	Sanctioned -	Sanctioned -

Form of Proxy 25th Annual General Meeting

The Company Secretary
Arif Habib Corporation Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

I/ we ______________________________ of _____________________ being a member(s) of Arif Habib Corporation Limited holding _________________________ ordinary shares as per CDC A/c. No.____________ hereby appoint Mr./Mrs./Miss ___________________________ _________________________ of (full address)____________________________________ ____ or failing him/her Mr./Mrs./Miss ____ of (full address) ____

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on November 27, 2019 and/or any adjournment thereof.

Signed this ___________ day of ___________ 2019.

Witnesses:

1. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

2. Name : ________________________
   Address : ________________________
   CNIC No. : ________________________
   Signature : ________________________

Signature on Rs. 5/- Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her original CNIC / passport and bring folio number at the time of attending the meeting.

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. CDC Share Registrar Services Limited, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

AFFIX
CORRECT
POSTAGE

ARIF HABIB CORPORATION LIMITED

Share Registrar:

CDC Share Registrar Services Limited,
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

پراکسی فارم

25th سالانہ جنرل اجلاس

کمپنی سیکریٹری

عارف حبیب کارپوریشن لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں مسمّٰی / مسماۃ ------------------ساکن -------------------------ضلع-------------------------

بحیثیت ممبر عارف حبیب کارپوریشن لمیٹڈ، مسمّٰی / مسماۃ -------------------------------------

ساکن ------------------ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 27 نومبر، 2019 کو منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: ------------- بروز/ بتاریخ ---------------- 2019

گواہان:

1	2
نام: ----------	نام: ----------
پتہ: ----------	پتہ: ----------
شناختی کارڈ نمبر: ----------	شناختی کارڈ نمبر: ----------
دستخط: ----------	دستخط: ----------

دستخط ۵ روپے
ریوینیو اسٹیمپ

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رُکن کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہوسکتا ہے، خطاب کرسکتا ہے یا ووٹ کا اندراج کرسکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تا کہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- مئوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائیریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیقی شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

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Registrar:

Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

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ڈائریکٹران کے انتخابات

کمپنیز ایکٹ 2017 کی دفعہ 161 کے تحت غیر معمولی اجلاس عام مورخہ 21 ستمبر 2016 میں منتخب ہونے والے آٹھ ڈائریکٹران کی تین سالہ مدت 21 ستمبر 2019 کو مکمل ہوگئی تھی۔ کمپنی کے غیر معمولی اجلاس عام مورخہ 21 ستمبر 2019 میں آٹھ ڈائریکٹران کو منتخب کیا گیا جن کی تین سالہ مدت ستمبر 2022 کو مکمل ہوگی۔

واقعات بعد ازاں اختتامِ سال 30 جون 2019

کمپنیز ایکٹ 2017 کی دفعہ 88 جسے لسٹڈ کمپنیز (بائی بیک آف شیئرز) ریگولیشنز 2019 (ریگولیشنز) کے ساتھ پڑھا جائے گا کہ تحت بورڈ آف ڈائریکٹرز کی 3 جون 2019 کی سفارش پر عارف حبیب کارپوریشن لمیٹڈ کے حصص یافتگان کا ایک غیر معمولی اجلاس عام 3 جولائی 2019 کو منعقد کیا تھا جس میں 27 روپے فی حصص کے حساب سے کمپنی کے اپنے جاری کردہ حصص کی زیادہ سے زیادہ 45,375,000 حصص کی خریداری (واپس خریداری) بذریعہ ٹینڈر پیشکش کی گئی تاکہ خرید شدہ حصص کو منسوخ کیا جاسکے۔ خریداری کی مدت 30 دن تھی جس کا آغاز 9 جولائی 2019 کو ہوا اور اختتام 7 اگست 2019 کو ہوا۔ خریداری کی مدت کے بعد ضابطوں کی پاسداریوں کو بروقت مکمل کیا گیا جس میں 4,138,669 غیر قبول شدہ حصص کی واپسی، 45,375,000 قبول شدہ/خرید شدہ عمومی حصص کی منسوخی اور حصص یافتگان کو قبول شدہ حصص کی مجموعی خریداری کے عوض 1,225,125,000 روپے کی ادائیگی شامل ہے۔

کمپنی کے ادا شدہ سرمائے کی پوزیشن حصص کی منسوخی سے قبل ممبران کے رجسٹر کے مطابق 4,537,500,000 روپے (عرفی قدر 10 روپے فی حصص کے حساب سے 453,750,000 عمومی حصص) تھی۔ کمپنی کی ترمیم شدہ ادا شدہ سرمائے کی پوزیشن 9 اگست 2019 کو واپس خریدے گئے 45,375,000 حصص کی منسوخی کے بعد 4,083,750,000 روپے ہوگئی (جو کہ عرفی قدر 10 روپے فی حصص کے حساب سے 408,375,000 عمومی حصص پر مشتمل ہے)۔

ملحقہ پارٹیوں کے سودے

لسٹنگ ریگولیشنز کی پاسداری کرتے ہوئے کمپنی نے ملحقہ پارٹیوں کے ساتھ تمام سودے آڈٹ کمیٹی اور بورڈ کے روبرو اُن کے جائزہ اور منظوری کے لئے پیش کئے۔ ان سودوں کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا۔ ملحقہ پارٹیوں کے ساتھ سودوں کی تفصیل آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 34 میں پیش کی گئی ہے۔

اعتراف

ڈائریکٹران کمپنی کے تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی پر ان کے مشکور ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے اعتماد اور بھروسے پر ان کے مشکور ہیں اور ان کیلئے ستائش ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت مالیات، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، کمپیٹیشن کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر اُن کے مشکور ہیں جن کے تعاون کی وجہ سے کمپنی طویل سفر طے کر کے آج اس مقام تک پہنچی ہے۔ سال کے دوران ہم کمپنی کے ملازمین کی انتھک محنت کا اعتراف کرتے ہیں۔ انتہائی اہم معاملات میں انتظامیہ کی تائید اور رہنمائی کیلئے آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے فعال کردار اور ان کی قابل قدر معاونت قابل تعریف ہے۔

برائے و منجانب

جناب عارف حبیب
چیف ایگزیکٹو

ڈاکٹر شمشاد اختر
چیئرپرسن

کراچی: 26 اکتوبر 2019

کسی ڈائریکٹر کو سونپی گئی اضافی خدمات کے عوض معاوضہ کا تعین بورڈ آف ڈائریکٹرز مارکیٹ کے معیار اور کام کے دائرہ کار کے مطابق طے کرتا ہے اور اس کے لئے کمپنی کے لئے آرٹیکلز آف ایسوسی ایشن کی پاسداری کی جاتی ہے۔ معاوضہ کی سطح ذمہ داری اور مہارت کے مطابق اور مناسب ہوتی ہے۔ تاہم کسی بھی آزاد ڈائریکٹر کا معاوضہ اس سطح کا نہیں ہوتا جسے اس کی آزادی پر پر تصفیہ تصور کیا جائے۔

بورڈ کے اجلاس میں حاضری

ان افراد کے نام جو مالیاتی سال کے دوران کمپنی کے ڈائریکٹر رہے بمع بورڈ اور کمیٹیوں کے اجلاسوں میں ان کی حاضری سے متعلق بیان کو گوشوارہ - II میں منسلک کیا گیا ہے۔

حصص داری کی ساخت

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2019 کو کمپنی کے 4,046 حصص یافتگان تھے۔ حصص داری کی تفصیلی ساخت اور کمپنی کی حصص داری کی اقسام بشمول ڈائریکٹران اور ایگزیکٹو کی ملکیت میں حصص کی تعداد، اگر کوئی ہو، تو وہ منسلک گوشورہ - III میں پیش کی گئی ہے۔

مالیاتی اور کاروباری جھلکیاں

مالیاتی اور کاروباری اعداد و شمار اختصاری شکل میں "گزشتہ چھ سالوں کی مالیاتی اور کاروباری جھلکیاں ایک نظر میں" کے عنوان سے صفحہ نمبر 55 - 56 پر دیئے گئے ہیں۔

ریٹائرمنٹ فنڈز سے سرمایہ کاری

اسٹاف پرویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی نگرانی کمپنی کرتی ہے جس کے متعلقہ 30 جون 2018 آڈٹ شدہ مالیاتی گوشواروں کے مطابق اس کی مالیت 26.74 ملین روپے ہے۔

آڈٹ کمیٹی

ادارتی نظم و ضبط کے ضابطہ کے تحت آڈٹ کمیٹی نے تسلسل کے ساتھ اپنے فرائض کو بورڈ کی تعین کردہ ذمہ داریوں کے مطابق انجام دیا۔ کمیٹی کی تشکیل بندی اور اس کی ذمہ داریوں کے نمایاں خدوخال اس رپورٹ کے ساتھ منسلک کئے گئے ہیں۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی 27 نومبر 2019 کو منعقد ہونے والے اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے اور اہلیت کے باعث انہوں نے سال 30 جون 2020 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بیرونی آڈیٹرز کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے باہمی طے شدہ معاوضہ پر میسرز KPMG تاثیر ہادی اینڈ کمپنی کی سال 30 جون 2020 کے لئے بطور آڈیٹر دوبارہ تقرری کی سفارش کی ہے۔ اس سلسلے میں 27 نومبر 2019 کو ہونے والے اجلاس عام میں حصص یافتگان سے منظوری لی جائے گی۔

سیکریٹریل مشق پر عمل درآمد

جائزہ سال کے دوران کمپنیز ایکٹ 2017 کے تحت سیکریٹریل اور ادارتی اور لسٹنگ ریگولیشنز کے ضوابط کی باضابطہ پاسداری کی گئی۔

کمپنی ہمیشہ بہترین ادارتی نظم و ضبط اور شفاف اور درست طور طریقوں کے ذریعے آگے بڑھنے کے لئے کوشاں ہے، یہ طور طریقے کمپنی میں اُس وقت سے نافذ ہیں جب انہیں قانونی شکل بھی نہیں دی گئی تھی۔

ڈائریکٹران اور اعلی عہدیدارن کی کمپنی کے حصص میں خرید و فروخت

تمام ڈائریکٹران بشمول چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی کے اعلی عہدیداان کو کمپنی سیکریٹری کی جانب سے تحریری نوٹس بھیجے گئے ہیں جس میں انہیں مطلع کیا گیا ہے کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خریدوفروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد اور CDC گوشوارے کا ریکارڈ فوری طور پر 2 دن کے اندر کمپنی سیکریٹری کو ارسال کردیں۔
ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خریدو فروخت سے متعلق بیان کو گوشوارہ I- میں منسلک کیا گیا ہے ۔ ان کے علاوہ گوشوارہ - I میں دیئے گئے منکشفات کے مطابق کسی بھی ایسے ملازم جسکی بنیادی سالانہ تنخواہ 1,200,000 سے زیادہ ہو،اس نے کمپنی کے حصص میں کوئی خریدوفروخت نہیں کی۔ اس سطح کو کمپنی کے بورڈ نے طے کیا ہے جسے سالانہ رپورٹوں میں منکشف کیا گیا ہے۔

بورڈ /کمیٹیوں کی تشکیل بندی

کل آٹھ ڈائریکٹران میں سے سات ڈائریکٹران مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہیں جو کہ چیئرپرسن ہیں ۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل بندی درج ذیل ہے:

بورڈ آف ڈائریکٹرز	قسم	آڈٹ کمیٹی	سرمایہ کاری اور پروجیکٹ تنوع کمیٹی	انسانی وسائل اور معاوضہ کمیٹی
ڈاکٹر شمشاداختر (چیئرپرسن/خاتون ڈائریکٹر) (نئی ڈائریکٹر جو ستمبر 2019 میں منتخب ہوئیں)	آزاد	-	-	-
خواجہ جلال الدین رومی	آزاد	چیئرمین	-	چیئرمین
جناب سراج الدین قاسم (ستمبر 2019 میں سبکدوش ہوگئے تھے)	آزاد	-	-	-
جناب اسد اللہ خواجہ (سابقہ چیئرمین)	نان ایگزیکٹو	-	-	-
جناب نسیم بیگ	نان ایگزیکٹو	-	ممبر	ممبر
جناب صمد اے حبیب	نان ایگزیکٹو	-	ممبر	-
جناب کاشف اے حبیب	نان ایگزیکٹو	ممبر	ممبر	ممبر
جناب محمد اعجاز	نان ایگزیکٹو	ممبر	-	-
جناب عارف حبیب (چیف ایگزیکٹو)	ایگزیکٹو	-	چیئرمین	ممبر

ڈائریکٹران کے معاوضہ کی پالیسی

عارف حبیب کارپوریشن لمیٹڈ کے نان ایگزیکٹو ڈائریکٹران بشمول آزاد ڈائریکٹران جو کہ کسی گروپ کمپنی میں ڈائریکٹر، انتظامی عہدے اور اعلی انتظامیہ میں شامل نہ ہوں وہ بورڈ آف ڈائریکٹر اور بورڈ کی کسی ذیلی کمیٹی کے اجلاس میں حاضری ہونے پر وقتاً فوقتاً بورڈ کے منظور کردہ نرخ کے مطابق معاوضہ طلب کرسکتے ہیں۔

ادارتی سماجی ذمہ داری

ہمارے قیام ہی سے پائیدار اور ذمہ دارانہ ترقی ہمارے بنیادی عناصر رہے ہیں جس کی وجہ سے ہم تسلسل کے ساتھ اپنے گروپ کی کمپنیوں کی حوصلہ افزائی کرتے ہیں کہ وہ جس ماحول اور لوگوں کے درمیان کاروبار کرتے ہیں ان کے ساتھ ذمہ دارانہ رویہ اپنائیں اور حساسیت کا مظاہرہ کریں۔

آج عارف حبیب گروپ کی کمپنیاں پورے پاکستان میں بڑے پیمانے پر CSR پروگرام چلارہی ہیں جس میں انتہائی توجہ طلب شعبوں کا احاطہ کیا گیا ہے اور تعلیم، صحت، ماحولیات، سماجی بہبود، کھیل اور ریلیف کے کاموں کو خصوصی اہمیت دی گئی ہے اور ہمارا عزم ہے کہ مستقبل میں اس کے دائرہ کار کو مزید وسعت دی جائے اور مزید معاونت فراہم کی جائے۔

عارف حبیب گروپ میں ہم اپنے ملازمین کے ساتھ ساتھ وسیع معنوں میں معاشرے کی خوشحالی کو بھی اہمیت دیتے ہیں۔ گروپ کی کمپنیاں توانائی کی بچت پر توجہ مرکوز رکھتی ہیں اور تمام شعبہ جات اور ملازمین توانائی بچت کے اقدامات کی پابندی کرتے ہیں ۔ یہ ہمارا نصب العین ہے کہ معیشت اور اپنے لوگوں اور ماحول میں پائیداریت کے ذریعے پاکستان میں معاشی ترقی اور استحکام لایا جائے۔

گروپ تسلسل کے ساتھ وسائل کے کم استعمال کے اقدامات کی تائید کرتا ہے اور قابل تجدید توانائی میں تحقیق کی حوصلہ افزائی کرتا ہے۔ آپ کی کمپنی نے قومی معیشت میں اپنی معاونت کو سنجیدگی سے لیا ہے اور ہمیشہ اپنی ذمہ داریوں سے شفافیت، درستگی اور بروقت انداز میں عہدہ برآں ہوئی ہے۔ گروپ کی کمپنیوں کی جانب سے کی گئی معاونت کی تفصیل کو صفحہ نمبر 63 پر پیش کیا گیا ہے۔

ادارتی نظم و ضبط

AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے ادارتی نظم و ضبط کے ضابطہ پر عمل پیرا ہے اور اس سلسلے میں اپنی ذمہ داریوں سے آگاہ ہے اور کاروباری افعال اور کارکردگی کی نگرانی کی جاتی ہے تاکہ مالیاتی اور غیرمالیاتی معلومات کی درستگی، جامعیت اور شفافیت میں بہتری لائی جاسکے۔

بورڈ اس موقع پر اقرار کرتا ہے کہ کمپنی کی حسابات کی کتابیں درست انداز میں تیار کی گئی ہیں اور مناسب حساباتی پالیسیوں کو اختیار کیا گیا ہے اور مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ انہیں ملحوظ خاطر رکھا گیا ہے سوائے نئے معیارات اور ان ترامیم کے جنہیں آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 4.1 میں بیان کیا گیا ہے۔ حسابات کی تیاری اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے - اندرونی گرفت کے نظام بشمول مالیاتی نظام کی شکل مضبوط ہے اور موثر انداز میں نافذالعمل ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ٹیکسوں، محصولات ، واجبات وغیرہ کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔ گریجویٹی، پنشن یا پروویڈنٹ فنڈ کی مد میں کوئی واجبات قابل ادائیگی نہیں ہیں۔

کمپنی کی پالیسی ہے کہ جہاں پر اس نے سرمایہ کاری کی ہے وہاں کے بورڈ میں اپنے ڈائریکٹر نامزد کرتی ہے۔ جب بھی ضرورت پڑتی ہے تو AHCL کے نامزد افراد اور / یا نمائندے ہر کلیدی سرمایہ شدہ کمپنی کی انتظامیہ کے ساتھ بجٹ اور کاروباری منصوبوں پر کام کرتے ہیں۔ سرمایہ شدہ کمپنی کی کارکردگی کی باقاعدہ نگرانی کی جاتی ہے۔

بورڈ اس بات کا اعادہ کرتا ہے کہ کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے اور ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

اپنی کلیدی سرمایہ کاریوں کے لئے کمپنی نے خطرات سے نمٹنے کے نظام ترویج کئے ہیں جو کہ اس سرمایہ کاری سے موزونیت رکھتے ہوں۔ کاروباری فیصلے پروجیکٹ کے جامع تجزیوں کے بعد کئے جاتے ہیں جس سے ممکنہ خطرات اور مواقعوں کی نشاندہی ہوتی ہے۔ خطرات سے نمٹنے کیلئے کمپنی کی توجہ بنیادی پہلوؤں جیسے بورڈ اور اعلیٰ انتظامیہ کا نظم و ضبط، پالیسیوں اور طریقہ کار کی تیاری اور نفاذ، خطرات کی نگرانی، انتظامی معلوماتی نظام اور اندرونی گرفت پر ہے ۔ کمپنی خودکار عمل کے ذریعے خطرات اور کنٹرولز کی تشخیص اور شناخت کرتی ہے اور جہاں ضروری ہوتا ہے ان طریقوں کو اپنایا جاتا ہے جن سے خطرات کو قابو کیا جاسکے۔ بطور ایک جاری عمل سال میں ایک مرتبہ انتظامیہ مالیاتی رپورٹنگ کے گوشواروں کا جائزہ لیتی ہے اور اس کے علاوہ خطرات سے نمٹنے ، ادارتی سماجی ذمہ داری، شمولیت اورادارتی نظم و ضبط کے ضابطے، حساباتی مینوئل، آئینی تقاضے اور قواعد و ضوابط کی پاسداری شامل ہے۔

کاروباری خطرات کے انتظام میں نقطہ آغاز سے ہی سرمایہ کاری سے قبل گہرا تجزیہ کیا جاتا ہے اور اس ضرورت کو پورا کرنے کے لئے ایسے تعلیم یافتہ اور تجربہ کار پیشہ ورانہ اسٹاف کو بھرتی کیا جاتا ہے جو کہ سرمایہ شدہ کمپنیوں کے بورڈ میں نمائندگی کر سکیں اور جب بھی ضرورت ہو، ان کمپنیوں کے بجٹ اور دیگر اندورنی گرفت کے نظام کو لاگو کرسکیں، تسلسل کے ساتھ سرمایہ شدہ کمپنیوں کی کارکردگی اور اصلاحی اقدامات لیں جب اور جیسے ضرورت پڑے، بشمول اگر درست ہو تو اس کاروبار میں سے سرمایہ کاری نکال لیں۔

بورڈ نے ایک سرمایہ کاری کمیٹی تشکیل دی ہے جس کی ذمہ داری تمام کلیدی سرمایہ کاریوں کی کی مسلسل اور بلارکاوٹ نگرانی کرنا ہے۔ جس کے جواب میں کمپنی کا انتظامی عملہ کمیٹی کو کلیدی سرمایہ کاریوں پر بروقت رپورٹ فراہم کرنے کا ذمہ دار ہوتا ہے۔ خطرات کے انتظام پر تفصیلی معیاری اور مقداری تجزیے مالیاتی گوشواروں کے نوٹ نمبر 31میں دیئے گئے ہیں۔

سرمائے کا انتظام اور روانیت

کمپنی کی پالیسی ہے کہ سرمائے کی مستحکم سطح برقرار رکھی جائے تاکہ سرمایہ کاروں، قرض دہندگان اور مارکیٹ کا اعتماد بحال رہے، کاروبار میں پائیدار ترقی ہو ، کمپنی کی چلتے ہوئے ادارے کی حیثیت کا تحفظ ہو تاکہ وہ اپنے حصص یافتگان کو بہتر منفعت اور دیگر مستفیدان کو فوائد فراہم کیئے جاسکیں اور سرمائے کی ساخت کی بہترین سطح کو برقرار رکھتے ہوئے سرمائے کی لاگت کم کی جاسکے۔ بورڈ آف ڈائریکٹرز سرمائے پر منافع کی نگرانی کرتے ہیں جسے کمپنی خالص منافع بعد از ٹیکس کہتی ہے اور اسے کل حصص یافتگان کی ایکویٹی پر تقسیم کیا جاتا ہے۔ سال کے دوران سرمائے کے انتظام سے متعلق کمپنی کی رسائی میں کوئی تبدیلی نہیں ہوئی اور کمپنی کسی بیرونی سرمایہ کے تقاضوں کے ماتحت نہیں ہے۔

انسانی وسائل

آپ کی کمپنی کو اس بات پر فخر ہے کہ اس کے ملازمین نے کاروبار کے لئے اپنے اہلیت، وابستگی اور وفاداری ظاہر کی۔ کمپنی تسلسل کے ساتھ ایسے نئے اقدامات کررہی ہے جن سے کاروباری کی بڑھتی ہوئی ضرویات کے پیش نظر ایچ آر کی پالیسیوں سے مطابقت پیدا کی جاسکے۔ لوگوں کی ترقی آپ کی کمپنی کا بنیادی اہم عنصرہے۔ ہم سمجھتے ہیں کہ ہمارے ملازمین پر سرمایہ کاری سے ہمیں کام کے لئے مضبوط اور موثر افرادی قوت حاصل ہوگی۔

AHCL میں شعبہ انسانی وسائل اپنے کلیدی کردار کے تحت ایسی حکمت عملیاں نافذ کرتا ہے جس سے ہر ٹیم ممبر کی کارکردگی میں اضافہ ہو تاکہ وہ اپنی مکمل صلاحیتوں کے ساتھ کام کریں۔ ہمارے ادارے کی کامیابی کی بنیادی وجہ یہی ہے کہ اس نے ایسے لوگوں کے درمیان ترقی کی ہے جو اسے ہمیشہ مزید ایک قدم آگے لے جانے کو تیار ہیں۔

ملازمین کی حوصلہ افزائی کی جاتی ہے اور انہیں ان کی کارکردگی کے مطابق نوازا جاتا ہے جس کی وجہ سے طویل مدت ملازمت اور ترغیب ہر سطح پر موجود ہے۔ ہماری کاروباری سرگرمیاں اخلاقی ضابطوں کے مطابق شفافیت کے ساتھ انجام پاتی ہیں جس پر کوئی تصفیہ نہیں کیا جاتا۔

کوئلے سے توانائی

بلیک گولڈ پاور لمیٹڈ (BGPL) جو کہ عارف حبیب کارپوریشن لمیٹڈ کی مکمل ملکیت میں ایک ذیلی کمپنی ہے اور اسے تھر بلاک II میں 660MW کوئلہ سے توانائی پیدا کرنے والے پلانٹ کے مقاصد کے لئے قائم کیا گیا تھا۔ اس مقصد کے لئے سندھ اینگرو کول مائننگ کمپنی لمیٹڈ نے 3.8 ملین ٹن سالانہ کوئلہ مختص کردیا ہے جس کی ترویج تھر بلاک II کی کانوں سے کی جائے گی۔ BGPL نے پرائیویٹ پاور انفراسٹرکچر بورڈ (PPIB) میں رجسٹریشن کی درخواست دے رکھی ہے اور اس سلسلے میں اظہار دلچسپی کا خط حاصل کرلے گی۔

مستقبل کی پیش بینی

حکومت نے حوصلہ شکن معاشی عدم توازن کے ازالے کے لئے مختلف اصلاحاتی اقدامات کئے ہیں۔موجودہ مالیاتی سال کی پہلی سہ ماہی کافی دشوار گزار رہی جس نے کمپنی کے مالیاتی خدمات، سیمنٹ اور اسٹیل کے کاروبار پر شدید اثرات مرتب کئے۔ تاہم کھاد، توانائی اور جائیداد کے کاروبار کی کارکردگی بہتر رہی۔ موجودہ مالیاتی سال کی دوسری سہ ماہی کے آغاز میں بازارِ حصص میں کچھ بہتری دیکھی گئی اور اسی طرح اسٹیل اور سیمنٹ کی طلب میں بھی بہتری آئی ۔کھاد، توانائی اور جائیداد کے کاروبار کی کارکردگی تسلسل کے ساتھ اچھی رہی۔روپے کی قدر میں استحکام اور افراط زر اور شرح سود میں متوقع کمی کے نتیجے میں توقع ہے کہ آپ کی کمپنی کے متنوع سرمایہ کاری پورٹ فولیو کی کارکردگی موجودہ مالیاتی سال کی دوسری ششماہی میں تسلی بخش رہے گی۔

خطرات سے نمٹنا

خطرات کے انتظام کا نظام بورڈ نے تشکیل دیا ہے جس میں وسیع پیمانے پر واضح ترتیب شدہ ادارتی اور انضباطی اجزاء شامل کئے گئے ہیں اور یہ ان واقعات اور پیشقدمیوں کو شناخت کرنے کی اہلیت رکھتا ہے جو کہ کمپنی کے چلتے ہوئے ادارے کی حیثیت کو نقصان پہنچاسکتے ہیں۔ خطرات سے نمٹنے کے نظام اس طرح ڈیزائن کیا گیا ہے کہ ادارے میں ہر سطح پر خطرات سے نمٹنے کے لئے متوازن طریقہ کار اختیار کیا جائے، خطرات اور مواقعوں کی ابتدائی مرحلے میں ہی شناخت اور تجزیہ کیا جائے ، ان کی شدت کوناپنے اور ان کی نگرانی اور انتظام کے لئے موزوں اوزاروں کا استعمال کیا جائے۔

چونکہ کمپنی کا بنیادی کاروبار سرمایہ کاری ہے، اس لئے خطرات سے نمٹنے کا نظام اس طرح وضع کیا گیا ہے جس سے سرمایہ کاری حکمت عملی وضع ہوتی ہو، جس کو مدنظر رکھتے ہوئے کاروباری خطرات کا مجموعی طور پر سالانہ جائزہ لیا جاتا ہے تاکہ انتظامیہ خطرات کی شناخت، خطرات کے انتظام اور متعلقہ انتظامی اور اندرونی گرفت کے ذریعے اثاثوں ، وسائل، نیک نامی اور کمپنی اور حصص یافتگان کے مفادات کا تحفظ کرسکے۔

کمپنی نے ثانوی مارکیٹ میں اپنی سرمایہ کاریوں کا آغاز کیا اور اس کے ساتھ ساتھ ہمیشہ مختلف شعبوں اور کمپنیوں میں تنوع کی پالیسی پر عملدرآمد کیا، جس میں انفرادی سرمایہ کاری فیصلوں کی بنیاد اہم تجزیات پر رکھی گئی اور سرمایہ کاری کی قدر کے لئے وقت پر ثابت شدہ اصولوں کی پیروی کی گئی۔ کمپنی خطرات کا مقابلہ تحفظاتی انتخاب کومحتاط انداز میں استعمال کرتے ہوئے کرتی ہے، خطرات کے اجتماع سے بچتی ہے، مناسب متوازی اور امکانی نقدی کے بہاؤ کو یقینی بناتی ہے اور متقابلہ فریق کی صلاحیت کی تشخیص کرتی ہے۔ اس کے علاوہ کمپنی تسلسل کے ساتھ اپنے نمائندگان کے ذریعے بنیادی بازار سرمایہ کی ساخت بندی کی ترویج میں اپنا کردار ادا کررہی ہے۔

اسٹیل

سال 19-2018 عائشہ اسٹیل ملز لمیٹڈ (ASML) کیلئے سنگِ میل ثابت ہوا کیونکہ اس میں وہ ایک درمیانی سائز کی کولڈ رولنگ سیٹ اپ سے بڑے پیمانے کی انتہائی جدید کولڈ رولنگ اور گیلوینائزنگ کمپلیکس میں تبدیل ہوگئی۔ کولڈ رولڈ کوائلز (CRC) کی پیداواری گنجائش 220,000 سے بڑھ کر 700,000 میٹرک ٹن سالانہ ہوگئی جس میں سے 250,000 ٹن کو مسلسل گیلوینائزنگ لائن (CGL) میں پروسیس کیا جاسکتا ہے۔ کمپنی میں توسیع منصوبہ کے مطابق ہوئی اور جون 2019 میں مکمل ہوگئی۔ کمپنی کا بعد از ٹیکس منافع 254 ملین روپے رہا جو کہ گزشتہ سال 1.28 بلین روپے تھا۔ مستقبل کی جانب دیکھیں تو اس توسیع کے نتیجے میں بڑے پیداواری حجم کی وجہ سے پیداواری لاگت میں کمی آئے گی اور مصنوعات کے مرکب میں تنوع آئے گا۔ پروجیکٹ کی کامیاب تکمیل کے بعد کمپنی ملک کی دوسری سب سے بڑی فلیٹ اسٹیل مصنوعات بنانے والی کمپنی بن گئی ہے۔

سیمنٹ

پاور سیمنٹ کی موجودہ پیداواری گنجائش کو 0.9 ملین سالانہ سے بڑھا کر 3.6 ملین ٹن سالانہ کرنے کا عمل تکمیل کے قریب ہے جس سے کم لاگت والی اور جنوبی خطے میں دوسری سب سے بڑی سیمنٹ کمپنی بن جائے گی، اس سے کمپنی کا مارکیٹ میں حصہ بڑھ جائے گا اور سیمنٹ کے شعبے میں ایک بڑے کھلاڑی کی حیثیت سے قدم جمالے گی ۔ نیا پلانٹ سیمنٹ کے انتہائی جدید یوروپی پیداواری لائن FLSmidth، ڈنمارک سے جدید ماحولیاتی آلودگی کو قابو کرنے کے نظام سے لیس ہے اور جس میں توانائی اور دیکھ بھال و مرمت کی بلند سطح کی بچت ہوگی۔ اخراج ورلڈ بینک اور IFC کے رہنما اصولوں کے مطابق ہوگا۔ اس نئے پلانٹ کے خصوصی خدوخال میں جامع کوالٹی کنٹرول سسٹم کی تنصیب شامل ہے۔ کمپنی کا بعد از ٹیکس منافع 582.11 ملین روپے رہا جو کہ گزشتہ سال 319.91ملین روپے تھا۔

کاروبارِ جائیداد

نیا ناظم آباد پروجیکٹ کراچی میں جائیداد کی کاروباری مارکیٹ کا ایک بےحد مستحکم برانڈ بن چکا ہے اور اپنے بہترین محل وقوع، صاف ستھرے ماحول، تحفظ اور امتیازی بنیادی سہولیات کی وجہ سے رہائش کے لئے پسندیدہ جگہ بن چکا ہے۔ پانچ سو سے زائد خاندان اپنے گھروں میں رہائش پذیر ہو چکے ہیں اور بہت سارے جلد ہی رہائش پذیر ہوجائیں گے۔ یہاں بنیادی سہولیات کو رہائشیوں کی دہلیز پر فراہم کیا گیا ہے۔ کمپنی نے کامیابی کے ساتھ نئے بلاکس کا آغاز کیا ہے اور اس کی قیمتوں میں تیزترین اضافہ جاری ہے جس میں ثانوی مارکیٹ کے سودوں میں گزشتہ سال کی بہ نسبت قابل ذکر اضافہ ہوا ہے جو کہ نیا ناظم آباد پر گاہکوں کے اعتماد کا منہ بولتا ثبوت ہے۔ کمپنی کو گزشتہ سال کے 703.71 ملین روپے بعد از ٹیکس منافع کے مقابلے اس سال 579.88 ملین روپے کا بعد از ٹیکس منافع ہوا۔

ہوائی توانائی

ہوائی توانائی کے شعبے میں آپ کی کمپنی کی سرمایہ کاری بذریعہ سچل انرجی ڈویلپمنٹ (پرائیویٹ) لمیٹڈ ہے جس نے اپنے 49.5 میگاواٹ کے ہوائی توانائی کے پروجیکٹ سے اپریل 2017 میں تجارتی پیداوار کا آغاز کردیا ہے اوراسے19-2018 کے دوران 903.84 ملین روپے کابعد از ٹیکس منافع ہوا جو کہ گزشتہ سال 852.40 ملین روپے تھا۔ سچل انرجی کے ہوائی توانائی کا پروجیکٹ چین پاکستان اقتصادی راہداری (CPEC) کے تحت پاکستانی ملکیت میں سب سے پہلا توانائی کا ترجیحی پروجیکٹ ہے جسے سندھ کی جھمپیر ونڈ کوریڈور میں 680 ایکڑ زمین پر ترویج کیا گیا ہے۔ کمپنی قومی گرڈ کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی کے ذریعے 20 سالہ توانائی خریدنے کے معاہدہ کے تحت بجلی فراہم کرنے کے لئے کوشاں ہے۔

ذیلی اور ملحقہ کمپنیوں کی کارکردگی

مندرجہ بالا بیان کردہ جاری معاشی صورتحال کی وجہ سے زیرجائزہ سال بہت ساری زیرسرمایہ کمپنیوں کے لئے سخت رہا۔ آپ کی کمپنی کی متنوع شعبوں میں سرمایہ کاری کی وجہ کمپنی کے لئے سودمند ثابت ہوئی اور کاروباری ماحول میں سست روی اور معاشی جھٹکوں کے اثرات کو کم کرنے کے قابل رہی۔ تاہم کمپنی کو حصص کی گرتی ہوئی بازاری قیمتوں کے نتیجے میں اپنی سرمایہ کاریوں کی مالیت میں کمی کا سامنا کرنا پڑا۔ ہمارے کھاد کے پلانٹ ، پاک عرب فرٹیلائزر لمیٹڈ، کو گیس اور خام مال کی مسلسل عدم دستیابی کی وجہ سے مجموعی مالیاتی نتائج پر شدید اثرات مرتب ہوئے۔

سرمایہ کاری شعبہ کا سرسری جائزہ

کھاد

فرٹیلائزر کے شعبے میں کمپنی کی قابل ذکر سرمایہ کاری ہے جس میں فاطمہ فرٹیلائزر کمپنی لمیٹڈ (FFCL) اور پاک عرب فرٹیلائزر لمیٹڈ (PAFL) شامل ہیں ۔ FFCL میں شاندار نمو ہوئی، جس کا بعد از ٹیکس منافع 31 دسمبر 2018 کو13.27 بلین روپے رہا جبکہ فی حصص آمدن6.32 روپے رہی اور ششماہی اختتامی مدت 30جون 2019 میں بعد از ٹیکس منافع 7.53 بلین روپے رہا اورفی حصص آمدن 3.59 روپے رہی۔FFCL کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 15 اکتوبر 2018 میں اپنی ذیلی کمپنی فاطمہ فرٹ لمیٹڈ کو یکم جنوری 2019 سے FFCL میں ضم کرنے کا فیصلہ کیا۔ اس سلسلے میں درخواست عدالت میں دائر کردی گئی ہے اور توقع ہے کہ یہ عمل جاری سال کی آخری سہ ماہی میں مکمل ہوجائے گا۔ زیرجائزہ سال کے دوران آپ کی کمپنی کو 1.75 روپے فی حصص کے حساب سے 558.25 ملین روپے منافع منقسمہ کی صورت میں FFCL سے موصول ہوئے۔

اختتامی سال 31 دسمبر 2018 میں PAFL کا بعد از ٹیکس خسارہ 8,017 ملین روپے رہا جبکہ ششماہی اختتامی مدت 30 جون 2019 تک کا خسارہ 1,730 ملین روپے رہا۔ خسارے کی بنیادی وجہ SNGPL کی پائپ لائن سے گیس کی عدم فراہمی تھی جبکہ دوسری جانب RLNG کی قیمت میں بہت زیادہ اضافہ ہوا جس کی وجہ سے کمپنی اپنی کھاد کو کم قیمت پر فروخت کرپائی، اس کے علاوہ کمپنی نے اثاثوں کی کتابی قیمتوں پر خسارہ ریکارڈ کیا جو کہ گروپ کی ایک کمپنی FFCL کے ساتھ اثاثوں کے ایک معاہدہ کا حصہ ہے۔

مالیاتی خدمات

اس شعبہ میں ذیلی اور ملحقہ کمپنیوں کی کاروباری کارکردگی میں مالیت اور حجم دونوں لحاظ سے بازارِ حصص کے گرتے ہوئے رجحان کی عکاسی ہوتی ہے ۔ عارف حبیب لمیٹڈ (AHL) کا بعد از ٹیکس خسارہ 62.46 ملین روپے رہا جس سے فی حصص خسارہ 0.95 روپے ہوگیا جبکہ گزشتہ سال بعد از ٹیکس منافع 536.26 ملین روپے تھا۔ اختتامی سال 30 جون 2019 میں MCB عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ (MCBAH) کا بعد از ٹیکس منافع 24.24 ملین روپے رہا جبکہ گزشتہ سال بعد از ٹیکس منافع 124.19 ملین روپے تھا۔ MCBAH نے 1.35 روپے فی حصص کے حساب سے کل منافع منقسمہ کا اعلان کیا۔ زیر انتظام اثاثے معمولی کمی کے ساتھ 80 بلین روپے رہے جو کہ گزشتہ سال 82.69 بلین روپے تھے۔ سلک بینک کی کارکردگی میں بہتری آئی اور اختتامی سال 31 دسمبر 2018 میں بعد از ٹیکس منافع 1.33 بلین روپے رہا جس سے فی حصص آمدن 0.15 روپے رہی اور ششماہی مدت 30 جون 2019 کے اختتام پر بعد از ٹیکس منافع 116.83 ملین روپے رہا جس سے فی حصص آمدن 0.01 روپے رہی۔

ڈائریکٹرز رپورٹ

معزز حصص یافتگان!

عارف حبیب کارپوریشن لمیٹڈ (AHCL) کے ڈائریکٹران آپ کی کمپنی کی 30جون2019کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ان پر آڈیٹرز کی رپورٹ پیش کررہے ہیں۔

بنیادی سرگرمیاں

AHCL مختلف النوع کاروبار، جیسے مالیاتی خدمات، پیداوار، توانائی اور جائیداد کی خرید و فروخت کی ایک بالادست کمپنی ہے۔ کمپنی تسلسل کے ساتھ بازار حصص میں بھی سرمایہ کاری کرتی ہے۔

معیشت

معیشت استحکامی مراحل میں ہے۔ حکومت نے چند اصلاحاتی اقدامات کا آغاز کیا ہے۔ روپے کی قدر میں انتہائی تیزترین کمی اور بلند شرح سود (پالیسی نرخ میں بڑے پیمانے پر اضافہ کرکے جولائی 2019 کو 13.25 فیصد کردیا گیا جو کہ 18 ماہ پہلے 6.25 فیصد تھا) جس کے نتیجے میں معاشی سست روی کی وجہ سے GDP کی نمو پر ناموافق اثرات مرتب ہوئے۔ بیرونی کھاتے کی پوزیشن اس وقت پائیداری کی جانب بڑھ رہی ہے جس کی بنیادی وجہ درآمدات میں کمی ہے۔ افراطِ زر کو قابو کرنے کے لئے مالیاتی سختی جاری ہے ۔ مزید یہ کہ گزشتہ سال کی بنسبت ترسیلات 10 فیصد کے قابل ذکر اضافہ کے ساتھ مالیاتی سال 2019 میں 21.8 بلین یو ایس ڈالر رہیں۔

مالیاتی نتائج

کمپنی کا مجموعی م بعد از ٹیکس منافع (سرپرست کمپنی کے ایکویٹی ہولڈرز سے متعلق) 154.45 ملین روپے رہا جبکہ اس کے برعکس2018 کے دوران بعد از ٹیکس منافع 1.63 بلین روپے تھا۔ جس کے نتیجے میں فی حصص آمدن 0.34 روپے رہی جبکہ گزشتہ سال فی حصص آمدن 3.59 روپے تھی۔

انفرادی طور پر کمپنی کو 963.84ملین روپے کا بعد از ٹیکس خسارہ ہوا جبکہ 18-2017 میں820.99ملین روپے بعد از ٹیکس منافع تھا۔ جس کے نتیجے میں فی حصص خسارہ 2.12روپے رہا جبکہ اس کے برعکس گزشتہ سال فی حصص آمدن 1.81 روپے تھی۔ 30 جون 2019 کو اختتام ہونے والے مالی سال میں خسارے کی وجہ سے بورڈ نے سال کے دوران منافع کی تقسیم پر غور نہیں کیا۔

سال کے دوران کمپنی نے IFRS 9 "مالیاتی مصنوعات" کو اختیار کیا جو کہ جائزہ سال / اختتامی مدت 30 جون 2019 کے لئے قابل عمل ہے اوراور یکم جولائی 2018 سے یا اس کے بعد آغاز ہونے والی سالانہ مدتوں کے لئے قابل عمل ہے۔ IFRS-9 کو اختیار کرنے کے نتیجے میں کمپنی نے "IAS 1 مالیاتی گوشواروں کی تمثیل" میں کچھ ضمنی ترمیمات اختیار کیں ۔اس کے تفصیلی اثرات کی وضاحت انفرادی مالیاتی گوشواروں کے نوٹ نمبر 4.1 میں کی گئی ہے اور ذخائر میں کمی بیشی کو ایکویٹی میں تبدیلی کے گوشوارے میں منکشف کیا گیا ہے۔ بیرونی آڈیٹرز نے انفرادی مالیاتی گوشوارں کے نوٹ نمبر 32.2.1 کی جانب توجہ مبذول کروائی ہے جو کہ PAFL کی جائز قیمت کا تخمینہ نکالنے کی بنیاد کو بیان کرتا ہے۔ اس معاملے کو تفصیل کے ساتھ اس نوٹ میں بیان کیا گیا ہے۔ اس معاملے کی وجہ سے بیرونی آڈیٹرز کی رائے مشروط نہیں ہوئی۔

Arif Habib Corp

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Group website: www.arifhabib.com.pk

Arif Habib Corp

5th November 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir

ARIF HABIB CORPORATION LIMITED
ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

This is with reference to the subject cited above. Please find enclosed the following :

- 15 (Fifteen) copies of financial statements of Arif Habib Corporation Limited for the year ended 30th June 2019 in pursuance of Notice of Pakistan Stock Exchange Limited (PSX) bearing number PSX/N-4403 dated 26th July 2018

- 3 (Three) copies of Annual Report including audited financial statements together with the auditors' report, directors' report and the chairman's review report for the financial year ended 30th June 2019 in accordance with the requirements of section 223(7) of the Companies Act, 2017

- Annual Free-Float certificate duly verified by the auditor, in the format specified by the PSX in pursuance of Regulation 5.7.2.(c)(ii) of the Rule Book of PSX

Further, this is to inform you that soft copy of these financial statements have also been electronically transmitted through Pakistan Unified Corporate Action Reporting System (PUCARS) along with being placed on Company's website www.arifhabibcorp.com

Kindly acknowledge the receipt.

Yours' faithfully

Manzoor Raza
Company Secretary

Arif Habib Corporation Limited