



ARIF HABIB CENTRE

23, M. T. Khan Road, Karachi - 74000
Fax No (92-21) 32416072; 32429653
Tel (92 42) 35871730
Group Website www.arifhabib.com.pk



Passion for **Performance**

Half Yearly Report December 31, **2021**





Best Broker in Pakistan
FinanceAsia Country
Awards 2020



Roshan Digital Account
Largest market share in
Equities (38%)



Leader
in Gender diversity among
Stock Broking Firms



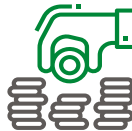
50% growth
in new clientele



100%
market share in
Debt listing



Best Corporate & Ins. Adviser
The Asset Triple A
Country/Regional Awards '20



Highest ever
Brokerage, Inv Banking
Revenue & profitability



**Best Corporate
Finance House**
CFA Society Pakistan



Best Equity Adviser
The Asset Triple A
Country/Regional Awards '20



PKR 17 billion
Equity (IPOs) raising
85% market share



Best Brokerage House
Runners up
CFA Society Pakistan



Best Bond Adviser
The Asset Triple A
Country/Regional Awards '20



**Best
Equity Analyst**
CFA Society Pakistan



**Best Transaction
Interloop Ltd.**
CFA Society Pakistan

Contents

| | |
|---|----|
| Corporate Information | 04 |
| Vision & Mission | 06 |
| Director's Report | 08 |
| Independent Auditor's Review Report | 11 |
| Condensed Interim Unconsolidated Statement of Financial Position | 12 |
| Condensed Interim Unconsolidated Statement of Profit & Loss Account | 13 |
| Condensed Interim Unconsolidated Statement of Other Comprehensive Income | 14 |
| Condensed Interim Unconsolidated Statement of changes in Equity | 15 |
| Condensed Interim Unconsolidated Statement Cash Flows | 16 |
| Condensed Interim Selected Notes to the Unconsolidated Financial Statements | 17 |
| Condensed Interim Consolidated Statement of Financial Position | 36 |
| Condensed Interim Consolidated Statement of Profit & Loss Account | 37 |
| Condensed Interim Consolidated Statement of Other Comprehensive Income | 38 |
| Condensed Interim Consolidated Statement of changes in Equity | 39 |
| Condensed Interim Consolidated Statement Cash Flows | 40 |
| Condensed Interim Selected Notes to the Consolidated Financial Statements | 41 |
| Pattern of Shareholding | 57 |

inform

Corporate

Board of Directors

Mr. Zafar Alam
Mr. Muhammad Shahid Ali Habib
Mr. Haroon Usman
Ms. Sharmin Shahid
Ms. Nida Ahsan
Dr. Muhammad Sohail Salat
Mr. Mohsin Madni

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

Audit Committee

Dr. Muhammad Sohail Salat
Mr. Haroon Usman
Mr. Mohsin Madni

Chairman
Member
Member

Human Resource & Remuneration Committee

Dr. Muhammad Sohail Salat
Mr. Haroon Usman
Mr. Muhammad Shahid Ali Habib
Ms. Nida Ahsan

Chairman
Member
Member
Member

Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Credit Rating

JCR-VIS Credit Rating Company Limited

Management Rating & Broker Fiduciary Rating

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

nation

Bankers

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

Registrar & Share Transfer Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel: Customer Support Services:
0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Registered Office

Arif Habib Centre
23, M.T. Khan Road Karachi-74000
UAN: (92-21) 111-245-111
Fax No: (92-21) 32416072; 32429653
E-mail: info@arifhabibltd.com
Company website: www.arifhabibltd.com
Online Trade: www.ahletrade.com
Branch Reg. No: BOA-050/01

Lahore Branch

Office Nos. G-05 & G-06, Ground Floor, LSE Plaza

19, Khayaban-e-Aiwan-e-Iqbal, Lahore
Tel: +92 (42) 3631 3710, +92 (42) 3631 3700-1,
+92 (42) 3631 3702, +92 (42) 3631 3703

Islamabad Branch

Office No. 506, 5th Floor, ISE Towers, Jinnah
Avenue, Islamabad
Tel: +92 (51) 2894505 – 06

Peshawar Branch

Shops No. F13, F14, F15, F16, F17, 1st Floor, The
Mall Tower, Peshawar Cantt.
Tel: +92 91 5253910-13

Rawalpindi Branch

Office No. F-15, 1st Floor, Rizwan Arcade, Adamjee
Road, Saddar, Rawalpindi
Tel: +92 (51) 5120428-29, +92 (51) 5563476-78

Faisalabad Branch

Office No. 04, 3rd Floor Legacy Tower, Kohinoor
City, Faisalabad.
Tel: +92 41 8531010-3

Multan Branch

Office No.16-18,1st Floor, Khan Center, Abdali Road,
Near SP Chowk, Multan
Tel: +92 61 4514413
+ 92 61 4514412



Vision

Mission

Our mission is to create value for our stakeholders by providing outstanding securities brokerage services and investment banking solutions to our customers. We strive to build an environment that encourages teamwork at the workplace to deliver superior products and services and to serve the development of our capital market.

Director's Report

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the for the half year and second quarter ended December 31, 2021.

Economic Review:

After solidifying at 5.57% in the outgoing fiscal year, economic growth showed signs of moderation towards the end of 2021. While high frequency indicators to the likes of auto, cement and petroleum sales stabilized, overall Large Scale Manufacturing index growth slowed down to 3.26% in November 2021. On the flipside, growth in the agriculture sector remained strong on the back of improved Rabi crop offsetting the lower cotton output.

On the external front, pressure was evident in the first half of current fiscal year, despite growth in remittances and exports, mainly due to strong domestic demand and high global commodity prices. This resulted in higher current account deficit which rose to USD 9.1bn during this period against a surplus of USD 1.2bn last year. While the growth in remittances was noteworthy (+11% to an all-time high during 1H of USD 15.8bn) and exports too performed well (+25%), the impact was offset by imports (+66% YoY). In addition, the Pak Rupee single handedly bore the brunt of rising current account deficit, declining 10.8% against the dollar in first half of FY22. While the external account remained under pressure, the fiscal front showed significant improvement during the first half of current fiscal year. The revenue collection was up largely on the back of 32.5% YoY growth in tax collection. Moreover, the fiscal deficit shrank to 1.1% of GDP during July-October 2021 whereas primary surplus improved to 0.4% of GDP.

Moreover, in order to ensure longevity of economic growth, curtail inflation and bring down current account deficit, the State Bank of Pakistan undertook measures like: a cumulative 275bps hike to 9.75%, higher bank cash reserve requirements, regulatory tightening of consumer finance, and curtailment of non-essential imports, during first half of FY22. The fiscal authorities too played their role in normalizing domestic demand by introducing Finance supplementary Act 2022. With this, Pakistan also fulfilled pre-conditions of IMF for approval of disbursement of USD 1bn post successful sixth review of Extended Fund Facility program.

Stock Market Performance

The KSE-100 index closed at 44,596 points at the end of Dec'21 compared to 44,900 points in Sep'21 (down by 0.7% / 304 points) while posting a slight uptick of 1.9% YoY from 43,755 points in Dec'20. A spectrum of factors influenced the market in 2Q, particularly surge in imports and a record high trade deficit in Nov'21 led by higher international commodity prices which exerted immense pressure on headline CPI and the Pak Rupee. As a result, the State Bank of Pakistan undertook more aggressive tightening in the benchmark policy rate, which put pressure on leveraged companies. Apart from economic concerns, participants of the equity bourse remained wary of the delay in approval of IMF's sixth review whereas foreign selling on the back of transition from MSCI Emerging Market to the Frontier Market also hammered stocks. Although emerging wave of Omicron initially caused investors to panic, less severity of the variant improved sentiment quickly. PKR too gained some ground, as the quantum of CAD slowed down and Saudi Arabia pledged some support, whereas potential resolution of gas circular debt, clear forward guidance by the SBP of no further hikes as well as Cabinet's approval of the Finance Bill, reignited optimism towards end of the year.

Volumes at the index appeared dull during 2QFY22 at 275mn shares in comparison to 394mn shares in 2QFY21 while traded value too remained unimpressive at USD 59mn vs. USD 96mn in the same period of last year as most investors lingered on the sidelines given concerns over the economy. On the foreign front, selling continued unabated at USD 167mn in the quarter under review led by reclassification from MSCI Emerging Markets Index to MSCI Frontier Markets Index. This was largely absorbed by local Insurance companies (USD 56mn), Companies (USD 47mn) and Individuals (USD 39mn). Major contribution to the index downside during this time was led by Technology (-469 points), Oil and Gas Marketing Companies (-132 points), and Refinery (-116points) whereas investors preferred Commercial Banks (+513 points), Fertilizer (+248 points), and Oil and Gas Exploration Companies (+247 points) in 2QFY22.

Your Company's Performance

During the period under review, your Company has performed well and achieved an after-tax-profit of PKR 758 million which translates into basic & diluted earnings per share of PKR 11.60.

During the six months ended December 31, 2021, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 629.77 million (1HFY21: PKR 596.00 million), although the market registered a decline of 22% in its traded values. In addition, our brokerage revenue in the 2nd Quarter witnessed a growth of 14% as compared to a 31% decline in Market traded values in the same period, mainly driven by our digital trading, retail and branch expansions. We have successfully completed some M&A advisory transaction during the period.

Our Investment property and Equities Portfolio managed to perform well and posted a total realized and unrealized gains of PKR 498.33 million.

During the period, operating expenses decreased by 10% as compared to the same period last year and posted a total of PKR 286.84 million (1HFY21: PKR 261.86 million), as your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. During the said period, our financing costs have slightly decreased due to considerable efforts made management in effectively & efficiently managing the Company's liquidity.

The equity of your Company as at the balance sheet date is PKR 5.12 billion (June 2021: PKR 4.99 billion), which translates into book value per share of PKR 78.35 (June 30, 2021: PKR 84.10). The equity level decreased mainly after the accounting for PKR 594 million reserves for cash dividends & 10% stock dividend approved in the AGM held on September 25, 2021, which is a clear indication of the strong performance of the Company.

During the period under review, your Company has continued to be recognized by receiving accolades from international leading global financial publications. These include the Most Outstanding Company in Pakistan – Financial Sector 2021 award by AsiaMoney. Further, AHL has received Best Bond Adviser, Best Corporate & Institutional Advisor – Domestic and Best Equity Adviser – Pakistan for 2021 award by The Asset for the third consecutive year. In addition, AHL has achieved the distinction of winning all the three House awards, Brokerage/Corporate Finance/Economic Research, in any award ceremony organized by the CFA Society of Pakistan.

Future Prospects

The future prospects of your Company are encouraging on account of our efforts in increasing the Company's market share, through wider participation in all its business segments and our expectations of positive market performance in this quarter. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities. Further, we are expecting IPO's in the next two quarters, which will increase our Investment Banking revenue and overall profitability of your Company.

Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our sincere appreciation to all Stakeholders and to our Parent Company, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and the Management of Pakistan Stock Exchange Limited for their unwavering support and guidance.

We acknowledge and appreciate the hard work put in by the employees of the Company during the period. We also acknowledge the valuable contribution and active role of the members of the Board Committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board of Directors,



Muhammad Shahid Ali Habib
Chief Executive Officer and Director



Zafar Alam
Chairman

Karachi.

Dated: Jaunary 28, 2022

CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF **ARIF HABIB LIMITED**

Report on Review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of M/s. Arif Habib Limited ("the Company") as at December 31, 2021 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows and notes thereto for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As per our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2021. Accordingly, we have not reviewed the figures in the condensed interim unconsolidated statement of profit or loss and the condensed interim unconsolidated statement of comprehensive income for the three-month period ended December 31, 2021.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Muhammad Waseem.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Karachi.

Date: January 28, 2022

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

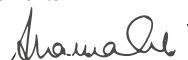
AS AT DECEMBER 31, 2021

**(Un-audited)
December 31,
2021**

**Audited
June 30,
2021**

| | Note | Rupees | |
|--|-------------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 3 | 89,584,474 | 76,101,492 |
| Right-of-use assets | 4 | 22,923,405 | 27,657,325 |
| Intangible assets | | 6,421,179 | 6,583,336 |
| Long term investments | 5 | 125,191,778 | 136,312,876 |
| Investment property | 6 | 975,982,190 | 1,968,800,000 |
| Long-term advances and deposits | | 25,523,800 | 6,103,800 |
| Deferred tax asset - net | 7 | 6,721,520 | - |
| | | 1,252,348,346 | 2,221,558,829 |
| Current assets | | | |
| Short term investments | 8 | 3,901,970,749 | 2,746,710,495 |
| Trade debts | 9 | 341,368,163 | 235,192,150 |
| Receivable against margin financing | 10 | 369,172,667 | 245,655,746 |
| Advances, deposits and prepayments | 11 | 61,762,686 | 60,858,054 |
| Accrued markup on margin financing | | 15,917,180 | 7,650,726 |
| Other receivables | 12 | 363,119,950 | 279,777,689 |
| Cash and bank balances | 13 | 1,865,920,815 | 2,674,098,470 |
| | | 6,919,232,210 | 6,249,943,330 |
| | | 8,171,580,556 | 8,471,502,159 |
| Total assets | | | |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| <i>Authorized capital</i> | | | |
| 75,000,000 (June 30, 2021: 75,000,000) ordinary shares of Rs. 10/- each | | 750,000,000 | 750,000,000 |
| <i>Issued, subscribed and paid-up capital</i> | | | |
| 65,340,000 (June 30, 2021: 59,400,000) ordinary shares of Rs. 10/each | | 653,400,000 | 594,000,000 |
| <i>Capital reserves</i> | | | |
| Surplus on revaluation of property (Deficit)/ surplus on re-measurement of investment in equity securities | | 15,432,500 | 15,432,500 |
| | | (12,301,655) | 27,944,785 |
| | | 3,130,845 | 43,377,285 |
| <i>Revenue reserves</i> | | | |
| Unappropriated profits | | 4,462,770,026 | 4,358,006,084 |
| | | 5,119,300,871 | 4,995,383,369 |
| Non-current liabilities | | | |
| Lease liability | | 5,450,343 | 3,525,415 |
| Current liabilities | | | |
| Short term borrowings | 14 | 1,550,311,041 | 1,369,369,349 |
| Current portion of lease liability | | 13,111,382 | 26,696,871 |
| Trade and other payables | 15 | 1,158,983,359 | 1,789,995,005 |
| Unclaimed dividend | | 19,262,333 | 14,920,013 |
| Payable against purchase of securities- net | | 157,065,139 | 53,758,623 |
| Markup accrued on borrowings | | 43,622,955 | 18,639,958 |
| Taxation - net | 16 | 104,473,133 | 199,213,556 |
| | | 3,046,829,342 | 3,472,593,375 |
| Contingencies and commitments | | | |
| | 17 | | |
| Total equity and liabilities | | 8,171,580,556 | 8,471,502,159 |

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | Six months ended | | Quarter ended | |
|--|------|-----------------------------|------------------------------|---------------------------|----------------------------|
| | | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | Note | Rupees | | | |
| Operating revenue | 18 | 685,755,736 | 597,588,403 | 421,635,008 | 400,592,701 |
| Capital gain on sale of short term investments | | 161,216,575 | 448,227,998 | 107,228,133 | 110,448,065 |
| Unrealized (loss) / gain on re-measurement of long term and short term investments | 19 | (116,064,574) 45,152,001 | 700,474,573 1,148,702,571 | 63,477,356 170,705,489 | 323,956,637 434,404,702 |
| | | 730,907,737 | 1,746,290,974 | 592,340,497 | 834,997,403 |
| Administrative and operating expenses | 20 | (286,843,276) | (261,859,756) | (165,942,980) | (157,422,201) |
| Other charges | | (204,639) | (17,710,127) | (204,639) | (17,710,127) |
| Other operating income | 21 | 29,077,162 | 17,146,080 | 7,019,985 | 15,811,830 |
| Gain on investment property: | | | | | |
| - Unrealized gain on remeasurement to fair value | 6 | 97,682,190 | - | (183,817,810) | - |
| - Realized gain on disposal | | 355,500,000 | - | 355,500,000 | - |
| | | 453,182,190 | - | 171,682,190 | - |
| Operating profit | | 926,119,174 | 1,483,867,171 | 604,895,053 | 675,676,905 |
| Finance costs | 22 | (75,601,994) | (83,386,016) | (53,362,992) | (32,632,453) |
| Profit before taxation | | 850,517,180 | 1,400,481,155 | 551,532,061 | 643,044,452 |
| Taxation | 23 | (92,353,238) | (85,276,163) | (42,365,613) | (66,703,171) |
| Profit after taxation | | 758,163,942 | 1,315,204,992 | 509,166,448 | 576,341,281 |
| | | | (Restated) | | (Restated) |
| Earnings per share - basic and diluted | 24 | 11.60 | 20.13 | 7.79 | 8.82 |

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



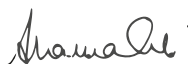
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | Six months ended | | Quarter ended | |
|--|--------------------|----------------------|--------------------|--------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | ————— Rupees ————— | | | |
| Profit after taxation | 758,163,942 | 1,315,204,992 | 509,166,448 | 576,341,281 |
| Other comprehensive (loss) / income | | | | |
| <i>Items that will not be reclassified subsequently to statement of profit or loss</i> | | | | |
| Net change in fair value of the investment in equity securities | (40,246,440) | (275,035,460) | 12,383,520 | (79,047,054) |
| Total comprehensive income for the period | 717,917,502 | 1,040,169,532 | 521,549,968 | 497,294,227 |

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | Revenue reserve | | Capital reserves | | Sub-total | Total |
|---|--|---------------------------|--|---|---------------|---------------|
| | Issued, subscribed & paid up capital | Unappropriated profits | Surplus on revaluation of property | Surplus on re-measurement of equity securities at FVOCI | | |
| | Rupees | | | | | |
| Balance as at June 30, 2020 - restated refer (note 27) | 594,000,000 | 2,238,562,577 | 15,432,500 | 423,338,700 | 2,677,333,777 | 3,271,333,777 |
| Total comprehensive income for the six months ended December 31, 2020 | | | | | | |
| - Profit after taxation | - | 1,315,204,992 | - | - | 1,315,204,992 | 1,315,204,992 |
| - Other comprehensive income | - | - | - | (275,035,460) | (275,035,460) | (275,035,460) |
| | - | 1,315,204,992 | - | (275,035,460) | 1,040,169,532 | 1,040,169,532 |
| Gain realized on disposal of investment in ordinary shares classified as at fair value through other comprehensive income - restated refer (note 27) | - | 156,712,450 | - | (156,712,450) | - | - |
| Transaction with owners | | | | | | |
| - Cash dividend paid @ 25% for the year ended June 30, 2020 | - | (148,500,000) | - | - | (148,500,000) | (148,500,000) |
| Balance as at December 31, 2020 - restated | 594,000,000 | 3,561,980,019 | 15,432,500 | (8,409,210) | 3,569,003,309 | 4,163,003,309 |
| Balance as at June 30, 2021 | 594,000,000 | 4,358,006,084 | 15,432,500 | 27,944,785 | 4,401,383,369 | 4,995,383,369 |
| Total comprehensive income for the six months ended December 31, 2021 | | | | | | |
| - Profit after taxation | - | 758,163,942 | - | - | 758,163,942 | 758,163,942 |
| - Other comprehensive loss | - | - | - | (40,246,440) | (40,246,440) | (40,246,440) |
| | - | 758,163,942 | - | (40,246,440) | 717,917,502 | 717,917,502 |
| Transaction with owners | | | | | | |
| - Bonus shares @ 10% for the year ended June 30, 2021 | 59,400,000 | (59,400,000) | - | - | (59,400,000) | - |
| - Cash dividend paid @ 100% for the year ended June 30, 2021 | - | (594,000,000) | - | - | (594,000,000) | (594,000,000) |
| Balance as at December 31, 2021 | 653,400,000 | 4,462,770,026 | 15,432,500 | (12,301,655) | 4,465,900,871 | 5,119,300,871 |

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

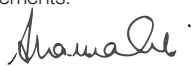
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

December 31, 2021 December 31, 2020

| | Note | Rupees | |
|---|------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 850,517,180 | 1,400,481,155 |
| Adjustments for: | | | |
| - Unrealized gain on re-measurement of investment property | 6 | (97,682,190) | - |
| - Gain on disposal of investment property | | (355,500,000) | - |
| - Provision for expected credit losses | | 204,639 | 17,710,127 |
| - Gain on re-measurement of long term investments | 19 | 11,121,098 | (13,936,000) |
| - Depreciation on property and equipment | 20 | 8,303,712 | 6,127,000 |
| - Depreciation on right-of-use assets | 20 | 11,495,356 | 10,389,270 |
| - Amortization of intangible asset | 20 | 162,157 | 208,693 |
| - Finance costs | 22 | 75,601,994 | 83,386,016 |
| - Mark up on reverse repo transactions | 21 | (14,568,701) | (1,804,420) |
| - Profit on savings accounts maintained with banks | 21 | (12,912,393) | (12,623,892) |
| | | (373,774,328) | 89,456,794 |
| Cash generated from operating activities before working capital changes | | 476,742,852 | 1,489,937,949 |
| Effect on cash flow due to working capital changes (Increase)/decrease in current assets | | | |
| - Short-term investments | | (1,195,506,694) | 547,012,443 |
| - Trade debts | | (106,380,652) | (127,906,542) |
| - Receivable against margin financing | | (123,516,921) | (198,730,838) |
| - Advances, deposits and prepayments | | (904,632) | (284,699,282) |
| - Accrued markup on margin financing | | (8,266,454) | 187,231 |
| - Other receivables | | (20,809,019) | (66,649,753) |
| Increase/(decrease) in current liabilities | | | |
| - Trade and other payables | | (631,011,646) | 452,596,437 |
| - Payable against purchase of securities- net | | 103,306,516 | (28,181,448) |
| | | (1,983,089,502) | 293,628,248 |
| Cash (used in) / generated from operations | | (1,506,346,650) | 1,783,566,197 |
| Taxes paid | | (193,815,181) | (76,509,767) |
| Finance costs paid | | (50,618,997) | (123,556,161) |
| Net cash (used in) / generated from operating activities | | (1,750,780,828) | 1,583,500,269 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property and equipment | | (21,786,694) | (10,438,569) |
| Additions to investment property | 6 | - | (152,500,000) |
| Proceeds from disposal of investment property | | 1,400,000,000 | - |
| Repayment of loan previously granted to related party | | - | 15,000,000 |
| Interest received on savings accounts maintained with banks | | 10,947,852 | 12,623,892 |
| Long-term advances and deposits (paid) / refunded | | (19,420,000) | 229,530 |
| Net cash generated from / (used in) investing activities | | 1,369,741,158 | (135,085,147) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Principal repayment against lease liability | | (18,421,997) | (9,622,093) |
| Repayment of long term loan from banking company - secured | | - | (41,653,928) |
| Repayment of long term loan from related party - unsecured | | - | (300,000,000) |
| Dividend paid | | (589,657,680) | (147,248,671) |
| Net cash used in financing activities | | (608,079,677) | (498,524,692) |
| Net (decrease) / increase in cash and cash equivalents | | (989,119,347) | 949,890,430 |
| Cash and cash equivalents at the beginning of the period | | 1,304,729,121 | (1,029,893,268) |
| Cash and cash equivalents at the end of the period | 25 | 315,609,774 | (80,002,838) |

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

1 STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2021: 69.44% shares) of the Company.

1.2 The Company is a holder of Trading Right Entitlement Certificate (TREC) of PSX. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

1.3 The geographical location of Company's offices are as follows:

| | | |
|------------------|------------------------------------|--|
| - Karachi | Head office (Registered office) | Arif Habib Centre, 23 M.T. Khan Road, Karachi |
| - Lahore | Regional office | Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore |
| - Islamabad | Regional office | Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad |
| - Peshawar | Regional office | Shops No. F13, F14, F15, F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt. |
| - Faisalabad | Regional office | Office No. 04, 3rd Floor at Legacy Tower, Koh-e-Noor City. |
| - Rawalpindi | Regional office | Shop No. F-15, 1st Floor, Rizwan Arcade, Adam Jee Road, Saddar. |
| - Multan | Regional office | Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan |
| - Rahim Yar Khan | Regional office | Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan |
| - Karachi | Regional office | Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi |

1.4 The Company has following wholly owned subsidiaries:

- Arif Habib Commodities (Private) Limited
- Arif Habib 1857 (Private) Limited

2. BASIS OF PREPARATION OF THESE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of compliance with the applicable accounting and reporting standards

These condensed interim unconsolidated financial statements (here-in-after referred to as the 'interim financial statements') have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

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

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

2.2 Basis of measurement of items in these interim financial statements

All the items in these interim financial statements have been measured at their historical cost except for the following:

- (a) Long term investments in unquoted ordinary shares of M/s. ISE Tower REIT Management Limited and M/s. LSE Financial Services Limited which are carried at fair value;
- (b) Investment property which is carried at fair value; and
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Judgments and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2021.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2021.

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|----------------------------------|--|--------------------------------------|-----------------------------|
| | Note | Rupees | |
| 3. PROPERTY AND EQUIPMENT | | | |
| Owned assets | 3.1 | <u>89,584,474</u> | <u>76,101,492</u> |
| 3.1 | During the period ended December 31, 2021, additions made amounting to Rs. 21.85 million (June 2021: Rs. 24.5 million) which comprised of office equipment, furniture and fixtures, vehicles and computer and allied items. However, no disposals were made during the period. | | |

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|------|--------------------------------------|-----------------------------|
| | Note | Rupees | |
| 4. RIGHT-OF-USE-ASSETS | | | |
| Opening net book value/ cost | | <u>27,657,325</u> | 42,319,024 |
| Add: Addition during the period | | <u>6,761,436</u> | 6,540,869 |
| | | <u>34,418,761</u> | 48,859,893 |
| Less: Depreciation charged during the period / year | | <u>(11,495,356)</u> | (21,202,568) |
| Closing net book value | 4.1 | <u>22,923,405</u> | <u>27,657,325</u> |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

4.1 These represent the Company's right to use certain real-estate properties held by it under lease arrangements. The principal terms and conditions of the said arrangements are as follows:

| | Principal Office (Karachi) | Regional Office (Peshawar) | Regional Office (Faisalabad) | Regional Office (Rawalpindi) | Regional Office (Multan) | Regional Office (Rahim Yar Khan) | Regional Office (Karachi) |
|--|--|--------------------------------|--|---|--|---|---|
| Lessor name | Rotocast Engineering Co. (Pvt.) Ltd. | Mr. Azmat Hassan Khan | Mr. Ahsan Mahmood | Mr. Tahir Rizwan | Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas | Mr. Khalid Bashir | Mr. Raheel |
| Address of the leased property | Block-B, 2nd Floor Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road | 35 Mall Tower, Peshawar Cantt. | Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City | Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar | Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan | Shop No. 2, Basement, Bashee Plaza, Model Town Rahim Yar Khan | Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I. Chundrigar Road, Karachi |
| Lease agreement date | July 01, 2019 | March 01, 2019 | October 10, 2020 | July 1, 2020 | March 1, 2021 | August 8, 2021 | September 15, 2021 |
| Lease commencement date | July 01, 2019 | March 01, 2019 | October 15, 2020 | July 1, 2020 | March 1, 2021 | September 1, 2021 | October 1, 2021 |
| Initial contractual term of the lease | 3 years | 5 years | 5 years | 3 years | 3 years | 5 years | 3 years |
| Availability of extension option? | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| No. of years for which the lease extension option is available | Indefinite | 5 years | Indefinite | Indefinite | Indefinite | Indefinite | Indefinite |
| Estimated lease term (as on the date of commencement of the lease) | 3 years | 5 years | 5 years | 3 years | 3 years | 5 years | 3 years |

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|-------------|--------------------------------------|-----------------------------|
| 5. LONG TERM INVESTMENTS - unquoted | Note | Rupees | |
| Investment in subsidiaries | 5.1 | 81,558,105 | 81,558,105 |
| Investment in other entities | 5.2 | 43,633,673 | 54,754,771 |
| | | 125,191,778 | 136,312,876 |
| 5.1 Investment in subsidiaries - at cost less accumulated impairment | | | |
| Arif Habib Commodities (Private) Limited - cost | | 38,000,000 | 38,000,000 |
| Arif Habib 1857 (Private) Limited - cost | | 50,000,000 | 50,000,000 |
| Less: accumulated impairment losses | | (6,441,895) | (6,441,895) |
| | | 43,558,105 | 43,558,105 |
| | | 81,558,105 | 81,558,105 |
| 5.2 Investment in other entities - at fair value through profit or loss | | | |
| ISE Towers REIT Management Company Limited | 5.2.1 | 28,889,430 | 37,841,512 |
| LSE Financial Services Limited | 5.2.1 | 14,744,243 | 16,913,259 |
| | | 43,633,673 | 54,754,771 |

5.2.1 This represents the investment in 3,034,604 (June 2021: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (June 2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|-----|--|--------------------------------------|-----------------------------|
| 6. | INVESTMENT PROPERTY | Rupees | |
| | Opening carrying amount | 1,968,800,000 | 1,678,415,232 |
| | Increase in fair value during the period / year - realized on disposal | 355,500,000 | - |
| | | 2,324,300,000 | 1,678,415,232 |
| | Sale during the period / year | (1,446,000,000) | (152,500,000) |
| | Purchase of plots in Naya Nazimabad project during the year | - | 152,500,000 |
| | | (1,446,000,000) | - |
| | | 878,300,000 | 1,678,415,232 |
| | Increase in fair value during the period / year - unrealized | 97,682,190 | 290,384,768 |
| | Closing carrying amount | 975,982,190 | 1,968,800,000 |
| 6.1 | This represents sale of 49 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to Javedan Corporation limited (a related party). Fair value of these plots amounted to Rs. 1,090.5 Million and Rs. 1,446 Million on June 30, 2021 and December 23, 2021 (transaction date) respectively. Total sale proceeds of the transaction amounted to Rs. 1,446 Million out of which Rs. 46 Million are still receivable at reporting date (refer note 12). | | |
| 6.2 | This represents investment in plots of land situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited. The Naya Nazimabad Project is owned and managed by M/s. Javedan Corporation Limited (a related party of the Company). | | |
| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
| 7. | DEFERRED TAX ASSET - net | Rupees | |
| | Deferred tax (asset) / liability in respect of: | | |
| | - Unrealized loss on remeasurement of short term investments | (10,487,947) | - |
| | - Other temporary differences | 3,766,427 | - |
| | | (6,721,520) | - |
| 7.1 | Deferred tax (asset) / liability in respect of other temporary differences | | |
| | <i>Deferred tax liabilities - Taxable temporary differences</i> | | |
| | Accelerated depreciation | 10,219,385 | 11,093,498 |
| | Right-of-use assets | 6,647,787 | 8,020,624 |
| | Long term investment | - | 2,072,141 |
| | Short term investments | - | 9,192,951 |
| | Capital gain on sale of investments at FVTPL | - | 91,271,482 |
| | | 16,867,172 | 121,650,696 |
| | <i>Deferred tax assets - Deductible temporary differences</i> | | |
| | Intangible assets | (6,815,000) | (6,815,000) |
| | Long term investment | (346,698) | - |
| | Provision for doubtful debts and other receivables | (556,147) | (268,015,283) |
| | Lease liability | (5,382,900) | (8,764,463) |
| | | (13,100,745) | (283,594,746) |
| | Deferred tax (asset) / liability - net | 3,766,427 | (161,944,050) |
| | Deferred tax asset recognized to the extent of deferred tax liability | - | (121,650,696) |
| | Unrecognised deferred tax asset in the books | - | (40,293,354) |
| | | - | (161,944,050) |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|--------------------------------------|-----------------------------|
| 8. SHORT TERM INVESTMENTS | | |
| At fair value through profit or loss | | |
| Quoted equity / debt securities | 3,735,309,209 | 2,539,802,515 |
| At fair value through other comprehensive income | | |
| Quoted equity securities | 166,661,540 | 206,907,980 |
| | 3,901,970,749 | 2,746,710,495 |

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|--------------------------------------|-----------------------------|
| 9. TRADE DEBTS | | |
| Note | | |
| <i>Considered good</i> | | |
| - Brokerage receivable | 193,702,234 | 120,088,055 |
| - Advisory and consultancy fee | 147,870,568 | 115,104,095 |
| | 341,572,802 | 235,192,150 |
| <i>Considered doubtful</i> | | |
| - Brokerage receivable | 870,668,691 | 870,668,691 |
| - Advisory and consultancy fee | 51,604,192 | 51,604,192 |
| | 922,272,883 | 922,272,883 |
| | 1,263,845,685 | 1,157,465,033 |
| | (922,477,522) | (922,272,883) |
| Less: provision for expected credit losses | 341,368,163 | 235,192,150 |

9.1 Movement in provision for expected credit losses

| | | |
|--|--------------------|--------------------|
| Balance at the beginning of the period/ year | 922,272,883 | 906,321,587 |
| Add: Charged for the period/ year | 204,639 | 15,951,296 |
| Less: Reversed during the period/ year | - | - |
| Balance at the end of the period/ year | 922,477,522 | 922,272,883 |

9.2 This includes Rs. 0.27 million (June 2021: Rs. 4.3 million) due from related parties. The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 249.70 million (June 2021: Rs. 331.80 million)

9.3 The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts.

9.4 The aging analysis of the Company's trade debts as at reporting date is as follows :

| | (Unaudited) December 31, 2021 | (Audited) June 30, 2021 |
|-----------------------------|----------------------------------|--|
| | Gross carrying amount | Provision for expected credit losses |
| | | |
| Not past due | 120,494,077 | - |
| Past due 1 day - 30 days | 165,165,598 | 9,892,228 |
| Past due 31 days - 180 days | 17,030,845 | 3,540,309 |
| Past due 181 days - 1 year | 27,972,027 | 439,365 |
| Past due more than one year | 927,533,138 | 908,400,981 |
| | 1,258,195,685 | 922,272,883 |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|---|--------------------------------------|-----------------------------|
| Note | | Rupees | |
| 10. RECEIVABLE AGAINST MARGIN FINANCING | | | |
| | | 369,172,667 | 245,655,746 |
| | | 1,917,749 | 1,917,749 |
| | 10.1 | 371,090,416 | 247,573,495 |
| | | (1,917,749) | (1,917,749) |
| | | 369,172,667 | 245,655,746 |
| 10.1 | Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2021: 12.00% to 15.00%) per annum. | | |
| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
| Note | | Rupees | |
| 11. ADVANCES, DEPOSITS AND PREPAYMENTS | | | |
| Advances | | | |
| | | 9,293,760 | 9,293,760 |
| | | 539,000 | 1,068,956 |
| | | 1,878,465 | 833,119 |
| | | 11,711,225 | 11,195,835 |
| Trade deposits | | | |
| | 11.1 | 45,068,801 | 49,110,315 |
| Prepayments | | | |
| | | 4,982,660 | 551,904 |
| | | 61,762,686 | 60,858,054 |
| 11.1 | This represents deposits held at the reporting date against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited. | | |
| | | December 31, 2021 | June 30, 2021 |
| Note | | Rupees | |
| 12. OTHER RECEIVABLES | | | |
| | | 303,946,237 | 268,568,516 |
| | | 51,126,734 | 5,126,734 |
| | | 8,046,979 | 6,082,439 |
| | | 363,119,950 | 279,777,689 |
| 12.1 | This includes receivable against sale of plots amounting to Rs. 46 million from M/s. Javedan Corporation Limited (a related party). | | |
| 13. CASH AND BANK BALANCES | | | |
| | | 680,066 | 650,596 |
| | | 332,225,967 | 157,186,618 |
| | | 1,533,014,782 | 2,516,261,256 |
| | | 1,865,240,749 | 2,673,447,874 |
| | 13.1 | 1,865,920,815 | 2,674,098,470 |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

13.1 This includes the balances held in bank accounts designated to customers amounting to Rs. 1,023.375 million (June 30, 2021: Rs. 1,563 million).

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---------------------------|------|--------------------------------------|-----------------------------|
| 14. SHORT TERM BORROWINGS | Note | Rupees | |

Running finance facilities from banking companies - secured

14.1

1,550,311,041

1,369,369,349

14.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,500 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.65% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

14.1.1 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at December 31, 2021 amounted to Rs. 6,165.35 million (June 2021: Rs. 5,642.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as follows:

| | December 31, 2021 | | June 30, 2021 | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | Number of Securities | Amount (Rupees) | Number of Securities | Amount (Rupees) |
| Client | 122,850,000 | 4,421,371,500 | 140,335,000 | 4,086,425,400 |
| House | 58,063,755 | 1,743,975,950 | 66,582,755 | 1,554,857,660 |
| Total | 180,913,755 | 6,165,347,450 | 206,917,755 | 5,641,283,060 |

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|------------------------------|------|--------------------------------------|-----------------------------|
| 15. TRADE AND OTHER PAYABLES | Note | Rupees | |

Trade creditors

15.1

1,021,439,488

1,554,805,840

Commission payable to staff

15.2

78,790,289

102,628,723

Accrued expenses

3,706,528

19,968,931

Withholding tax payable

17,748,713

71,302,613

Sindh sales tax and federal excise duty payable

17,350,751

22,809,898

Advance from related party

15.3

8,243,695

6,743,695

Other liabilities

11,703,895

11,735,305

1,158,983,359

1,789,995,005

15.1 This includes Rs. 86.24 million (June 30, 2021: Rs 126.1 million) payable to related parties of the Company.

15.2 This includes Rs. 22.11 million (June 30, 2021: Rs. 49.15 million) payable to related parties of the Company.

15.3 This represents advance obtained from M/s. Arif Habib Commodities (Private) Limited against the sale of PSX offices (classified as investment property) by the Company.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|------|--------------------------------------|-----------------------------|
| | Note | Rupees | |
| 16. TAXATION- NET | | | |
| Balance at the beginning of the period/ year | | 199,213,556 | 53,030,170 |
| Add: Provision for the period/ year | | 99,074,758 | 309,097,181 |
| Less: Tax paid during the period/ year | | (193,815,181) | (162,913,795) |
| Balance at the end of the period/ year | | 104,473,133 | 199,213,556 |

17. CONTINGENCY AND COMMITMENTS

17.1 Contingency

There has been no change in the status of the contingent liability as reported in note 24.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2021.

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|--|--------------------------------------|-----------------------------|
| | | Rupees | |
| 17.2 Commitments | | | |
| Following commitments were outstanding as at the reporting date: | | | |
| - Outstanding settlements against Margin Trading contracts | | 673,989,503 | 788,579,531 |
| - Outstanding settlements against (purchase)/ sale of securities in regular market. | | 26,965,350 | 34,264,836 |
| - Financial guarantees given by a commercial banks on behalf of the Company | | 750,000,000 | 750,000,000 |

| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
|--------------------------------------|------|--------------------------------------|--------------------------------------|
| | Note | Rupees | |
| 18. OPERATING REVENUE | | | |
| Brokerage revenue | 18.1 | 275,031,339 | 295,131,137 |
| Advisory and consultancy fee | 18.2 | 323,444,056 | 282,307,000 |
| Dividend income | | 55,188,045 | 1,592,201 |
| Mark-up on margin financing | 30 | 24,982,118 | 8,232,399 |
| Mark-up on corporate debt securities | 30 | 7,110,178 | 10,325,666 |
| | | 685,755,736 | 597,588,403 |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
|---|------|--------------------------------------|--------------------------------------|
| | Note | Rupees | |
| 18.1 Brokerage revenue | | | |
| Gross revenue | | 316,127,976 | 339,231,192 |
| Less: Sales tax | | (41,096,637) | (44,100,055) |
| Net revenue | | 275,031,339 | 295,131,137 |
| 18.2 Advisory and consultancy fee | | | |
| Gross revenue | | 371,774,777 | 324,490,805 |
| Less: Sales tax | | (48,330,721) | (42,183,805) |
| Net revenue | | 323,444,056 | 282,307,000 |
| 19. UNREALIZED (LOSS) / GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS | | | |
| Short term investments | | (104,943,476) | 686,538,573 |
| Long term investments | | (11,121,098) | 13,936,000 |
| | | (116,064,574) | 700,474,573 |
| 20. ADMINISTRATIVE AND OPERATING EXPENSES | | | |
| Salaries and other benefits | 20.1 | 157,090,841 | 152,937,756 |
| Motor vehicle expense | | 18,930,893 | 12,089,968 |
| C.D.C and clearing house charges | | 15,208,500 | 12,074,007 |
| Building maintenance | | 12,792,075 | 10,271,154 |
| Depreciation on right-of-use assets | | 11,495,356 | 10,389,270 |
| Man power services | 20.2 | 11,400,000 | 11,400,000 |
| Communication | | 10,364,351 | 9,403,076 |
| Legal and professional charges | | 9,144,346 | 3,450,733 |
| Depreciation on property and equipment | | 8,303,712 | 6,127,000 |
| Insurance | | 5,991,507 | 3,187,844 |
| Repairs and maintenance | | 5,912,197 | 4,664,290 |
| Fees and subscription | | 3,878,145 | 5,708,785 |
| Travelling expenses | | 3,532,816 | 863,339 |
| Others | | 3,354,571 | 4,191,596 |
| Business representation | | 2,646,147 | 6,198,365 |
| Printing and stationery | | 2,352,368 | 2,128,540 |
| Rent, rates and taxes | | 2,009,237 | 155,545 |
| Advertisement and business promotion | | 1,008,617 | 367,910 |
| Audit fees | | 468,211 | 310,000 |
| Write off of trade receivables | | 370,739 | 452,000 |
| Conveyance and meals | | 301,490 | 154,885 |
| Amortisation of intangible assets | | 162,157 | 208,693 |
| Meeting expenses | | 125,000 | 125,000 |
| Donation | | - | 5,000,000 |
| | | 286,843,276 | 261,859,756 |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
|-------------|---|--------------------------------------|--------------------------------------|
| | | Rupees | |
| 20.1 | Salaries and other benefits | | |
| | Salaries and other benefits | 87,822,908 | 105,096,039 |
| | Commission | 69,267,933 | 47,841,717 |
| | | <u>157,090,841</u> | <u>152,937,756</u> |
| 20.2 | This represents charges paid to M/s. Arif Habib Consultancy (Private) Limited in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department. | | |
| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
| 21. | OTHER OPERATING INCOME | | |
| | Note | Rupees | |
| | Mark-up on loan to related party | - | 610,703 |
| | Profit on savings accounts maintained with banks | 12,912,393 | 12,623,892 |
| | Profit on exposure deposits placed with PSX and NCCPL | 1,596,068 | 2,107,065 |
| | Mark-up on reverse repo transactions | 14,568,701 | 1,804,420 |
| | | <u>29,077,162</u> | <u>17,146,080</u> |
| 22. | FINANCE COSTS | | |
| | Markup on short term borrowings from banking companies | 42,554,973 | 45,511,099 |
| | Markup on loan from related party | 20,112,499 | 8,103,389 |
| | Bank charges and others | 8,204,008 | 8,918,859 |
| | Interest on unwinding of the lease liability | 1,917,134 | 3,149,291 |
| | Markup on margin trading system securities | 1,862,362 | 1,088,808 |
| | Guarantee charges to parent company | 951,018 | 954,566 |
| | Markup on long term loan from banking company | - | 15,660,004 |
| | | <u>75,601,994</u> | <u>83,386,016</u> |
| 22.1 | This includes markup on finance facility amounting to PKR 1 billion availed from Javedan Corporation Limited (a related party of the Company) on 1st October, 2021 to finance its working capital requirements. The markup on daily outstanding principal is payable quarterly in arrears as per the applicable rate of 3 months KIBOR + 1.75% within 30 days of the following quarter. | | |
| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
| 23. | TAXATION | | |
| | Current tax - for the year | 107,301,293 | 85,276,163 |
| | - for prior years | (8,226,535) | - |
| | | <u>99,074,758</u> | <u>85,276,163</u> |
| | Deferred | (6,721,520) | - |
| | | <u>92,353,238</u> | <u>85,276,163</u> |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
|--|--------|--------------------------------------|--------------------------------------|
| 24. EARNINGS PER SHARE | Note | Rupees | |
| 24.1 Basic earnings per share | | | |
| Profit after taxation attributable to ordinary shareholders | | 758,163,942 | 1,315,204,992 |
| | | | (Restated) |
| Weighted average number of ordinary shares outstanding during the period | 24.1.1 | 65,340,000 | Number 65,340,000 |
| | | | Rupees |
| Earnings per share - basic | 24.1.1 | 11.60 | 20.13 |

24.1.1 In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Company for the six-month period and the quarter ended December 31, 2020 has been retrospectively adjusted for the effect of bonus shares issued during the period. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1.

24.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at the reporting dates.

| | (Un-audited) December 31, 2021 | (Un-audited) December 31, 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|
| 25. CASH AND CASH EQUIVALENTS | Rupees | |
| Cash and bank balances | 1,865,920,815 | 1,219,829,651 |
| Short term borrowings | (1,550,311,041) | (1,299,832,489) |
| | 315,609,774 | (80,002,838) |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

26. RELATED PARTY TRANSACTIONS AND BALANCES

Transaction with related parties

| Six months period ended | |
|-------------------------|----------------------|
| December 31, 2021 | December 31, 2020 |
| Rupees | |

PARENT COMPANY

Arif Habib Corporation Limited

Brokerage commission earned during the period on sale and purchase of securities

4,026,249 3,451,808

Guarantee commission paid / payable

951,018 954,566

Mark-up on loan paid / payable

3,099,721 -

Loan received

650,000,000 -

Loan repaid

650,000,000 -

SUBSIDIARY

Arif Habib Commodities (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

263,388 188,831

Mark-up income earned on loan

- 469,875

OTHER RELATED PARTIES

Javedan Corporation Limited

Purchase of plots

- 152,500,000

Sale of plots

1,446,000,000 -

Mark-up on loan paid / payable

17,012,778 -

Loan received

880,000,000 -

Loan repaid

880,000,000 -

Brokerage commission earned during the period on sale and purchase of securities

322,500 -

Rotocast Engineering Company (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

190,507 -

Arif Habib Equity (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

754,625 -

Arif Habib Dolmen REIT Management Limited

Brokerage commission earned during the period on sale and purchase of securities

516,000 -

KEY MANAGEMENT PERSONNEL

Zafar Alam (Chairman of the Board of Directors)

Brokerage commission earned during the period on sale and purchase of securities

160,278 49,734

Muhammad Shahid Ali (CEO)

Brokerage commission earned during the period on sale and purchase of securities

4,509,074 7,427,705

Muhammad Haroon (Director)

Brokerage commission earned during the period on sale and purchase of securities

265,800 140,375

Sharmin Shahid (Director)

Brokerage commission earned during the period on sale and purchase of securities

366,548 1,796,058

Nida Ahsan (Director)

Brokerage commission earned during the period on sale and purchase of securities

218,935 125,000

Mohsin Madni (Director)

Brokerage commission earned during the period on sale and purchase of securities

9,562 7,599

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | Six months period ended | |
|--|-------------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| | Rupees | |
| CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL | | |
| Arif Habib | | |
| Brokerage commission earned during the period on sale and purchase of securities | 2,493,459 | 3,950,860 |
| Loan received | - | 1,410,000,000 |
| Mark-up paid | - | 16,745,906 |
| Abdus Samad A. Habib | | |
| Brokerage commission earned during the period on sale and purchase of securities | 364,687 | 1,083,783 |
| POST EMPLOYMENT BENEFIT PLAN | | |
| Provident fund trust - Contribution paid during the period | 4,807,416 | 3,494,491 |
| | December 31, 2021 | June 30, 2021 |
| | Rupees | |
| Balances with related parties at the end of the reporting period: | | |
| PARENT COMPANY | | |
| Arif Habib Corporation Limited | | |
| Trade receivable | 77,015 | 33,093 |
| Guarantee charges payable | 951,018 | 464,883 |
| Mark-up payable | 3,099,721 | 4,447,132 |
| SUBSIDIARY | | |
| Arif Habib Commodities (Private) Limited | | |
| Advance received against sale of investment property | 8,243,695 | 6,743,695 |
| Advance paid for subscription of shares | 2,000,000 | 2,000,000 |
| Trade payable | 4,458,508 | 1,801,990 |
| Advances | 256,305 | 256,305 |
| KEY MANAGEMENT PERSONNEL | | |
| Zafar Alam (Chairman of the board of Directors) | | |
| Trade payable | 669 | 1,104,484 |
| Muhammad Shahid Ali (CEO) | | |
| Trade payable | 81,100,384 | 112,754,445 |
| Sharmin Shahid (Director) | | |
| Trade receivable | 11,017 | 8,340 |
| Nida Ahsan (Director) | | |
| Trade payable | - | 9,346,762 |
| Trade receivable | 7,283 | - |
| Muhammad Haroon (Director) | | |
| Trade payable | 122,759 | 29,147 |
| Mohsin Madni (Director) | | |
| Trade payable | 52,586 | 191,512 |
| Muhammad Sohail Salat (Director) | | |
| Trade receivable | 599 | - |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | December 31, 2021 | June 30, 2021 |
|--|----------------------|------------------|
| | Rupees | |
| CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL | | |
| Arif Habib | | |
| Trade receivable | 66,286 | 49,556 |
| Abdus Samad A. Habib | | |
| Trade payable | 506,269 | 872,251 |
| Muhammad Kashif A. Habib | | |
| Trade receivable | 11,866 | 4,075,266 |
| OTHER RELATED PARTIES | | |
| Javedan Corporation Limited | | |
| Receivable against sale of plots | 46,000,000 | 5,126,734 |
| Trade receivable | 40,000 | - |
| Advance against booking of flats | 18,750,000 | - |
| Mark-up on loan payable | 17,012,778 | - |
| Rotocast Engineering Co. (Private) Limited | | |
| Trade receivable | 13,727 | 31,083 |
| Arif Habib Equity (Private) Limited | | |
| Trade receivable | 44,803 | 156,484 |
| Arif Habib Dolmen REIT Management Limited | | |
| Trade receivable | 3,556 | - |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

27. CORRECTION OF A PRIOR PERIOD ERROR

As its accounting policy, the Company recognizes the regular way purchase and sale of its own proprietary investments using 'trade date accounting'. However, to the contrary, the sale of 8,220,500 ordinary shares of being carried at fair value through other comprehensive income transacted on June 29, 2020 and June 30, 2020 was, inadvertently, accounted for as a disposal in the subsequent financial reporting period. This error was identified during the course of preparation of the annual financial statements of the Company for the year ended June 30, 2021 and was rectified retrospectively in those set of financial statements.

Accordingly, in these subsequent interim financial statements, the aforesaid error has also been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and IAS 34 'Interim Financial Reporting', and all the corresponding figures affected by the error have been restated.

The retrospective correction of the error has its effects on the corresponding figures presented in these interim financial statements as follows:

Effects on the Condensed Interim Unconsolidated Statement of Changes in Equity

| | Unappropriated profits | Surplus on remeasurement of investment in equity securities |
|---|---------------------------|--|
| | ————— Rupees ————— | |
| Balance as at June 30, 2020 (as previously reported) | 2,173,236,272 | 483,759,375 |
| <i>Effects of restatement</i> | | |
| Increase in other comprehensive income for the year ended June 30, 2020 | - | 4,905,630 |
| Increase in gain realized on disposal of equity securities at FVOCI | 65,326,305 | (65,326,305) |
| | 65,326,305 | (60,420,675) |
| Balance as at June 30, 2020 (as restated) | 2,238,562,577 | 423,338,700 |
| Balance as at December 31, 2020 (as previously reported) | 3,561,980,019 | (13,314,840) |
| <i>Effects of restatement</i> | | |
| Increase in other comprehensive income for the year ended June 30, 2020 | - | 4,905,630 |
| Increase in gain realized on disposal of equity securities at FVOCI (recognized as of June 30, 2020) | 65,326,305 | (65,326,305) |
| Decrease in gain realized on disposal of equity securities at FVOCI (recognized during the six-month period ended December 31, 2020) | (65,326,305) | 65,326,305 |
| | - | 4,905,630 |
| Balance as at December 31, 2020 (as restated) | 3,561,980,019 | (8,409,210) |

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

28. FAIR VALUE HIERARCHY

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 Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of the assets carried at fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------------------------|--------------------|-------------------|----------------------|
| As on December 31, 2021 | ----- Amount in Rupees ----- | | | |
| Financial assets measured at fair value | | | | |
| Short term investments | 3,901,970,749 | - | - | 3,901,970,749 |
| Long term investments | - | - | 43,633,673 | 43,633,673 |
| Non-financial assets measured at fair value | | | | |
| Investment properties | - | 975,982,190 | - | 975,982,190 |
| As on June 30, 2021 | | | | |
| Financial assets measured at fair value | | | | |
| Short term investments | 2,746,710,495 | - | - | 2,746,710,495 |
| Long term investments | - | - | 54,754,771 | 54,754,771 |
| Non-financial assets measured at fair value | | | | |
| Investment properties | - | 1,968,800,000 | - | 1,968,800,000 |

29. OPERATING SEGMENT

These interim financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at December 31, 2021 were located in Pakistan.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

30. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation. Following reclassifications have been made in these unconsolidated financial statements.

| Reclassified from component | Reclassified to component | Amount (Rupees) |
|---|--|-------------------|
| Advisory and consultancy fee (Trade debts) | Receivable against sale of plots (Other receivables) | <u>5,126,734</u> |
| Mark-up on margin financing (Other income) | Mark-up on margin financing (Operating revenue) | <u>8,232,399</u> |
| Markup on corporate debt securities (Other income) | Markup on corporate debt securities (Operating revenue) | <u>10,325,666</u> |


31. GENERAL

31.1 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 28, 2022.

31.2 Level of rounding

Unless otherwise indicated, all figures in these interim financial statements have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT DECEMBER 31, 2021

**(Un-audited)
December 31,
2021**

**Audited
June 30,
2021**

| | Note | Rupees | |
|---|-------------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 3 | 90,854,052 | 76,921,622 |
| Right-of-use assets | 4 | 22,923,405 | 27,657,325 |
| Intangible assets | | 9,921,179 | 10,083,336 |
| Long term investments | 5 | 43,633,673 | 54,754,771 |
| Investment property | 6 | 975,982,190 | 1,968,800,000 |
| Long-term advances and deposits | | 51,538,505 | 32,118,136 |
| Deferred tax asset - net | | 6,721,520 | - |
| | | 1,201,574,524 | 2,170,335,190 |
| Current assets | | | |
| Short term investments | 7 | 3,936,039,091 | 2,799,662,594 |
| Trade debts | 8 | 341,368,163 | 235,192,150 |
| Receivable against margin financing | 9 | 369,172,667 | 245,655,746 |
| Advances, deposits and prepayments | 10 | 123,465,789 | 116,097,069 |
| Accrued markup on margin financing | | 15,917,180 | 7,650,726 |
| Other receivables | 11 | 363,119,950 | 283,777,689 |
| Cash and bank balances | 12 | 1,876,972,115 | 2,679,062,673 |
| | | 7,026,054,955 | 6,367,098,647 |
| Total assets | | 8,227,629,479 | 8,537,433,837 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| <i>Authorized capital</i> | | | |
| 75,000,000 (June 30, 2021: 75,000,000) ordinary shares of Rs. 10/- each | | 750,000,000 | 750,000,000 |
| <i>Issued, subscribed and paid-up capital</i> | | | |
| 65,340,000 (June 30, 2021: 59,400,000) ordinary shares of Rs. 10/each | | 653,400,000 | 594,000,000 |
| <i>Capital reserves</i> | | | |
| Surplus on revaluation of property | | 15,432,500 | 15,432,500 |
| (Deficit)/ surplus on re-measurement of investment in equity securities | | (12,301,655) | 27,944,785 |
| | | 3,130,845 | 43,377,285 |
| <i>Revenue reserves</i> | | | |
| Unappropriated profits | | 4,524,946,556 | 4,413,860,019 |
| | | 5,181,477,401 | 5,051,237,304 |
| Non-current liabilities | | | |
| Lease liability | | 5,450,343 | 3,525,415 |
| Current liabilities | | | |
| Short term borrowings | 13 | 1,550,311,041 | 1,369,369,349 |
| Current portion of lease liability | | 13,111,382 | 26,696,871 |
| Trade and other payables | 14 | 1,151,453,694 | 1,794,251,304 |
| Unclaimed dividend | | 19,262,333 | 14,920,013 |
| Loan from related party | | - | 3,862,500 |
| Payable against purchase of securities- net | | 157,065,139 | 53,758,623 |
| Markup accrued on borrowings | | 43,622,955 | 18,639,958 |
| Taxation - net | 15 | 105,875,191 | 201,172,500 |
| | | 3,040,701,735 | 3,482,671,118 |
| Contingencies and commitments | 16 | | |
| Total equity and liabilities | | 8,227,629,479 | 8,537,433,837 |

The annexed notes from 1 to 30 form an integral part of these condensed interim consolidated financial.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED **PROFIT AND LOSS ACCOUNT**

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | Six months ended | | Quarter ended | |
|--|-------------|---|------------------------------|---|----------------------------|
| | | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | Note | Rupees | | | |
| Operating revenue | 17 | 702,360,896 | 616,346,201 | 428,089,545 | 409,464,292 |
| Capital gain on sale of short term investments | | 161,216,575 | 448,227,998 | 107,228,133 | 110,448,065 |
| Unrealized (loss) / gain on re-measurement of long term and short term investments | 18 | (116,064,574) 45,152,001 | 700,474,573 1,148,702,571 | 63,477,356 170,705,489 | 323,956,337 434,404,402 |
| | | 747,512,897 | 1,765,048,772 | 598,795,034 | 843,868,694 |
| Administrative and operating expenses | 19 | (296,480,254) | (269,170,710) | (170,936,423) | (160,794,438) |
| Other charges | | (204,639) | (17,710,127) | (204,639) | (17,710,127) |
| Other operating income | 20 | 30,038,826 | 17,231,498 | 8,386,942 | 15,019,906 |
| Gain on investment property: | | | | | |
| - Unrealized gain on remeasurement to fair value | 6 | 97,682,190 | - | (183,817,810) | - |
| - Realized gain on disposal | | 355,500,000 | - | 355,500,000 | - |
| | | 453,182,190 | - | 171,682,190 | - |
| Operating profit | | 934,049,020 | 1,495,399,433 | 607,723,104 | 680,384,035 |
| Finance costs | 21 | (75,601,994) | (83,399,916) | (53,362,992) | (32,646,353) |
| Profit before taxation | | 858,447,026 | 1,411,999,517 | 554,360,112 | 647,737,682 |
| Taxation | 22 | (93,960,489) | (85,860,131) | (43,555,134) | (66,956,632) |
| Profit after taxation | | 764,486,537 | 1,326,139,386 | 510,804,978 | 580,781,050 |
| | | | (Restated) | | (Restated) |
| Earnings per share - basic and diluted | 23 | 11.70 | 20.30 | 7.82 | 8.89 |

The annexed notes from 1 to 30 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | Six months ended | | Quarter ended | |
|---|--------------------|----------------------|--------------------|--------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | ————— Rupees ————— | | | |
| Profit after taxation | 764,486,537 | 1,326,139,386 | 510,804,978 | 580,781,050 |
| Other comprehensive (loss) / income | | | | |
| Items that will not be reclassified subsequently to statement of profit or loss | | | | |
| Net change in fair value of the investment in equity securities | (40,246,440) | (275,035,460) | 12,383,520 | (79,047,054) |
| Total comprehensive income for the period | <u>724,240,097</u> | <u>1,051,103,926</u> | <u>523,188,498</u> | <u>501,733,996</u> |

The annexed notes from 1 to 30 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

| | Revenue reserve | | Capital reserves | | Sub-total | Total |
|---|--|---------------------------|--|---|---------------|---------------|
| | Issued, subscribed & paid up capital | Unappropriated profits | Surplus on revaluation of property | Surplus on re-measurement of equity securities at FVOCI | | |
| | Rupees | | | | | |
| Balance as at June 30, 2020 - restated refer (note 26) | 594,000,000 | 2,274,098,230 | 15,432,500 | 423,338,700 | 2,712,869,430 | 3,306,869,430 |
| Total comprehensive income for the six months ended December 31, 2020 | | | | | | |
| - Profit after taxation | - | 1,326,139,386 | - | - | 1,326,139,386 | 1,326,139,386 |
| - Other comprehensive income | - | - | - | (275,035,460) | (275,035,460) | (275,035,460) |
| | - | 1,326,139,386 | - | (275,035,460) | 1,051,103,926 | 1,051,103,926 |
| Gain realized on disposal of investment in ordinary shares classified as at fair value through other comprehensive income - restated refer (note 26) | - | 156,712,450 | - | (156,712,450) | - | - |
| Transaction with owners | | | | | | |
| - Cash dividend paid @ 25% for the year ended June 30, 2020 | - | (148,500,000) | - | - | (148,500,000) | (148,500,000) |
| Balance as at December 31, 2020 - restated | 594,000,000 | 3,608,450,066 | 15,432,500 | (8,409,210) | 3,615,473,356 | 4,209,473,356 |
| Balance as at June 30, 2021 | 594,000,000 | 4,413,860,019 | 15,432,500 | 27,944,785 | 4,457,237,304 | 5,051,237,304 |
| Total comprehensive income for the six months ended December 31, 2021 | | | | | | |
| - Profit after taxation | - | 764,486,537 | - | - | 764,486,537 | 764,486,537 |
| - Other comprehensive loss | - | - | - | (40,246,440) | (40,246,440) | (40,246,440) |
| | - | 764,486,537 | - | (40,246,440) | 724,240,097 | 724,240,097 |
| Transaction with owners | | | | | | |
| - Bonus shares @ 10% for the year ended June 30, 2021 | 59,400,000 | (59,400,000) | - | - | (59,400,000) | - |
| - Cash dividend paid @ 100% for the year ended June 30, 2021 | - | (594,000,000) | - | - | (594,000,000) | (594,000,000) |
| Balance as at December 31, 2021 | 653,400,000 | 4,524,946,556 | 15,432,500 | (12,301,655) | 4,528,077,401 | 5,181,477,401 |

The annexed notes from 1 to 30 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

December 31,
2021

December 31,
2020

Note

Rupees

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

858,447,026

1,411,999,517

Adjustments for:

- Unrealized gain on re-measurement of investment property 6
- Gain on disposal of investment property
- Provision for expected credit losses 8.1
- Gain on re-measurement of long term investments 18
- Depreciation on property and equipment 19
- Depreciation on right-of-use assets 19
- Amortization of intangible asset 19
- Finance costs 21
- Mark up on reverse repo transactions 20
- Profit on savings accounts maintained with banks 20

(97,682,190)
(355,500,000)
204,639
11,121,098
8,434,262
11,495,356
162,157
75,601,994
(14,568,701)
(12,970,585)

-
-
17,710,127
(13,936,000)
6,228,125
10,389,270
208,693
83,399,916
(1,804,420)
(12,644,675)

(373,701,970)

89,551,036

Cash generated from operating activities before working capital changes

484,745,056

1,501,550,553

Effect on cash flow due to working capital changes

(Increase)/decrease in current assets

- Short-term investments
- Trade debts
- Receivable against margin financing
- Advances, deposits and prepayments
- Accrued markup on margin financing
- Other receivables

(1,176,622,937)
(106,380,652)
(123,516,921)
(7,368,720)
(8,266,454)
(16,809,019)

546,873,134
(127,906,542)
(198,730,838)
(279,513,669)
187,231
(66,649,753)

Increase/(decrease) in current liabilities

- Trade and other payables
- Loan from related party
- Payable against purchase of securities- net

(642,797,610)
(3,862,500)
103,306,516

449,800,241
-
(28,181,448)

(1,982,318,297)

295,878,356

Cash (used in) / generated from operations

(1,497,573,241)

1,797,428,909

Taxes paid

(195,979,318)

(77,727,611)

Finance costs paid

(50,618,997)

(123,570,061)

Net cash (used in) / generated from operating activities

(1,744,171,556)

1,596,131,237

CASH FLOWS FROM INVESTING ACTIVITIES

- Acquisition of property and equipment 6
- Additions to investment property
- Proceeds from disposal of investment property
- Interest received on savings accounts maintained with banks
- Long-term advances and deposits (paid) / refunded

(22,366,692)
-
1,400,000,000
11,006,044
(19,420,369)

(10,775,066)
(152,500,000)
-
12,644,675
229,530

Net cash generated from / (used in) investing activities

1,369,218,983

(150,400,861)

CASH FLOWS FROM FINANCING ACTIVITIES

- Principal repayment against lease liability
- Repayment of long term loan from banking company - secured
- Repayment of long term loan from related party - unsecured
- Dividend paid

(18,421,997)
-
-
(589,657,680)

(9,622,093)
(41,653,929)
(300,000,000)
(147,248,671)

Net cash used in financing activities

(608,079,677)

(498,524,693)

Net (decrease) / increase in cash and cash equivalents

(983,032,250)

947,205,683

Cash and cash equivalents at the beginning of the period

1,309,693,324

(1,021,977,482)

Cash and cash equivalents at the end of the period 24

326,661,074

(74,771,799)

The annexed notes from 1 to 30 form an integral part of these condensed interim consolidated financial.

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2021: 69.44% shares) of the Company.

1.2 The Company is a holder of Trading Right Entitlement Certificate (TREC) of PSX. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

1.3 The geographical location of Company's offices are as follows:

| | | |
|------------------|-----------------|--|
| - Karachi | Head office | Arif Habib Centre, 23 M.T. Khan Road, Karachi (Registered office) |
| - Lahore | Regional office | Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore |
| - Islamabad | Regional office | Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad |
| - Peshawar | Regional office | Shops No. F13, F14, F15, F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt. |
| - Faisalabad | Regional office | Office No. 04, 3rd Floor at Legacy Tower, Koh-e-Noor City. |
| - Rawalpindi | Regional office | Shop No. F-15, 1st Floor, Rizwan Arcade, Adam Jee Road, Saddar. |
| - Multan | Regional office | Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan |
| - Rahim Yar Khan | Regional office | Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan |
| - Karachi | Regional office | Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi |

1.4 The Company has following wholly owned subsidiaries:

- Arif Habib Commodities (Private) Limited
- Arif Habib 1857 (Private) Limited

2. BASIS OF PREPARATION OF THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of compliance with the applicable accounting and reporting standards

These condensed interim consolidated financial statements (here-in-after referred to as the 'interim financial statements') have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

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

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

2.2 Basis of measurement of items in these interim financial statements

All the items in these interim financial statements have been measured at their historical cost except for the following:

- (a) Long term investments in unquoted ordinary shares of M/s. ISE Tower REIT Management Limited and M/s. LSE Financial Services Limited which are carried at fair value;
- (b) Investment property which is carried at fair value; and
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Judgments and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual consolidated financial statements of the Company as at and for the year ended June 30, 2021.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Company for the year ended June 30, 2021.

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|-----|---|--------------------------------------|-----------------------------|
| 3. | PROPERTY AND EQUIPMENT | Rupees | |
| | Owned assets | 90,854,052 | 76,921,622 |
| 3.1 | During the period ended December 31, 2021, additions made amounting to Rs. 22.37 million (June 2021: Rs. 24.82 million) which comprised of office equipment, furniture and fixtures and computer and allied. However, no disposals were made in property and equipment. | | |

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|----|---|--------------------------------------|-----------------------------|
| 4. | RIGHT-OF-USE-ASSETS | Rupees | |
| | Opening net book value/ cost | 27,657,325 | 42,319,024 |
| | Add: Addition during the period | 6,761,436 | 6,540,869 |
| | | 34,418,761 | 48,859,893 |
| | Less: Depreciation charged during the period / year | (11,495,356) | (21,202,568) |
| | Closing net book value | 22,923,405 | 27,657,325 |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

4.1 These represent the Company's right to use certain real-estate properties held by it under lease arrangements. The principal terms and conditions of the said arrangements are as follows:

| | Principal Office (Karachi) | Regional Office (Peshawar) | Regional Office (Faisalabad) | Regional Office (Rawalpindi) | Regional Office (Multan) | Regional Office (Rahim Yar Khan) | Regional Office (Karachi) |
|--|---|-------------------------------|--|---|--|--|---|
| Lessor name | Rotocast Engineering Co. (Pvt.) Ltd. | Mr. Azmat Hassan Khan | Mr. Ahsan Mahmood | Mr. Tahir Rizwan | Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas | Mr. Khalid Bashir | Mr. Raheel |
| Address of the leased property | Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road | 35 Mall Tower, Peshawar Cantt | Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City | Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar | Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan | Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan | Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi |
| Lease agreement date | July 01, 2019 | March 01, 2019 | October 10, 2020 | July 1, 2020 | March 1, 2021 | August 8, 2021 | September 15, 2021 |
| Lease commencement date | July 01, 2019 | March 01, 2019 | October 15, 2020 | July 1, 2020 | March 1, 2021 | September 1, 2021 | October 1, 2021 |
| Initial contractual term of the lease | 3 years | 5 years | 5 years | 3 years | 3 years | 5 years | 3 years |
| Availability of extension option? | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| No. of years for which the lease extension option is available | Indefinite | 5 years | Indefinite | Indefinite | Indefinite | Indefinite | Indefinite |
| Estimated lease term (as on the date of commencement of the lease) | 3 years | 5 years | 5 years | 3 years | 3 years | 5 years | 3 years |

(Un-audited)
December 31,
2021

Audited
June 30,
2021

| 5. LONG TERM INVESTMENTS - unquoted | Note | Rupees | |
|---|-------|------------|------------|
| Investment in other entities | 5.1 | 43,633,673 | 54,754,771 |
| 5.1 Investment in other entities - at fair value through profit or loss | | | |
| ISE Towers REIT Management Company Limited | 5.1.1 | 28,889,430 | 37,841,512 |
| LSE Financial Services Limited | 5.1.1 | 14,744,243 | 16,913,259 |
| | | 43,633,673 | 54,754,771 |

5.1.1 This represents the investment in 3,034,604 (June 2021: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (June 2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

(Un-audited)
December 31,
2021

Audited
June 30,
2021

| 6. INVESTMENT PROPERTY | Note | Rupees | |
|--|------|-----------------|---------------|
| Opening carrying amount | | 1,968,800,000 | 1,678,415,232 |
| Increase in fair value during the period / year - realized on disposal | | 355,500,000 | - |
| | | 2,324,300,000 | 1,678,415,232 |
| Sale during the period / year | 6.1 | (1,446,000,000) | (152,500,000) |
| Purchase of plots in Naya Nazimabad project during the year | | - | 152,500,000 |
| | | (1,446,000,000) | - |
| | | 878,300,000 | 1,678,415,232 |
| Increase in fair value during the period / year - unrealized | | 97,682,190 | 290,384,768 |
| Closing carrying amount | 6.2 | 975,982,190 | 1,968,800,000 |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

- 6.1** This represents sale of 49 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to Javedan Corporation limited (a related party). Fair value of these plots amounted to Rs. 1,090,500,000 and Rs. 1,446,000,000 on June 30, 2021 and December 23, 2021 (transaction date) respectively. Total sale proceeds of the transaction amounted to Rs. 1,446,000,000 out of which Rs. 46,000,000 are still receivable at reporting date (refer note 12).
- 6.2** This represents investment in plots of land situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited. The Naya Nazimabad Project is owned and managed by M/s. Javedan Corporation Limited (a related party of the Company).

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|--------------------------------------|-----------------------------|
| 7. SHORT TERM INVESTMENTS | Rupees | |
| At fair value through profit or loss | | |
| Quoted equity / debt securities | 3,769,377,551 | 2,592,754,614 |
| At fair value through other comprehensive income | | |
| Quoted equity securities | 166,661,540 | 206,907,980 |
| | <u>3,936,039,091</u> | <u>2,799,662,594</u> |

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|--------------------------------------|-----------------------------|
| 8. TRADE DEBTS | Rupees | |
| Considered good | | |
| - Brokerage receivable | 193,702,234 | 120,088,055 |
| - Advisory and consultancy fee | 147,870,568 | 115,104,095 |
| | <u>341,572,802</u> | <u>235,192,150</u> |
| Considered doubtful | | |
| - Brokerage receivable | 870,668,691 | 870,668,691 |
| - Advisory and consultancy fee | 51,604,192 | 51,604,192 |
| | <u>922,272,883</u> | <u>922,272,883</u> |
| | <u>1,263,845,685</u> | <u>1,157,465,033</u> |
| Less: provision for expected credit losses | | |
| 8.1 | (922,477,522) | (922,272,883) |
| 8.2 | <u>341,368,163</u> | <u>235,192,150</u> |
| 8.1 Movement in provision for expected credit losses | | |
| Balance at the beginning of the period/ year | 922,272,883 | 906,321,587 |
| Add: Charged for the period/ year | 204,639 | 15,951,296 |
| Less: Reversed during the period/ year | - | - |
| Balance at the end of the period/ year | <u>922,477,522</u> | <u>922,272,883</u> |
| 8.2 This includes Rs. 0.27 million (June 2021: Rs. 4.3 million) due from related parties. The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 249.70 million (June 2021: Rs. 331.80 million) | | |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

8.3 The aging analysis of the Company's trade debts as at reporting date is as follows:

| | (Unaudited) December 31, 2021 | | (Audited) June 30, 2021 | |
|-----------------------------|----------------------------------|--------------------------------------|----------------------------|--------------------------------------|
| | Gross carrying amount | Provision for expected credit losses | Gross carrying amount | Provision for expected credit losses |
| | Rupees | | | |
| Not past due | 120,494,077 | - | 4,562,014 | - |
| Past due 1 day - 30 days | 165,165,598 | 9,892,228 | 182,731,378 | - |
| Past due 31 days - 180 days | 17,030,845 | 3,540,309 | 33,791,562 | 5,904,661 |
| Past due 181 days - 1 year | 27,972,027 | 439,365 | 9,521,312 | 2,465,878 |
| Past due more than one year | 927,533,138 | 908,400,981 | 931,985,501 | 913,902,344 |
| | 1,258,195,685 | 922,272,883 | 1,162,591,767 | 922,272,883 |

| | Note | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|------|--------------------------------------|-----------------------------|
| | | Rupees | |
| 9. RECEIVABLE AGAINST MARGIN FINANCING | | | |
| Considered good | | 369,172,667 | 245,655,746 |
| Considered doubtful | | 1,917,749 | 1,917,749 |
| | 9.1 | 371,090,416 | 247,573,495 |
| Less: provision for doubtful receivables | | (1,917,749) | (1,917,749) |
| | | 369,172,667 | 245,655,746 |

9.1 Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2021: 12.00% to 15.00%) per annum.

| | Note | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|------|--------------------------------------|-----------------------------|
| | | Rupees | |
| 10. ADVANCES, DEPOSITS AND PREPAYMENTS | | | |
| Advances | | | |
| Advance to consultant | | 9,293,760 | 9,293,760 |
| Advance against expenses | | 945,267 | 1,106,456 |
| Advance against salary | | 1,828,586 | 833,119 |
| | | 12,067,613 | 11,233,335 |
| Trade deposits | | | |
| Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL) | 10.1 | 46,190,271 | 50,231,785 |
| Exposure deposit with NECL | | 57,531,818 | 54,040,508 |
| Exposure deposit with EClear Services Limited | | 2,700,000 | - |
| | | | |
| Prepayments | | | |
| Insurance | | 4,976,087 | 591,441 |
| | | 123,465,789 | 116,097,069 |

10.1 This represents deposits held at the reporting date against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | December 31, 2021 | June 30, 2021 |
|--|------|----------------------|----------------------|
| 11. OTHER RECEIVABLES | Note | Rupees | |
| Receivable against reverse repo transactions | | 303,946,237 | 268,568,516 |
| Receivable against sale of plots | | 51,126,734 | 5,126,734 |
| Receivable from director - Ahsan Mehnti | | - | 4,000,000 |
| Others | | 8,046,979 | 6,082,439 |
| | | <u>363,119,950</u> | <u>283,777,689</u> |
| 12. CASH AND BANK BALANCES | | | |
| Cash in hand | | 685,066 | 650,596 |
| Cash at bank: | | | |
| - current accounts | | 343,225,552 | 157,244,101 |
| - savings accounts | | 1,533,061,497 | 2,521,167,976 |
| | 12.1 | <u>1,876,287,049</u> | <u>2,678,412,077</u> |
| | | <u>1,876,972,115</u> | <u>2,679,062,673</u> |

12.1 This includes the balances held in bank accounts designated to customers amounting to Rs. 1,023.375 million (June 30, 2021: Rs. 1,563 million).

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|------|--------------------------------------|-----------------------------|
| 13. SHORT TERM BORROWINGS | Note | Rupees | |
| Running finance facilities from banking companies - secured | 13.1 | <u>1,550,311,041</u> | <u>1,369,369,349</u> |
| 13.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,500 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.65% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly. | | | |
| 13.1.1 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at December 31, 2021 amounted to Rs. 6,165.35 million (June 2021: Rs. 5,642.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as follows: | | | |

| | December 31, 2021 | | June 30, 2021 | |
|---------|----------------------|----------------------|----------------------|----------------------|
| | Number of securities | Amount (Rupees) | Number of securities | Amount (Rupees) |
| Clients | 122,850,000 | 4,421,371,500 | 140,335,000 | 4,086,425,400 |
| House | 58,063,755 | 1,743,975,950 | 66,582,755 | 1,554,857,660 |
| | <u>180,913,755</u> | <u>6,165,347,450</u> | <u>206,917,755</u> | <u>5,641,283,060</u> |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|------|--------------------------------------|-----------------------------|
| 14. TRADE AND OTHER PAYABLES | Note | Rupees | |
| Trade creditors | 14.1 | 1,021,439,488 | 1,546,012,412 |
| Commission payable to staff | 14.2 | 78,675,381 | 102,628,723 |
| Accrued expenses | | 3,956,038 | 20,995,508 |
| Withholding tax payable | | 18,046,641 | 71,302,613 |
| Sindh sales tax and federal excise duty payable | | 17,418,468 | 22,809,898 |
| Other liabilities | | 11,917,678 | 30,502,150 |
| | | <u>1,151,453,694</u> | <u>1,794,251,304</u> |

14.1 This includes Rs. 86.10 million (June 30, 2021: Rs 126.1 million) payable to related parties of the Company.

14.2 This includes Rs. 22.11 million (June 30, 2021: Rs. 49.15 million) payable to related parties of the Company.

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|--|--------------------------------------|-----------------------------|
| 15. TAXATION- NET | Rupees | |
| Balance at the beginning of the period/ year | 201,172,500 | 53,702,565 |
| Add: Provision for the period/ year | 100,682,009 | 311,819,520 |
| Less: Tax paid during the period/ year | (195,979,318) | (164,349,585) |
| Balance at the end of the period/ year | <u>105,875,191</u> | <u>201,172,500</u> |

16. CONTINGENCY AND COMMITMENTS

16.1 Contingency

There has been no change in the status of the contingent liability as reported in note 24.1 to the annual consolidated financial statements of the Company for the year ended June 30, 2021.

| | (Un-audited) December 31, 2021 | Audited June 30, 2021 |
|---|--------------------------------------|-----------------------------|
| 16.2 Commitments | Rupees | |
| Following commitments were outstanding as at the reporting date: | | |
| - Outstanding settlements against Margin Trading contracts | 673,989,503 | 788,579,531 |
| - Outstanding settlements against (purchase)/ sale of securities in regular market. | 26,965,350 | 34,264,836 |
| - Financial guarantees given by a commercial banks on behalf of the Company | <u>750,000,000</u> | <u>750,000,000</u> |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
|--|------|--------------------------------------|--------------------------------------|
| 17. OPERATING REVENUE | Note | Rupees | |
| Brokerage revenue | 17.1 | 289,236,950 | 312,082,577 |
| Advisory and consultancy fee | 17.2 | 323,445,224 | 282,307,000 |
| Dividend income | | 55,188,045 | 1,592,201 |
| Mark-up on margin financing | 29 | 26,296,371 | 8,927,396 |
| Mark-up on corporate debt securities | 29 | 8,194,306 | 11,437,027 |
| | | <u>702,360,896</u> | <u>616,346,201</u> |
| 17.1 Brokerage revenue | | | |
| Gross revenue | | 332,456,264 | 358,715,606 |
| Less: Sales tax | | (43,219,314) | (46,633,029) |
| Net revenue | | <u>289,236,950</u> | <u>312,082,577</u> |
| 17.2 Advisory and consultancy fee | | | |
| Gross revenue | | 371,776,120 | 324,490,805 |
| Less: Sales tax | | (48,330,896) | (42,183,805) |
| Net revenue | | <u>323,445,224</u> | <u>282,307,000</u> |
| 18. UNREALIZED (LOSS) / GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS | | | |
| Short term investments | | (104,943,476) | 686,538,573 |
| Long term investments | | (11,121,098) | 13,936,000 |
| | | <u>(116,064,574)</u> | <u>700,474,573</u> |
| 19. ADMINISTRATIVE AND OPERATING EXPENSES | | | |
| Salaries and other benefits | 9.1 | 161,839,485 | 155,544,206 |
| Motor vehicle expense | | 19,098,893 | 12,519,338 |
| C.D.C and clearing house charges | | 15,216,609 | 12,074,007 |
| Building maintenance | | 12,792,075 | 10,271,154 |
| Depreciation on right-of-use assets | | 11,495,356 | 10,389,270 |
| Man power services | 19.2 | 11,400,000 | 11,400,000 |
| Communication | | 10,836,205 | 9,896,169 |
| Legal and professional charges | | 9,412,513 | 3,738,566 |
| Depreciation on property and equipment | | 8,434,262 | 6,228,125 |
| Insurance | | 6,125,970 | 3,268,490 |
| Repairs and maintenance | | 6,427,619 | 5,191,438 |
| Fees and subscription | | 3,878,145 | 5,896,737 |
| Travelling expenses | | 4,068,698 | 1,140,710 |
| Others | | 4,876,381 | 4,690,484 |
| Business representation | | 2,646,147 | 6,198,365 |
| Printing and stationery | | 2,352,368 | 2,133,540 |
| Rent, rates and taxes | | 2,175,844 | 84,224 |
| Advertisement and business promotion | | 1,861,087 | 2,195,309 |
| Audit fees | | 583,211 | 370,000 |
| Write off of trade receivables | | 370,739 | 452,000 |
| Conveyance and meals | | 301,490 | 154,885 |
| Amortisation of intangible assets | | 162,157 | 208,693 |
| Meeting expenses | | 125,000 | 125,000 |
| Donation | | - | 5,000,000 |
| | | <u>296,480,254</u> | <u>269,170,710</u> |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
|--|---|--------------------------------------|--------------------------------------|
| | | Rupees | |
| 19.1 Salaries and other benefits | | | |
| Salaries and other benefits | | 91,946,800 | 107,686,489 |
| Commission | | 69,892,685 | 47,857,717 |
| | | <u>161,839,485</u> | <u>155,544,206</u> |
| 19.2 | This represents charges paid to M/s. Arif Habib Consultancy (Private) Limited in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department. | | |
| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
| | | Rupees | |
| 20. OTHER OPERATING INCOME | Note | | |
| Profit on savings accounts maintained with banks | | 12,970,585 | 12,644,675 |
| Profit on exposure deposits placed with PSX and NCCPL | | 2,499,540 | 2,782,403 |
| Mark-up on reverse repo transactions | | 14,568,701 | 1,804,420 |
| | | <u>30,038,826</u> | <u>17,231,498</u> |
| 21. FINANCE COSTS | | | |
| Markup on short term borrowings from banking companies | | 42,554,973 | 45,511,099 |
| Markup on loan from related party | 21.1 | 20,112,499 | 8,103,389 |
| Bank charges and others | | 8,204,008 | 8,932,759 |
| Interest on unwinding of the lease liability | | 1,917,134 | 3,149,291 |
| Markup on margin trading system securities | | 1,862,362 | 1,088,808 |
| Guarantee charges to parent company | | 951,018 | 954,566 |
| Markup on long term loan from banking company | | - | 15,660,004 |
| | | <u>75,601,994</u> | <u>83,399,916</u> |
| 21.1 | This includes markup on finance facility amounting to PKR 1 billion availed from Javedan Corporation Limited (a related party of the Company) on 1st October, 2021 to finance its working capital requirements. The markup on daily outstanding principal is payable quarterly in arrears as per the applicable rate of 3 months KIBOR + 1.75% within 30 days of the following quarter. | | |
| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
| | | Rupees | |
| 22. TAXATION | | | |
| Current tax | - for the year | 108,908,544 | 85,276,163 |
| | - for prior years | (8,226,535) | - |
| | | <u>100,682,009</u> | <u>85,276,163</u> |
| Deferred | | (6,721,520) | - |
| | | <u>93,960,489</u> | <u>85,276,163</u> |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
|--|--------|--------------------------------------|--------------------------------------|
| | Note | Rupees | |
| 23. EARNINGS PER SHARE | | | |
| 23.1 Basic earnings per share | | | |
| Profit after taxation attributable to ordinary shareholders | | <u>764,486,537</u> | <u>1,326,139,386</u> |
| | | (Restated) | |
| | | Number | |
| Weighted average number of ordinary shares outstanding during the period | 23.1.1 | <u>65,340,000</u> | <u>65,340,000</u> |
| | | Rupees | |
| Earnings per share - basic | 23.1.1 | <u>11.70</u> | <u>20.30</u> |
| 23.1.1 In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Company for the six-month period and the quarter ended December 31, 2020 has been retrospectively adjusted for the effect of bonus shares issued during the period. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1. | | | |
| 23.2 Diluted earnings per share | | | |
| There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at the reporting dates. | | | |
| | | (Un-audited) December 31, 2021 | (Un-Audited) December 31, 2020 |
| | | Rupees | |
| 24. CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | <u>1,876,972,115</u> | <u>1,225,060,690</u> |
| Short term borrowings | | <u>(1,550,311,041)</u> | <u>(1,299,832,489)</u> |
| | | <u>326,661,074</u> | <u>(74,771,799)</u> |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

25. RELATED PARTY TRANSACTIONS AND BALANCES

| Transaction with related parties | Six months period ended | |
|--|-------------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| | Rupees | |
| PARENT COMPANY | | |
| Arif Habib Corporation Limited | | |
| Brokerage commission earned during the period on sale and purchase of securities | 4,026,249 | 3,451,808 |
| Guarantee commission paid / payable | 951,018 | 954,566 |
| Mark-up on loan paid / payable | 3,099,721 | - |
| Loan received | 650,000,000 | - |
| Loan repaid | 650,000,000 | - |
| OTHER RELATED PARTIES | | |
| by virtue of Common Directorship of Parent Company | | |
| Javedan Corporation Limited | | |
| Purchase of plots | - | 152,500,000 |
| Sale of plots | 1,446,000,000 | - |
| Mark-up on loan paid / payable | 17,012,778 | - |
| Loan received | 880,000,000 | - |
| Loan repaid | 880,000,000 | - |
| Brokerage commission earned during the period on sale and purchase of securities | 322,500 | - |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| <i>Transaction with related parties</i> | Six months period ended | |
|--|-------------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| | Rupees | |
| Rotocast Engineering Company (Private) Limited | | |
| Brokerage commission earned during the period on sale and purchase of securities | 190,507 | - |
| Arif Habib Equity (Private) Limited | | |
| Brokerage commission earned during the period on sale and purchase of securities | 754,625 | - |
| Arif Habib Dolmen REIT Management Limited | | |
| Brokerage commission earned during the period on sale and purchase of securities | 516,000 | - |
| KEY MANAGEMENT PERSONNEL | | |
| Zafar Alam (Chairman of the Board of Directors) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 160,278 | 49,734 |
| Muhammad Shahid Ali (CEO) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 4,509,074 | 7,427,705 |
| Muhammad Haroon (Director) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 265,800 | 140,375 |
| Sharmin Shahid (Director) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 366,548 | 1,796,058 |
| Nida Ahsan (Director) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 218,935 | 125,000 |
| Mohsin Madni (Director) | | |
| Brokerage commission earned during the period on sale and purchase of securities | 9,562 | 7,599 |
| CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL | | |
| Arif Habib | | |
| Brokerage commission earned during the period on sale and purchase of securities | 2,493,459 | 3,950,860 |
| Loan received | - | 1,410,000,000 |
| Mark-up paid | - | 16,745,906 |
| Abdus Samad A. Habib | | |
| Brokerage commission earned during the period on sale and purchase of securities | 364,687 | 1,083,783 |
| POST EMPLOYMENT BENEFIT PLAN | | |
| Provident fund trust - Contribution paid during the period | 4,807,416 | 3,494,491 |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

| | December 31, 2021 | June 30, 2021 |
|--|----------------------|------------------|
| <i>Balances with related parties at the end of the reporting period:</i> | Rupees | |
| PARENT COMPANY | | |
| Arif Habib Corporation Limited | | |
| Trade receivable | 77,015 | 33,093 |
| Guarantee charges payable | 951,018 | 464,883 |
| Mark-up payable | 3,099,721 | 4,447,132 |
| KEY MANAGEMENT PERSONNEL | | |
| Zafar Alam (Chairman of the board of Directors) | | |
| Trade payable | 669 | 1,104,484 |
| Muhammad Shahid Ali (CEO) | | |
| Trade payable | 81,100,384 | 112,754,445 |
| Shamin Shahid (Director) | | |
| Trade receivable | 11,017 | 8,340 |
| Nida Ahsan (Director) | | |
| Trade payable | - | 9,346,762 |
| Trade receivable | 7,283 | - |
| Muhammad Haroon (Director) | | |
| Trade payable | 122,759 | 29,147 |
| Mohsin Madni (Director) | | |
| Trade payable | 52,586 | 191,512 |
| Muhammad Sohail Salat (Director) | | |
| Trade receivable | 599 | - |
| CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL | | |
| Arif Habib | | |
| Trade receivable | 66,286 | 49,556 |
| Abdus Samad A. Habib | | |
| Trade payable | 506,269 | 872,251 |
| Muhammad Kashif A. Habib | | |
| Trade receivable | 11,866 | 4,075,266 |
| OTHER RELATED PARTIES | | |
| by virtue of Common Directorship of Parent Company | | |
| Javedan Corporation Limited | | |
| Receivable against sale of plots | 46,000,000 | 5,126,734 |
| Trade receivable | 40,000 | - |
| Advance against booking of flats | 18,750,000 | - |
| Mark-up on loan payable | 17,012,778 | - |
| Rotocast Engineering Co. (Private) Limited | | |
| Trade receivable | 13,727 | 31,083 |
| Arif Habib Equity (Private) Limited | | |
| Trade receivable | 44,803 | 156,484 |
| Arif Habib Dolmen REIT Management Limited | | |
| Trade receivable | 3,556 | - |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

26. CORRECTION OF A PRIOR PERIOD ERROR

As its accounting policy, the Company recognizes the regular way purchase and sale of its own proprietary investments using 'trade date accounting'. However, to the contrary, the sale of 8,220,500 ordinary shares being carried at fair value through other comprehensive income transacted on June 29, 2020 and June 30, 2020 was, inadvertently, accounted for as a disposal in the subsequent financial reporting period. This error was identified during the course of preparation of the annual financial statements of the Company for the year ended June 30, 2021 and was rectified retrospectively in those set of financial statements.

Accordingly, in these subsequent interim financial statements, the aforesaid error has also been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and IAS 34 'Interim Financial Reporting', and all the corresponding figures affected by the error have been restated.

The retrospective correction of the error has its effects on the corresponding figures presented in these interim financial statements as follows:

27 FAIR VALUE HIERARCHY

Effects on the Condensed Interim Unconsolidated Statement of Changes in Equity

| | Unappropriated profits | Surplus on remeasurement of investment in equity securities |
|---|---------------------------|---|
| | Rupees | |
| Balance as at June 30, 2020 (as previously reported) | 2,208,771,925 | 483,759,375 |
| <i>Effects of restatement</i> | | |
| Increase in other comprehensive income for the year ended June 30, 2020 | - | 4,905,630 |
| Increase in gain realized on disposal of equity securities at FVOCI | 65,326,305 | (65,326,305) |
| | 65,326,305 | (60,420,675) |
| Balance as at June 30, 2020 (as restated) | 2,274,098,230 | 423,338,700 |
| Balance as at December 31, 2020 (as previously reported) | 3,608,450,066 | (13,314,840) |
| <i>Effects of restatement</i> | | |
| Increase in other comprehensive income for the year ended June 30, 2020 | - | 4,905,630 |
| Increase in gain realized on disposal of equity securities at FVOCI (recognized as of June 30, 2020) | 65,326,305 | (65,326,305) |
| Decrease in gain realized on disposal of equity securities at FVOCI (recognized during the six-month period ended December 31, 2020) | (65,326,305) | 65,326,305 |
| | - | 4,905,630 |
| Balance as at December 31, 2020 (as restated) | 3,608,450,066 | (8,409,210) |

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

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 Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of the assets carried at fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|--|------------------------------|----------------------|-------------------|----------------------|
| | ----- Amount in Rupees ----- | | | |
| As on December 31, 2021 | | | | |
| <i>Financial assets measured at fair value</i> | | | | |
| Short term investments | 3,936,039,091 | - | - | 3,936,039,091 |
| Long term investments | - | - | 43,633,673 | 43,633,673 |
| <i>Non-financial assets measured at fair value</i> | | | | |
| Investment properties | - | 975,982,190 | - | 975,982,190 |
| As on June 30, 2021 | | | | |
| <i>Financial assets measured at fair value</i> | | | | |
| Short term investments | 2,799,662,594 | - | - | 2,799,662,594 |
| Long term investments | - | - | 54,754,771 | 54,754,771 |
| <i>Non-financial assets measured at fair value</i> | | | | |
| Investment properties | - | 1,968,800,000 | - | 1,968,800,000 |

28. OPERATING SEGMENT

These interim financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at December 31, 2021 were located in Pakistan.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

29. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation. Following reclassifications have been made in these consolidated financial statements.

| Reclassified from component | Reclassified to component | Amount (Rupees) |
|---|--|--------------------|
| Advisory and consultancy fee (Trade debts) | Others (Other receivables) | <u>5,126,734</u> |
| Mark-up on margin financing (Other income) | Mark-up on margin financing (Operating revenue) | <u>8,927,396</u> |
| Markup on corporate debt securities (Other income) | Markup on corporate debt securities (Operating revenue) | <u>11,437,027</u> |

30. GENERAL

30.1 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 28, 2022.

30.2 Level of rounding

Unless otherwise indicated, all figures in these interim financial statements have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING REPORT

As of December 31, 2021

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|--|--------------|--------------------|-------------------|
| Directors and their spouse(s) and minor children | | | |
| MUHAMMAD HAROON | 1 | 1,712 | 0.00 |
| NIDA AHSAN | 1 | 1,208 | 0.00 |
| SHARMIN SHAHID | 1 | 1,208 | 0.00 |
| MOHSIN MADNI | 1 | 550 | 0.00 |
| MUHAMMAD SHAHID ALI | 1 | 965 | 0.00 |
| ZAFAR ALAM | 1 | 75,110 | 0.11 |
| MUHAMMAD SOHAIL SALAT | 1 | 660 | 0.00 |
| Associated Companies, undertakings and related parties | 2 | 47,390,522 | 72.53 |
| NIT & ICP | - | - | - |
| Banks Development Financial Institutions, Non Banking Financial Institutions. | - | - | - |
| Insurance Companies | 1 | 60,962 | 0.09 |
| Modarabas and Mutual Funds | 2 | 3,900 | 0.01 |
| General Public | | | |
| a. Local | 3,614 | 16,197,326 | 24.79 |
| b. Foreign | 39 | 109,480 | 0.17 |
| Foreign Companies | - | - | - |
| Others | 50 | 1,496,397 | 2.29 |
| Totals | 3,715 | 65,340,000 | 100.00 |
| Share holders holding 5% or more | | Shares Held | Percentage |
| M/S. ARIF HABIB CORPORATION LIMITED | | 45,370,472 | 69.44 |