



Arif Habib Corp

**QUARTERLY  
REPORT**  
30<sup>TH</sup> SEPTEMBER 2019

**Reinvesting  
in our Nation**



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# Company Information



## Board of Directors

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Dr. Shamshad Akhtar  
Arif Habib  
Khawaja Jalaluddin Roomi  
Asadullah Khawaja  
Nasim Beg  
Samad A. Habib  
Kashif A. Habib  
Muhammad Ejaz

Chairperson - Independent Director  
Chief Executive Officer  
Independent Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

## Audit Committee

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Khawaja Jalaluddin Roomi  
Kashif A. Habib  
Muhammad Ejaz

Chairman  
Member  
Member

## Management

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Arif Habib  
Mohsin Madni  
Manzoor Raza

Chief Executive Officer  
Chief Financial Officer  
Company Secretary



### **Bankers**

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Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
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**

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KPMG Taseer Hadi & Co.  
Chartered Accountants

### **Legal Advisors**

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Bawaney & Partners  
Akhund Forbes Hadi

### **Registered & Corporate Office**

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

### **Registrar & Share Transfer Agent**

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CDC Share Registrar Services Limited

### **Share Registrar Office**

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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**

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



# Directors' Review Report

## Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Director's report of the Company together with condensed interim consolidated and unconsolidated financial statements for the quarter ended 30<sup>th</sup> September 2019.

## The Economy

The slowdown in Pakistan's economy continued into the period under review, largely due to rising inflation and higher interest rates, prompting negative growth in the Large Scale Manufacturing sector. Equities market, construction materials and automobiles were the worst sufferers. However, compression of imports during this period helped reduce Pakistan's Current Account deficit which went down by 64% YoY. While recovery in the manufacturing sector will take some time, many key macroeconomic indicators signaling improving economic prospects.

## Financial Results

During the quarter under review, on a consolidated basis, your Company posted a profit-after-tax (attributable to AHCL's ownership) of PKR 539.19 million as opposed to PKR 361.51 million during corresponding period in 2018-19. This translates to an earning of PKR 1.26 per share as compared with PKR 0.80 in the corresponding period.

During the quarter, on an unconsolidated basis, AHCL recorded operating revenue of PKR 37.47 million. After accounting for realised capital gain of PKR 853.24 million on sale of securities, and net unrealised loss on re-measurement of investments amounting to PKR 2.18 billion, and operating, administrative, financial and other expenses of PKR 61.54 million, the Company recorded a loss before tax of PKR 1.35 billion. The Company has reported an after-tax loss of PKR 1.35 billion for the quarter under review as compared with profit of PKR 1.5 billion for the corresponding quarter ended 30<sup>th</sup> September 2018. Loss per share during the quarter ended 30<sup>th</sup> September 2019 remained PKR 3.15 as compared to Earnings per share of PKR 3.31 in the corresponding quarter during 2018-19.

## Performance of Subsidiaries and Associates

Securities brokerage subsidiary, Arif Habib Limited recorded a loss after tax of PKR 186.27 million, during the period under review as the Securities Market witnessed a major decline of 48% in traded volumes and 42% in traded values compared to first quarter of the corresponding year. Our asset management company, MCB-Arif Habib Savings & Investments Limited, an associate, has recorded a nominal profit after tax of PKR 12.87 million. Fertilisers, energy and real estate have done well. However, Pakarab Fertilizers Limited (an associate) remained a loss making entity due to non-supply of its raw material i.e. natural gas. Aisha Steel Mills has completed its expansion but has suffered due to slowdown in the economy and falling international steel prices. The delay in the COD of the expansion plants of Power Cement and the slowdown in overall cement demand put pressure on profitability and liquidity.



## Future Outlook

At the start of the second quarter, there have been some improvements in the demand of cement and steel. The Securities Market has also gained momentum in values and volumes. With completion of the expansion of steel and cement units, your Company is well placed to see improvements in performances of its subsidiaries and associated companies which were under pressure in the first quarter. Fertiliser, power and real estate are expected to continue their good performance in the quarter and going forward.

## Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our appreciation and thank our Bankers, Business Partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the management of Pakistan Stock Exchange for their support and guidance. We acknowledge and appreciate the hard work put in by the employees of the Company during the period.

## For and on behalf of the Board



**Mr. Arif Habib**  
Chief Executive



**Dr. Shamshad Akhtar**  
Chairperson

Karachi: 27<sup>th</sup> November 2019



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# Condensed Interim Unconsolidated Financial Information

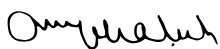
For the three months period  
ended 30<sup>th</sup> September 2019

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2019

	Note	Unaudited 30 September 2019	Audited 30 June 2019
(Rupees)			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	5	10,000,000,000	10,000,000,000
<b>Share capital</b>			
Issued, subscribed and paid up share capital	5	4,083,750,000	4,537,500,000
<b>Revenue reserves</b>			
General reserve		4,000,000,000	4,000,000,000
Fair value reserve		-	-
Unappropriated profit		9,222,411,384	11,340,451,283
		17,306,161,384	19,877,951,283
<b>Non-current liabilities</b>			
		-	-
<b>Current liabilities</b>			
Trade and other payables		4,851,252	4,913,614,341
Loan from sponsor		500,000,000	-
Mark-up accrued on borrowings		37,237,550	56,227,631
Short term borrowings	6	1,759,763,207	1,803,620,434
Taxation - net		21,315,368	25,448,976
Unclaimed dividend		31,459,344	31,705,915
		2,354,626,721	6,830,617,297
<b>Contingencies and commitments</b>			
	7		
		19,660,788,105	26,708,568,580

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



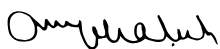
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2019

	Note	Unaudited 30 September 2019	Audited 30 June 2019
(Rupees)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets	8	24,203,979	25,273,958
Long term investments	9	15,559,347,501	16,403,149,710
Long term loan to related party	10	153,926,303	163,404,133
Long term deposits		2,487,030	2,487,030
		<b>15,739,964,813</b>	16,594,314,831
<b>Current assets</b>			
Loans and advances	11	903,974,037	35,187,133
Mark-up receivable	12	36,860,470	77,012,680
Prepayments, trade and other receivables	13	47,579,910	12,421,996
Short term investments	14	2,887,036,985	9,563,036,956
Cash and bank balances		45,371,890	426,594,984
		<b>3,920,823,292</b>	10,114,253,749
		<b>19,660,788,105</b>	26,708,568,580

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



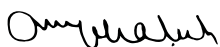
Director

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

For the three months period ended 30<sup>th</sup> September 2019

	Note	Three months period ended	
		30 September 2019	30 September 2018
(Rupees)			
Operating revenue	15	37,471,569	171,549,078
(Loss) / gain on remeasurement of investments - net		(2,180,596,782)	1,375,735,084
Gain on sale of securities - net		853,244,485	18,422,842
		(1,289,880,728)	1,565,707,004
Operating and administrative expenses		(24,826,845)	(25,352,214)
Finance cost		(36,716,808)	(41,464,074)
Other income		5,292,432	3,666,114
Other charges		-	(5,800,000)
<b>(Loss) / profit before tax</b>		<b>(1,346,131,949)</b>	1,496,756,830
Taxation	16	(532,950)	7,026,609
<b>(Loss) / profit after tax</b>		<b>(1,346,664,899)</b>	1,503,783,439
Other comprehensive income		-	-
<b>Total comprehensive (loss) / income</b>		<b>(1,346,664,899)</b>	1,503,783,439
<b>(Loss) / earnings per share - basic and diluted</b>	17	<b>(3.15)</b>	3.31

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



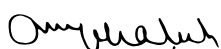
Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2019

	Note	Three months period ended	
		30 September 2019	30 September 2018
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash generated from / (used in) operations</b>	18	<b>370,579,175</b>	(424,895,763)
Income tax paid		(4,666,558)	(17,523,301)
Finance cost paid		(55,706,889)	(23,575,209)
Dividend received		-	108,114,711
Interest received		77,495,779	45,182,417
<b>Net cash generated from / (used in) operating activities</b>		<b>387,701,507</b>	(312,697,145)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of operating fixed assets		57,626	-
<b>Net cash generated from investing activities</b>		<b>57,626</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		-	(445,629,927)
Loan from sponsor		500,000,000	-
Buy-back of shares		(1,225,125,000)	-
<b>Net cash used in financing activities</b>		<b>(725,125,000)</b>	(445,629,927)
<b>Net decrease in cash and cash equivalents</b>		<b>(337,365,867)</b>	(758,327,072)
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,377,025,450)</b>	(1,222,999,632)
<b>Cash and cash equivalents at end of the period</b>	19	<b>(1,714,391,317)</b>	(1,981,326,704)

The annexed notes 1 to 23 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

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

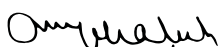
For the three months period ended 30<sup>th</sup> September 2019

	Issued, subscribed and paid up share capital	General reserve	Other reserve *	Revenue Reserves		Sub total	Total equity
				Fair value reserve **	Unappropriated profit		
(Rupees)							
<b>Balance as at 1 July 2018</b>	4,537,500,000	4,000,000,000	64,036,984	-	21,301,928,003	25,365,964,987	29,903,464,987
Adjustment on initial application of IFRS 9, net of tax	-	-	(64,036,984)	8,154,172,653	(8,090,135,669)	-	-
<b>Adjusted balance as at 1 July 2018</b>	4,537,500,000	4,000,000,000	-	8,154,172,653	13,211,792,334	25,365,964,987	29,903,464,987
<b>Total comprehensive income for the three months period ended 30 September 2018</b>	-	-	-	-	1,503,783,439	1,503,783,439	1,503,783,439
<b>Transactions with owners of the Company recorded directly in equity</b>							
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)
<b>Balance as at 30 September 2018</b>	4,537,500,000	4,000,000,000	-	8,154,172,653	13,808,075,773	25,962,248,426	30,499,748,426
<b>Balance as at 1 July 2019</b>	4,537,500,000	4,000,000,000	-	-	11,340,451,283	15,340,451,283	19,877,951,283
<b>Total comprehensive income for the three months period ended 30 September 2019</b>	-	-	-	-	(1,346,664,899)	(1,346,664,899)	(1,346,664,899)
<b>Transactions with owners of the Company recorded directly in equity</b>							
Buy-back of shares of Rs. 27 per shares (refer note 5.2.2)	(453,750,000)	-	-	-	(771,375,000)	(771,375,000)	(1,225,125,000)
<b>Balance as at 30 September 2019</b>	4,083,750,000	4,000,000,000	-	-	9,222,411,384	13,222,411,384	17,306,161,384

\* 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 1 to 23 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

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

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

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

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

### Name of Companies

### Effective holding

#### Subsidiaries

- Arif Habib Limited, a brokerage house	72.80%
- Sachal Energy Development (Pvt) 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%

### 1.1 Change in the composition of the Group

Post Buy-Back and cancellation of shares by Arif Habib Limited (AHL), the Company’s shareholding in AHL has been increased from 65.52% to 72.80%.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

For the three months period ended 30<sup>th</sup> September 2019

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

This condensed interim unconsolidated financial information is unaudited and does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

The comparative statement of financial position presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2019, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 30 September 2018.

This condensed interim unconsolidated financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.

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

## 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of this condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2019.



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

For the three months period ended 30<sup>th</sup> September 2019

## 5. SHARE CAPITAL

### 5.1 Authorised share capital

30 September 2019	30 June 2019		Unaudited 30 September 2019	Audited 30 June 2019
(Number of shares)			(Rupees)	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>

### 5.2 Issued, subscribed and paid up share capital

<u>5,000,000</u>	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash	<u>50,000,000</u>	50,000,000
<u>450,750,000</u>	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>4,507,500,000</u>	4,507,500,000
<u>455,750,000</u>	455,750,000		<u>4,557,500,000</u>	4,557,500,000
<u>(2,000,000)</u>	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	<u>(20,000,000)</u>	(20,000,000)
<u>(45,375,000)</u>	-	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	<u>(453,750,000)</u>	-
<u>408,375,000</u>	<u>453,750,000</u>		<u>4,083,750,000</u>	<u>4,537,500,000</u>

**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** During the year, the Company purchased and cancelled 45,375,000 ordinary shares (10% of existing share i.e. 453,750,000). 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 reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

**5.2.3** Mr. Arif Habib held 70.11% (30 June 2019: 70.11%) of ordinary shares in the Company.

## 6. SHORT TERM BORROWINGS

**6.1** Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,000 million (30 June 2019: Rs. 3,000 million). These facilities have various maturity dates up to 30 June 2020, and need to be renewed after that. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2019: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2019: 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. 1,240 million (30 June 2019: Rs. 1,196 million).

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

For the three months period ended 30<sup>th</sup> September 2019

## 7. CONTINGENCIES AND COMMITMENTS

7.1 There is no other change in the status of contingencies and commitments as disclosed in the preceding annual audited unconsolidated financial statements as at and in the year ended 30 June 2019 except for the following:

- The Company has issued Corporate Guarantee to the extent of USD 8.8 million in favour of Hangzhou Cogeneration (Hong Kong) Co. Ltd to secure payment obligations of Aisha Steel Mills Limited, associated concern. The Company has also obtained deed of indemnity from the said associated concern.
- The Company has pledged shares with various banks for running finance facilities obtained by Arif Habib Limited. These facilities amount to Rs. 2,475 million.

## 8. OPERATING FIXED ASSETS

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

	Three months period ended 30 September 2019		Three months period ended 30 September 2018	
	Additions (Unaudited)	Disposals (Unaudited)	Additions (Unaudited)	Disposals (Unaudited)
	(Rupees)			
Vehicle	-	57,626	-	-
	-	57,626	-	-

## 9. LONG TERM INVESTMENTS

	Note	Unaudited 30 September 2019	Audited 30 June 2019
		(Rupees)	
Subsidiaries - at cost	9.1	5,058,602,290	5,058,602,290
Associates - designated at FVTPL	9.2	9,176,413,138	10,020,215,347
Associates - at FVOCI	9.3	1,324,332,073	1,324,332,073
Other equity securities - at FVOCI	9.4	-	-
		<b>15,559,347,501</b>	16,403,149,710

### 9.1 Subsidiaries - at cost

	Carrying amount	
	Unaudited 30 September 2019	Audited 30 June 2019
	(Rupees)	
Arif Habib Limited (AHL)	2,262,137,230	2,262,137,230
Sachal Energy Development (Private) Limited (SEDPL)	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	50,000,000	50,000,000
	<b>5,058,602,290</b>	5,058,602,290

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

For the three months period ended 30<sup>th</sup> September 2019

9.2 Associates - designated at FVTPL	Note	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount	
				Unaudited September 2019	Audited 30 June 2019
(Rupees)					
MCB-Arif Habib Savings and Investments Limited (MCB-AH)	9.2.1	477,694,882	(22,747,375)	454,947,507	498,059,199
Fatima Fertilizer Company Limited (FFCL)		3,512,782,225	5,208,683,406	8,721,465,631	9,522,156,148
		<b>3,990,477,107</b>	<b>5,185,936,031</b>	<b>9,176,413,138</b>	<b>10,020,215,347</b>

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

9.3 Associates - at FVOCI	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount	
			Unaudited September 2019	Audited 30 June 2019
(Rupees)				
Pakarab Fertilizers Limited (PFL)	1,324,332,073	-	1,324,332,073	1,324,332,073

## 9.4 Other equity securities - at FVOCI

The Company designated the investment shown below as equity securities at FVOCI.

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

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

9.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,047.69 million (30 June 2019: Rs. 4,357 million).

## 10. LONG TERM LOAN TO RELATED PARTY

	Note	Unaudited	Audited
		30 September 2019	30 June 2019
(Rupees)			
<i>Secured</i>			
Aisha Steel Mills Limited		172,881,963	182,359,793
Less: Current portion of long term loan	11	(18,955,660)	(18,955,660)
		<b>153,926,303</b>	<b>163,404,133</b>

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

For the three months period ended 30<sup>th</sup> September 2019

**10.1** In 2017, the Company 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 (30 June 2019: 6 months KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period was 16.38% per annum (30 June 2019: ranged between 10.29% to 14.05% per annum). Mark-up is payable on semi-annual basis.

**10.2** Maximum balance due from related party during the period was Rs. 153.93 million (30 June 2019: Rs. 172.88 million).

## 11. LOANS AND ADVANCES

	Note	Unaudited 30 September 2019	Audited 30 June 2019
<b>(Rupees)</b>			
<i>Unsecured</i>			
Advance against purchase of commercial property	11.1	117,868,060	-
		<b>117,868,060</b>	-
Loans to related parties			
- Black Gold Power Limited (BGPL)	11.2	5,500,000	5,500,000
- Aisha Steel Mills Limited (ASML)	11.3	345,000,000	-
- Power Cement Limited (PCL)	11.4	416,000,000	-
- Javedan Corporation Limited (JCL)		-	10,067,474
		<b>766,500,000</b>	15,567,474
<i>Secured</i>			
Current portion of long term loan to Aisha Steel Mills Limited (ASL)	10.1	18,955,660	18,955,660
Advance against salaries to employees		650,317	663,999
		<b>903,974,037</b>	35,187,133

**11.1** This represent amount paid to Javedan Corporation Limited for the purchase of commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi.

**11.2** 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.

**11.3** The Company entered into a loan agreement with ASML. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 15.97% per annum (30 June 2019: ranged between 9.92% to 14.13% per annum).

**11.4** The Company entered into a loan agreement with PCL. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 15.22% per annum (30 June 2019: Nil).

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

For the three months period ended 30<sup>th</sup> September 2019

**11.5** Maximum balance due from related parties in respect of loans and advances as at the end of any month during the period was Rs. 785.46 million (30 June 2019: Rs. 2,915.96 million).

## 12. MARK-UP RECEIVABLE

	Note	Unaudited 30 September 2019	Audited 30 June 2019
(Rupees)			
<i>From related parties:</i>			
- Aisha Steel Mills Limited		25,096,288	35,352,227
- Javedan Corporation Limited		624,487	40,567,881
- Power Cement Limited		9,300,462	-
<i>Others:</i>			
Against term finance certificates		1,839,233	1,092,572
		<b>36,860,470</b>	<b>77,012,680</b>

**12.1** The maximum amount due in respect of mark-up receivable as at the end of any month during the period was Rs. 36.86 million (30 June 2019: Rs. 75.92 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

## 13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

Prepayment		7,887,409	4,543,498
Trade receivables	13.1	32,667,646	-
<i>Guarantee commission receivable</i>			
- Arif Habib Limited		467,193	412,502
- Sachal Energy Development (Private) Limited		3,134,000	3,387,164
- Aisha Steel Mills Limited		1,294,494	987,489
- Power Cement Limited		396,745	420,538
		5,292,432	5,207,693
Dividend receivable		-	908,125
Others		1,732,423	1,762,680
		<b>47,579,910</b>	<b>12,421,996</b>

**13.1** This represent amount receivable from Arif Habib Limited against sale of equity securities under T+2 mechanism.

**13.2** The maximum amount due from related party as at the end of any month during the period was Rs. 37.96 million (30 June 2019: Rs. 5.208 million).

## 14. SHORT TERM INVESTMENTS

Equity securities - at FVTPL	14.1 & 14.2	2,837,037,035	9,513,036,956
Corporate debt securities - mandatorily at FVTPL		49,999,950	50,000,000
		<b>2,887,036,985</b>	<b>9,563,036,956</b>

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

For the three months period ended 30<sup>th</sup> September 2019

- 14.1** This includes investments in associated concerns, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.
- 14.2** Silkbank Limited's sponsor has exercised the option granted to him to purchase Company's entire investment in Silkbank Limited. Accordingly, the Company has derecognised its investment in Silkbank Limited and also set off relevant deposits and margin against this investment. The shares will be transferred as per the option agreement in due course in line with regulatory approvals.
- 14.3** Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 824.58 million (30 June 2019: Rs. 1,012 million).

## 15. OPERATING REVENUE

	<b>Three months period ended</b>	
	<b>30 September 2019</b>	30 September 2018
	(Rupees)	
Mark-up on loans and advances	<b>35,021,237</b>	63,415,219
Mark-up on term finance certificates	<b>2,322,332</b>	-
Dividend income	-	108,114,711
Mark-up on bank deposits	<b>128,000</b>	19,148
	<b>37,471,569</b>	171,549,078

## 16. TAXATION

- Current	<b>532,950</b>	29,562,685
- Deferred	-	(36,589,294)
	<b>532,950</b>	(7,026,609)

- 16.1** The provision for current year tax represents tax on taxable income at the rate of 29% per annum (30 June 2019: 29% per annum). The rate of tax imposed on the taxable income of a company for the tax year 2020 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 this condensed unconsolidated interim financial information is sufficient.

## 17. (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 share of the Company:

	<b>Three months period ended</b>	
	<b>30 September 2019</b>	30 September 2018
	(Rupees)	
(Loss) / profit for the period	<b>(1,346,664,899)</b>	1,503,783,439
	(Number)	
Weighted average number of ordinary shares	<b>427,610,054</b>	453,750,000
	(Rupees)	
(Loss) / earnings per share - basic and diluted	<b>(3.15)</b>	3.31

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

For the three months period ended 30<sup>th</sup> September 2019

## 18. NET CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	Three months period ended	
		30 September 2019	30 September 2018
		(Rupees)	
(Loss) / profit before tax		<b>(1,346,131,949)</b>	1,496,756,830
<b>Adjustments for:</b>			
Depreciation		<b>1,012,353</b>	1,340,141
Dividend income		-	(108,114,711)
Mark-up on loans and advances		<b>(35,021,237)</b>	(63,415,219)
Mark-up on term finance certificates		<b>(2,322,332)</b>	-
Loss / (gain) on remeasurement of investments - net		<b>2,180,596,782</b>	(1,375,735,084)
Finance cost		<b>36,716,808</b>	41,464,074
		<b>2,180,982,374</b>	(1,504,460,799)
		<b>834,850,425</b>	(7,703,969)
<b>Changes in:</b>			
Loans and advances		<b>(859,309,074)</b>	(715,170,327)
Prepayments, trade and other receivables		<b>(35,157,914)</b>	196,751
Short term investments		<b>5,339,205,398</b>	289,484,293
Trade and other payables		<b>(4,908,763,089)</b>	9,043,829
Unclaimed dividend		<b>(246,571)</b>	(746,340)
		<b>(464,271,250)</b>	(417,191,794)
<b>Net cash generated from / (used in) operations</b>		<b>370,579,175</b>	(424,895,763)

## 19. CASH AND CASH EQUIVALENTS

Cash and bank balances		<b>45,371,890</b>	39,264,432
Short term borrowings	6	<b>(1,759,763,207)</b>	(2,020,591,136)
		<b>(1,714,391,317)</b>	(1,981,326,704)

## 20. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim unconsolidated financial information does not include all financial risk management information and disclosures required in the annual audited unconsolidated financial statements; they should be read in conjunction with the Company's annual audited unconsolidated financial statements as at 30 June 2019 as financial risk management objectives and policies are consistent with the prior year.

## 21. FAIR VALUE MEASUREMENTS

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

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

For the three months period ended 30<sup>th</sup> September 2019

## 22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

		<b>Three months period ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>
		<b>(Rupees)</b>	
<b>Subsidiaries</b>			
<b>Name of the related party</b>	<b>Transactions during the period</b>		
Arif Habib Limited	Services availed	<b>1,109,345</b>	1,503,860
	Dividend income / received	-	108,114,711
	Guarantee commission income	<b>467,193</b>	-
	Guarantee commission received	<b>412,502</b>	-
Sachal Energy Development (Private) Limited	Loan repayment	-	525,000,000
	Mark-up income on loan and advance	-	8,585,884
	Mark-up income received	-	6,544,521
	Guarantee commission income	<b>3,134,000</b>	2,796,750
	Guarantee commission received	<b>3,387,164</b>	2,802,814
<b>Associated companies by virtue of common directorship and related concern</b>			
<b>Name of the related party</b>	<b>Transactions during the period</b>		
Aisha Steel Mills Limited	Mark-up on loan and advance	<b>25,096,288</b>	18,241,042
	Mark-up received	<b>35,352,227</b>	9,670,362
	Loan extended	<b>1,060,000,000</b>	825,000,000
	Loan repayment	<b>715,000,000</b>	9,477,830
	Guarantee commission income	<b>1,294,494</b>	869,364
	Guarantee commission received	<b>987,489</b>	869,364




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

For the three months period ended 30<sup>th</sup> September 2019

		<b>Three months period ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>
		<b>(Rupees)</b>	
Javedan Corporation Limited	Mark-up on loan and advance	<b>624,487</b>	35,360,023
	Mark-up received	<b>40,567,881</b>	28,967,534
	Loan extended	<b>73,000,000</b>	329,000,000
	Loan repaid	<b>83,067,474</b>	-
Power Cement Limited	Mark-up on loan and advance	<b>9,300,462</b>	-
	Loan extended	<b>416,000,000</b>	-
	Guarantee commission income	<b>396,745</b>	-
	Guarantee commission received	<b>420,538</b>	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	<b>8,268,487</b>	6,519,941
Employees retirement benefit fund - Provident fund	Company's Contribution	<b>546,972</b>	494,019
Mr. Arif Habib	Loan from sponsor	<b>500,000,000</b>	-
<b><i>Remuneration of chief executive officer, directors, key management personnel and executives</i></b>			
Managerial Remuneration		<b>6,692,820</b>	4,221,717
Contribution to provident fund		<b>392,658</b>	354,348
Other perquisites and benefits		<b>833,895</b>	696,264
Asadullah Khawaja	Meeting fee paid	-	25,000
Sirajuddin Cassim	Meeting fee paid	-	25,000
Khawaja Jalaluddin Roomi	Meeting fee paid	-	35,000

## 23. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorised for issue on 27 November 2019 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

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# Condensed Interim Consolidated Financial Information

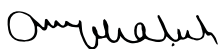
For the three months period  
ended 30<sup>th</sup> September 2019

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2019

	Note	Unaudited 30 September 2019 (Rupees)	Audited 30 June 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital	5	10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid-up share capital	5	4,083,750,000	4,537,500,000
Capital reserves			
Surplus on revaluation of fixed assets		15,432,500	15,432,500
Revenue reserves		16,743,665,780	16,975,848,933
Equity attributable to owners of the Parent Company		20,842,848,280	21,528,781,433
Non-controlling interest		1,636,807,868	1,777,221,910
<b>Total Equity</b>		<b>22,479,656,148</b>	<b>23,306,003,343</b>
<b>Non-current liabilities</b>			
Long term loans - secured		10,224,694,407	10,728,571,018
Land lease liability		10,375,968	9,936,248
Deferred liability - gratuity		15,238,412	14,056,165
Deferred taxation - net		1,257,569,647	1,207,615,955
		11,507,878,434	11,960,179,386
<b>Current liabilities</b>			
Trade and other payables		650,218,507	5,840,217,170
Loan from Sponsor		500,000,000	-
Mark-up accrued on borrowings		502,374,881	290,417,576
Short term borrowings		5,712,415,626	4,711,758,096
Current portion of long term loans		1,567,000,000	1,645,000,000
Current portion of land lease liability		1,360,000	1,360,000
Payable against purchase of investment - net		841,834,175	30,970,319
Taxation - net		66,077,392	76,105,682
Unclaimed dividend		45,919,737	46,166,308
		9,887,200,318	12,641,995,151
<b>Contingencies and commitments</b>	6		
		<b>43,874,734,900</b>	<b>47,908,177,880</b>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer




Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30<sup>th</sup> September 2019

	Note	Unaudited 30 September 2019 (Rupees)	Audited 30 June 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	15,317,025,399	16,158,398,853
Intangible assets - others		2,725,247	2,412,274
Goodwill		910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		8,100,000	8,100,000
Investment properties		1,698,744,800	1,726,419,800
Equity accounted investees	8	12,342,631,063	12,010,464,481
Other long term investments		61,468,092	66,046,528
Long term loan to related party		153,926,303	163,404,133
Long term deposits and other receivables		34,990,720	34,990,720
		<b>30,529,817,741</b>	31,080,442,906
<b>Current assets</b>			
Trade debts		3,868,723,201	2,662,752,427
Loans and advances		1,553,422,104	47,337,031
Deposits and prepayments		154,650,809	399,258,768
Accrued mark-up and other receivables		257,136,420	254,514,039
Advance sales tax		20,641,142	20,654,047
Short term investments	9	6,709,788,053	11,974,137,833
Cash and bank balances		780,555,430	1,469,080,829
		<b>13,344,917,159</b>	16,827,734,974
		<b>43,874,734,900</b>	47,908,177,880

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



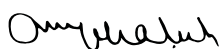
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2019

	Note	Three months period ended	
		30 September 2019	30 September 2018
(Rupees)			
Operating revenue	10	1,761,197,360	1,121,289,435
Loss on remeasurement of investments - net		(1,497,974,913)	(303,149,660)
Unrealised gain on remeasurement of investment property		132,500,000	117,100,000
Gain on sale of investments - net		759,215,296	111,680,302
Gain on sale of investments property		775,000	-
		<b>1,155,712,743</b>	1,046,920,077
Operating and administrative expenses		(407,519,754)	(395,620,649)
Other income		37,867,129	25,358,505
Finance cost		(424,851,247)	(293,247,355)
Other charges		-	(5,875,472)
		<b>361,208,871</b>	377,535,106
Share of profit of equity-accounted associates investees - net of tax		<b>332,166,582</b>	130,565,537
<b>Profit before tax</b>		<b>693,375,453</b>	508,100,643
Taxation	11	(63,597,648)	(28,423,291)
<b>Profit after tax</b>		<b>629,777,805</b>	479,677,352
<b>Profit attributable to:</b>			
Equity holders of the Parent Company		<b>539,191,847</b>	361,511,859
Non-controlling interests		<b>90,585,958</b>	118,165,493
		<b>629,777,805</b>	479,677,352
<b>Earnings per share - basic &amp; diluted</b>	14	<b>1.26</b>	0.80

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



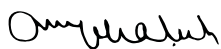
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2019

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees)	
<b>Profit after tax</b>	<b>629,777,805</b>	479,677,352
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Share of other comprehensive income of equity-accounted associates -net of tax	-	(15,703,502)
Other comprehensive income for the period	-	(15,703,502)
<b>Total comprehensive income for the period</b>	<b>629,777,805</b>	463,973,850
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	<b>539,191,847</b>	345,808,357
Non-controlling interests	<b>90,585,958</b>	118,165,493
	<b>629,777,805</b>	463,973,850

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



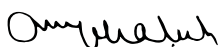
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2019

	Note	Three months period ended	
		30 September 2019	30 September 2018
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	12	(826,619,058)	(250,728,265)
Income tax paid		(23,672,246)	(14,686,853)
Finance cost paid		(212,893,942)	(114,846,312)
Mark-up received		127,060,847	38,476,661
Dividend received		4,855,725	512,300
<b>Net cash used in operating activities</b>		<b>(931,268,674)</b>	<b>(341,272,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(4,487,801)	(246,103,366)
Proceeds from sale of property, plant and equipment		83,090	20,000
Proceeds from disposal of investment property		160,950,000	-
Acquisition of intangible assets		(457,933)	-
Expenditure incurred on investment properties		-	(30,160,000)
Long term deposits - net		-	257,092
<b>Net cash generated from / (used in) investing activities</b>		<b>156,087,356</b>	<b>(275,986,274)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in long term financing		42,123,389	(166,334,355)
Loan from sponsor		500,000,000	-
Buy-back of shares by Parent Company		(1,225,125,000)	-
Buy-back of shares by Subsidiary Company		(231,000,000)	-
Liability against assets subject to finance lease		-	(1,026,668)
Distribution by subsidiary to non-controlling interest		-	(56,885,289)
<b>Net cash used in financing activities</b>		<b>(914,001,611)</b>	<b>(224,246,312)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,689,182,929)</b>	<b>(841,505,055)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(3,242,677,267)</b>	<b>(1,680,985,898)</b>
<b>Cash and cash equivalents at end of the period</b>	13	<b>(4,931,860,196)</b>	<b>(2,522,490,953)</b>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director



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


For the three months period ended 30<sup>th</sup> September 2019

	Equity attributable to owners of the Parent						Non-controlling interests	Total equity	
	Issued, subscribed and paid up share capital	Capital Reserve	Other reserve*	Fair value reserve**	General reserve	Unappropriated profit			Total
	(Rupees)								
<b>Balance as at 1 July 2018</b>	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	-	-	(151,741,709)	(265,673)	-	124,300,177	(27,707,205)	(14,580,959)	(42,288,164)
<b>Adjusted balance as at 1 July 2018</b>	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
<b>Total comprehensive income for the three months period 30 September 2018</b>									
Profit for the three months period ended 30 September 2018	-	-	-	-	-	361,511,859	361,511,859	118,165,493	479,677,352
Other comprehensive income	-	-	-	(15,703,502)	-	-	(15,703,502)	-	(15,703,502)
Reclassification adjustment	-	-	(16,936,684)	-	-	16,936,684	-	-	-
<b>Transactions with owners recorded directly in equity - Distributions</b>									
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)
	-	-	(16,936,684)	(15,703,502)	-	(529,051,457)	(561,691,643)	118,165,493	(443,526,150)
Distribution by Subsidiaries	-	-	-	-	-	-	-	(56,885,289)	(56,885,289)
<b>Balance as at 30 September 2018</b>	4,537,500,000	15,432,500	-	(15,969,175)	4,019,567,665	13,189,831,750	21,746,362,740	1,789,876,674	23,536,239,414
<b>Balance as at 1 July 2019</b>	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
<b>Total comprehensive income for the three months period 30 September 2019</b>									
Profit for the three months period ended 30 September 2019	-	-	-	-	-	539,191,847	539,191,847	90,585,958	629,777,805
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Buy-back of shares of Rs. 27 per shares (refer note 5.2.2)	(453,750,000)	-	-	-	-	(771,375,000)	(1,225,125,000)	-	(1,225,125,000)
	(453,750,000)	-	-	-	-	(232,183,153)	(685,933,153)	90,585,958	(595,347,195)
Buy-back of shares by Subsidiary Company of Rs. 35 per shares (refer note 1.1)	-	-	-	-	-	-	-	(231,000,000)	(231,000,000)
<b>Balance as at 30 September 2019</b>	4,083,750,000	15,432,500	-	(924,160)	4,019,567,665	12,725,022,275	20,842,848,280	1,636,807,868	22,479,656,148

\* 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 1 to 19 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

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

For the three months period ended 30<sup>th</sup> September 2019

## 1. STATUS AND NATURE OF BUSINESS

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

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the three months period ended 30 September 2019 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

Name of companies	Note	Effective holding
<b>Subsidiaries</b>		
- Arif Habib Limited, a brokerage house	1.1	<u>72.80%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.2	<u>65.52%</u>
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.3	<u>65.52%</u>
- Sachal Energy Development (Private) Limited, a wind power generation Company	1.4	<u>85.83%</u>
- Black Gold Power Limited, a coal power generation company	1.5	<u>100.00%</u>
<b>Associates</b>		
- MCB-Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	1.6	<u>30.09%</u>
- Fatima Fertilizer Company Limited, a fertilizer company	1.7	<u>15.19%</u>
- Pakarab Fertilizers Limited, a fertilizer company	1.8	<u>30.00%</u>

**1.1** 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. Post Buy-Back and cancellation of shares by Arif Habib Limited (AHL), the Parent Company's shareholding in AHL has been increased from 65.52% to 72.80%. The entire Buy-back was accepted by Non-Controlling Interest (NCI).

**1.2** Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of AHCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. AHCPL is a wholly owned subsidiary of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).

**1.3** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the 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).

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

For the three months period ended 30<sup>th</sup> September 2019

- 1.4** Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office 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 up to 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.
- 1.5** Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T Khan Road, Karachi. The principle activity of BGPL is to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services. BGPL has been allocated with supply of coal for its 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II.
- 1.6** MCB-Arif Habib Savings and Investments Limited (MCB-AH) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a pension fund manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 24th Floor, Centre point, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of 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. 80.45 billion (30 June 2019: Rs. 79.89 billion).
- 1.7** 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 manufacturing facility of FF is located near Chichoki Mallian at Sheikhpura 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.
- 1.8** 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.

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

For the three months period ended 30<sup>th</sup> September 2019

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

This condensed interim consolidated financial information is unaudited and does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

The comparative statement of financial position presented in this condensed interim consolidated financial information has been extracted from the audited annual consolidated financial statements of the Company for the year ended 30 June 2019, whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated other comprehensive income, condensed interim consolidated statement of cash flow and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 30 September 2018.

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

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 30 June 2019.

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

For the three months period ended 30<sup>th</sup> September 2019

## 5. SHARE CAPITAL

### 5.1 Authorised share capital

30 September 2019 (Number of shares)	30 June 2019		Unaudited 30 September 2019 (Rupees)	Audited 30 June 2019
<u>1,000,000,000</u>	1,000,000,000	Ordinary shares of Rs. 10 each	<u>10,000,000,000</u>	10,000,000,000

### 5.2 Issued, subscribed and paid up share capital

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
<u>455,750,000</u>	455,750,000		<u>4,557,500,000</u>	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)
(45,375,000)	-	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	(453,750,000)	-
<u>408,375,000</u>	453,750,000		<u>4,083,750,000</u>	4,537,500,000

**5.2.1** 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.

**5.2.2** During the year, the Parent Company purchased and cancelled 45,375,000 ordinary shares (10% of existing share i.e. 453,750,000). 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 reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

**5.2.3** Mr. Arif Habib held 70.11% (30 June 2019: 70.11%) of ordinary shares in the Parent Company.

## 6. CONTINGENCIES AND COMMITMENTS

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidation financial statements as at and in the year ended 30 June 2019 except for the following:

### Parent Company

- The Parent Company has issued Corporate Guarantee to the extent of USD 8.8 million in favour of Hangzhou Cogeneration (Hong Kong) Co. Ltd to secure payment obligations of Aisha Steel Mills Limited, associated concern. The Parent Company has also obtained deed of indemnity from the said associated concern.
- The Parent Company has pledged shares with various banks for running finance facilities obtained by Arif Habib Limited. These facilities amount to Rs. 2,475 million.

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

For the three months period ended 30<sup>th</sup> September 2019

## AHL, Subsidiary Company

Following commitments are outstanding as at the year end:

	Unaudited 30 September 2019	Audited 30 June 2019
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	70,462,619	183,844,159
- Outstanding Settlements against sale / (purchase) of securities in regular market	112,711,600	67,513,807
- Financial guarantee given by a commercial bank on behalf of AHL	250,000,000	250,000,000

## 7. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 4.487 million (30 June 2019: 11.67 million). The exchange loss of Rs. 624 million (30 June 2019: exchange gain of Rs. 3,594.25 million) has also been recognised. Further, assets having written down value of Rs. 0.08 million (30 June 2019: 1.07 million) were disposed off.

## 8. EQUITY ACCOUNTED INVESTEEES

		Unaudited 30 September 2019	Audited 30 June 2019
	Note	(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	8.1	11,896,671,277	11,568,379,073
MCB-Arif Habib Savings and Investments Limited (MCB-AH)	8.2	565,942,391	562,068,013
Pakarab Fertilizers Limited (PFL)	8.3	-	-
		<b>12,462,613,668</b>	12,130,447,086
Less: Provision for impairment		<b>(119,982,605)</b>	(119,982,605)
		<b>12,342,631,063</b>	12,010,464,481

**8.1** Investment in FFCL (quoted) represents 319 million (30 June 2019: 319 million) fully paid ordinary shares of Rs.10 each, representing 15.19% (30 June 2019: 15.19%) of FFCL's paid up share capital as at 30 September 2019. Fair value per share as at 30 September 2019 is Rs. 27.34 (30 June 2019: Rs. 29.85) which is based on quoted share price on stock exchange at reporting date.

**8.2** Investment in MCB-AH (quoted) represents 21.66 million (30 June 2019: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (30 June 2019: 30.09%) of MCB-AH's paid up share capital as at 30 September 2019. Market value per share as at 30 September 2019 was Rs. 21 (30 June 2019: Rs. 22.99) which is based on quoted share price on stock exchange at reporting date.

**8.3** Investment in PFL (unquoted) represents 135 million (30 June 2019: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (30 June 2019: 30%) of PFL's paid up share capital as at 30 September 2019, having cost of Rs. 1,324.33 million (30 June 2019: Rs. 1,324.33 million). The Group's has not recognised loss amounting to Rs 848.76 million in relation to its interest in PFL, because the Group has no obligation in respect of this loss.

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

For the three months period ended 30<sup>th</sup> September 2019

## 9. SHORT TERM INVESTMENTS

	Note	Unaudited 30 September 2019	Audited 30 June 2019
(Rupees)			
Equity securities - at FVTPL	9.1 & 9.2	6,659,788,103	11,602,524,636
Corporate debt securities - mandatorily at FVTPL		49,999,950	371,613,197
		<b>6,709,788,053</b>	<b>11,974,137,833</b>

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

**9.2** Silkbank Limited's sponsor has exercised the option granted to him to purchase Parent Company's entire investment in Silkbank Limited. Accordingly, the Parent Company has derecognised its investment in Silkbank Limited and also set off relevant deposits and margin against this investment. The shares will be transferred as per the option agreement in due course in line with regulatory approvals.

**9.3** Fair value of short term investments pledged with various banking companies against various finance facilities amounts of Rs. 7,814.46 million (30 June 2019: Rs. 6,909.79 million).

## 10. OPERATING REVENUE

	Three months period ended	
	30 September 2019	30 September 2018
(Rupees)		
Dividend income	4,855,725	512,300
Mark-up income on loans and advances	45,069,018	54,829,335
Mark-up income on term finance certificates	2,322,332	-
Brokerage income	51,935,834	50,917,242
Mark-up on bank deposits	14,738,787	6,760,922
Underwriting, consultancy and placement commission	29,128,875	35,956,766
Revenue from sale of energy - net	1,613,146,789	972,312,870
	<b>1,761,197,360</b>	<b>1,121,289,435</b>

## 11. TAXATION

- Current	13,643,956	47,777,199
- Deferred	49,953,692	(19,353,908)
	<b>63,597,648</b>	<b>28,423,291</b>

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

For the three months period ended 30<sup>th</sup> September 2019

## 12. CASH USED IN OPERATIONS

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees)	
Profit before tax	693,375,453	508,100,643
<b>Adjustments for:</b>		
Depreciation	221,778,165	182,114,027
Amortisation	144,960	149,997
Dividend income	(4,855,725)	(512,300)
Loss on sale of property, plant and equipment	-	75,472
Unrealised loss on remeasurement of other long term investment	4,578,436	3,581,548
Unrealised gain on short term investments	(1,497,974,913)	(303,149,660)
Unrealised gain on re-measurement of investment property	(132,500,000)	(117,100,000)
Gain on sale of investment property	(775,000)	-
Share of profit of equity-accounted associates - net of tax	(332,166,582)	(130,565,537)
Mark-up on loans and advances	(45,069,018)	(54,829,335)
Mark-up income on term finance certificates	(2,322,332)	-
Amortisation of land lease rent	439,720	439,720
Finance cost	424,851,247	293,247,355
Provision for gratuity	1,182,247	1,254,511
	<b>(1,362,688,795)</b>	<b>(125,294,202)</b>
Operating profit before working capital changes	<b>(669,313,342)</b>	382,806,441
<b>Changes in working capital:</b>		
<i>Decrease / (increase) in current assets</i>		
<i>Trade debts</i>	<b>(1,205,970,774)</b>	(136,584,641)
Loans and advances	<b>(1,496,607,243)</b>	(1,064,062,618)
Deposits and prepayments	244,607,959	(46,138,902)
Accrued mark-up and other receivables	<b>(82,291,878)</b>	(181,901,607)
Advance sales tax	12,905	-
Short term investments	<b>6,762,324,693</b>	997,019,231
<i>(Decrease) / increase in current liabilities</i>		
<i>Trade and other payables</i>	<b>(5,189,998,663)</b>	(142,596,554)
Payable against sale of securities - net	<b>810,863,856</b>	(64,485,762)
Unclaimed dividend	<b>(246,571)</b>	5,216,147
	<b>(157,305,716)</b>	<b>(633,534,706)</b>
<b>Cash used in operations</b>	<b>(826,619,058)</b>	<b>(250,728,265)</b>



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

For the three months period ended 30<sup>th</sup> September 2019

## 13. CASH AND CASH EQUIVALENTS

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees)	
Cash and bank balances	780,555,430	1,005,076,630
Short term borrowings	(5,712,415,626)	(3,527,567,583)
	<b>(4,931,860,196)</b>	<b>(2,522,490,953)</b>

## 14. EARNINGS PER SHARE - BASIC & DILUTED

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

	Three months period ended	
	30 September 2019	30 September 2018
	(Rupees)	
Profit after tax attributable to ordinary shareholders	539,191,847	361,511,859
	(Number)	
Weighted average number of ordinary shares	427,610,054	453,750,000
	(Rupees)	
Earnings per share - basic & diluted	1.26	0.80

## 15. FINANCIAL INSTRUMENTS

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

## 16. FAIR VALUE MEASUREMENT

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

## 17. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

For the three months period ended 30<sup>th</sup> September 2019

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

**Three months period ended**  
**30 September 2019**    **30 September 2018**  
**(Rupees)**

<b>Name of the related party</b>	<b>Transactions during the period</b>		
Aisha Steel Mills Limited	Mark-up on loan and advance	<b>25,096,288</b>	18,241,042
	Mark-up received	<b>35,352,227</b>	9,670,362
	Loan extended	<b>1,360,000,000</b>	825,000,000
	Loan repayment	<b>715,000,000</b>	9,477,830
	Guarantee commission income	<b>1,294,494</b>	869,364
	Guarantee commission received	<b>987,489</b>	869,364
Javedan Corporation Limited	Mark-up on loan and advance	<b>624,487</b>	35,360,023
	Mark-up received	<b>40,567,881</b>	28,967,534
	Loan extended	<b>73,000,000</b>	329,000,000
	Loan repaid	<b>83,067,474</b>	-
	Purchase of plots	-	125,000,000
	Development Charges Paid	-	20,000,000
Power Cement Limited	Mark-up on loan and advance	<b>9,300,462</b>	-
	Loan extended	<b>416,000,000</b>	-
	Guarantee commission income	<b>396,745</b>	-
	Guarantee commission received	<b>420,538</b>	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	<b>18,668,698</b>	6,519,941
Arif Habib Securities Limited - Employees Provident fund	Company's Contribution	<b>546,972</b>	494,019
Arif Habib Limited - Provident fund	Company's Contribution	<b>1,477,151</b>	1,648,324
<b><i>Remuneration of chief executive officer, directors, key management personnel and executives</i></b>			
- Managerial Remuneration		<b>32,363,584</b>	27,209,060
- Contribution to provident fund		<b>507,491</b>	354,348
- Other perquisites and benefits		<b>833,895</b>	696,264
Mr. Arif Habib (CEO of Parent Company)	Loan from sponsor	<b>500,000,000</b>	-
	Brokerage commission earned	<b>685,763</b>	2,679,638
	Purchase consideration against shares bought by AHL	<b>130,070,292</b>	-

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

For the three months period ended 30<sup>th</sup> September 2019

		<u>Three months period ended</u>	
		<u>30 September</u>	<u>30 September</u>
		<u>2019</u>	<u>2018</u>
		<u>(Rupees)</u>	
Samad A. Habib (Director of Parent Company)	Brokerage commission earned	<b>4,054</b>	3,703
Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	<b>3,963</b>	-
Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	-	25,000
Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	-	25,000
Khawaja Jalaluddin Roomi (Director of Parent Company)	Meeting fee paid	-	35,000
Zafar Alam (Chairman of subsidiary company)	Meeting fee paid	<b>25,000</b>	25,000
Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	<b>749,227</b>	1,305,389
Muhammad Haroon (Director of Subsidiary Company)	Brokerage commission earned	<b>1,650</b>	34,545
	Meeting fee paid	<b>25,000</b>	25,000
Muhammad Sohail Salat (Director of Subsidiary Company)	Meeting fee paid	<b>25,000</b>	25,000
Sharmin Shahid (Director of Subsidiary Company)	Brokerage commission earned	<b>121,533</b>	63,031
	Meeting fee paid	<b>25,000</b>	25,000
Nida Ahsan (Director of Subsidiary Company)	Brokerage commission earned	<b>114,400</b>	1,508,202

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

For the three months period ended 30<sup>th</sup> September 2019

		<b>Three months period ended</b>	
		<b>30 September</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
		<b>(Rupees)</b>	
<b>Balances as at:</b>			
Aisha Steel Mills Limited	Loan (long-term and short-term)	<b>817,881,963</b>	182,359,793
	Mark-up receivable	<b>35,144,069</b>	35,352,277
	Commission on guarantee receivable	<b>1,294,494</b>	987,489
Javedan Corporation Limited	Loan	-	10,067,474
	Mark-up receivable	<b>624,487</b>	40,567,881
	Advance against purchase of commercial property	<b>117,868,060</b>	-
Power Cement Limited	Loan	<b>416,000,000</b>	-
	Mark-up receivable	<b>9,300,462</b>	-
	Commission on guarantee receivable	<b>396,745</b>	420,538
Arif Habib Dolmen REIT Management Limited	Receivable against transfer of assets	-	42,680
<i>Key Management Personnel</i>			
Muhammad Shahid Ali (CEO of Subsidiary Company)	Balance payable	<b>29,928,446</b>	25,972,102
Nida Ahsan (Director of Subsidiary Company)	Balance receivable	<b>7,286</b>	-
	Balance payable	-	12,182
Muhammad Haroon (Director of Subsidiary Company)	Balance payable	<b>16,163</b>	4,239
Samad A. Habib (Director of Parent Company)	Balance payable	<b>4,240</b>	-

## 18. REPORTABLE SEGMENTS

- 18.1** The group has four reportable segments: Capital Market Operations, Brokerage, Energy Development and Others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. The energy development is principally engaged in energy development. Others includes assets of multi commodities entities.

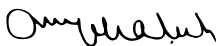
# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the three months period ended 30<sup>th</sup> September 2019

- 18.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the annual audited consolidated financial statements for the year ended 30 June 2019. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 18.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.
- 18.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortisation and remeasurement of equity and debt instruments in profit or loss.

## 19. DATE OF AUTHORISATION FOR ISSUE

- 19.1** This condensed interim consolidated financial information has been authorised for issue on 27 November 2019 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director



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