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Half Yearly Report 31st December 2022



Arif Habib Corp

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COMPANY

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

Khawaja Jalaluddin Roomi
Independent Director

Zeba Bakhtiar
Independent Director

Nasim Beg
Non-Executive Director

Samad A. Habib
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Kashif A. Habib
Non-Executive Director

Audit Committee

Khawaja Jalaluddin Roomi
Chairman

Kashif A. Habib
Member

Muhammad Ejaz
Member

Management

Arif Habib
Chief Executive Officer

Mohsin Madni
Chief Operating & Financial Officer

Manzoor Raza
Company Secretary

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Bank Islami Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

National Bank Of Pakistan

Standard Chartered Bank
(Pakistan) Limited

Sindh Bank Limited

Summit Bank Limited

Soneri Bank Limited

The Bank Of Khyber

The Bank Of Punjab

United Bank Limited

INFORMATION

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

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

Registrar & Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahrah-e-Faisal, Karachi
Phone: (021) 111-111-500
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

DIRECTORS' REVIEW REPORT

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Directors' report of the Company together with interim condensed consolidated and unconsolidated financial statements for the six months and quarter ended 31st December 2022.

The Economy

Pakistan's economy has been facing a number of serious challenges like disruptions from floods, high inflation and interest rates, falling of forex reserves and continued declining value of Pak Rupee. These have resulted in sharp decline in GDP growth. Operations of large number of companies have been closed or working below their capacities. Negotiation for resumption of IMF programme are at advance stage. Government has taken number of prior actions in respect of IMF conditionalities. Agreement with IMF is expected to contribute towards stabilization of Pakistan's economy.

Financial Results

During the six-month period ending on 31st December 2022 ('1HFY23'), your company recorded a consolidated profit after tax (attributable to the shareholders) of PKR 2,250 million, in contrast to a profit after tax of PKR 2,948 million during the same period last year ('SPLY'). This resulted in earnings of PKR 5.51 per share, compared to earnings of PKR 7.22 per share in the SPLY. On an unconsolidated basis, the company recorded a profit after tax of PKR 65 million, resulting in earnings of PKR 0.16 per share, compared to a profit after tax of PKR 3,294 million, or earnings per share of PKR 8.07 in the SPLY.

Performance of Subsidiaries and Associates

The performance of the subsidiaries and associates of the Company has been mixed. The Securities brokerage subsidiary, Arif Habib Limited (AHL), has reported an after-tax loss of PKR 33 million due to declining traded volumes and values in the equity market. On the other hand, MCB-Arif Habib Savings & Investment Limited (MCB-AH), an asset management company, has reported an after-tax profit of PKR 142 million, which is a marginal increase from the same period last year. Fatima Fertilizer Company Limited (FFCL), a fertilizer manufacturing associate with a combined name plate capacity of 2.57 million MT/year, has demonstrated an impressive performance. FFCL is set to merge with Pakarab Fertilizers Limited (PFL) with effect from July 1, 2022, subject to necessary approvals. Once sanctioned by the court, PFL's business, assets, and liabilities will be transferred to FFCL, and PFL will be dissolved without winding up. The Company's loan receivable from PFL will be transferred to FFCL, and the company will be compensated with Redeemable Class A shares by FFCL in lieu of its relinquishment of its contribution in PFL's paid-up capital. Sachal Energy, the Company's wind power project, has shown good progress and a significant increase in after-tax profit during 1HFY23. The Sachal's profit rose to PKR 1,346 million compared to PKR 794 million in the same period last year. However, the profitability of Aisha Steel Mills Limited has declined due to a combination of volatile HRC prices, rupee depreciation, and import restrictions. The real estate venture of the group, Javedan Corporation Limited, has recorded marginal profit in second quarter. Power Cement has performed satisfactorily and is expected to achieve break even.

Event after reporting period:

After the reporting period, the Company has made the decision to sell its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited to MCB Bank Limited at a price of Rs. 30 per share, subject to obtaining all necessary statutory approvals. Impact of divestment is not included in the current financial statements.

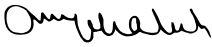
Future Outlook

Despite a challenging business environment with high interest rates, taxation rates, inflation, and a falling rupee value, the Company's diversified portfolio is expected to provide a buffer. Fertilizer, wind power, and real estate businesses are projected to perform well; financial services and cement are expected to be at break-even; while steel is expected to be in loss. The Company is expected to perform satisfactorily in the short and medium term.

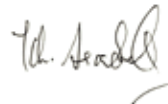
Acknowledgement

We extend our heartfelt gratitude to the shareholders of the company for their unwavering confidence and support. We would also like to express our sincere appreciation to our bankers, business partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, and the management of Pakistan Stock Exchange for their invaluable support and guidance. The unwavering dedication and commitment of our employees during the period is acknowledged and deeply appreciated.

For and on behalf of the Board,



Mr. Arif Habib
Chief Executive



Mr. Asadullah Khawaja
Chairman

Karachi: 28th February 2023

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD
ENDED 31ST DECEMBER 2022**



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arif Habib Corporation Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Arif Habib Corporation Limited as at 31 December 2022 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, condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three-month period ended 31 December 2022 and 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2022.

Scope of Review

We conducted our review in accordance with 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 audit resulting in this independent auditor's report is Farrukh Rehman.

A.F.Ferguson & Co.
Chartered Accountants
Karachi

Date: February 28, 2023

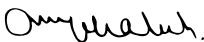
UDIN: RR2022100591YRixxLz

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

As at 31st December 2022

	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipments	4	29,649,763	37,430,437
Intangible assets		373,985	451,355
Long term investments	5	17,261,667,195	19,184,747,220
Long term loan to related party	6	92,320,403	106,537,149
Long term deposits and other receivable		5,880,378	5,087,578
		17,389,891,724	19,334,253,739
CURRENT ASSETS			
Loans and advances	7	1,687,233,803	1,145,638,900
Mark-up receivable	8	130,025,021	56,655,241
Prepayments and other receivables	9	1,320,138,936	7,901,910
Short term investments	10	5,195,770,886	5,478,335,260
Cash and bank balances		46,428,307	41,034,791
		8,379,596,953	6,729,566,102
TOTAL ASSETS		25,769,488,677	26,063,819,841



Chief Executive Officer



Director



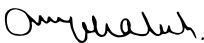
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2022

	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid up share capital		4,083,750,000	4,083,750,000
Revenue reserves			
General reserve		4,000,000,000	4,000,000,000
Unappropriated profit		14,225,287,842	15,793,296,784
Fair value reserve		(851,063,800)	(43,327,588)
TOTAL EQUITY		21,457,974,042	23,833,719,196
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation - net		285,392,437	132,728,896
CURRENT LIABILITIES			
Other payables		101,439,458	51,376,407
Short term borrowings	11	3,860,279,818	1,990,793,918
Current portion of lease liability		-	5,762,209
Taxation - net		42,195,877	30,232,789
Unclaimed dividend		22,207,045	19,206,426
TOTAL LIABILITIES		4,026,122,198	2,097,371,749
TOTAL LIABILITIES		4,311,514,635	2,230,100,645
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		25,769,488,677	26,063,819,841

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



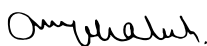
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months period ended 31st December 2022

	Note	Six months period ended		Three months period ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
(Rupees)					
Revenue	13	1,813,951,782	582,495,476	1,615,774,149	161,258,562
Gain / (loss) on sale of securities - net		32,533,240	857,891,340	(38,698,269)	(112,645,875)
(Loss) / gain on remeasurement of investments - net		(1,320,557,957)	2,103,897,624	(1,689,609,064)	2,333,897,061
		525,927,065	3,544,284,440	(112,533,184)	2,382,509,748
Administrative expenses		(71,822,979)	(62,982,400)	(39,495,782)	(37,098,298)
Finance cost	14	(172,555,341)	(21,506,368)	(94,622,092)	(6,408,295)
Operating Profit		281,548,745	3,459,795,672	(246,651,058)	2,339,003,155
Other income		903,862	759,861	903,862	759,861
Other charges		(46,045)	(20,786)	(27,750)	(20,786)
Profit / (loss) before income tax		282,406,562	3,460,534,747	(245,774,946)	2,339,742,230
Income tax expense	15	(216,915,504)	(166,113,495)	(171,595,690)	(39,846,331)
Profit / (loss) for the period		65,491,058	3,294,421,252	(417,370,636)	2,299,895,899
Earnings / (loss) per share - basic and diluted	16	0.16	8.07	(1.02)	5.63

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

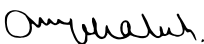
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 31st December 2022

	Issued, subscribed and paid up share capital	Reserves			Sub total	Total
		Revenue Reserves				
		General reserve	Unappropriated profit	Fair value reserve *		
----- (Rupees) -----						
Balance as at 1 July 2021	4,083,750,000	4,000,000,000	13,260,702,933	20,085,153	17,280,788,086	21,364,538,086
Total comprehensive income for the six months period ended 31 December 2021						
Profit for the period	-	-	3,294,421,252	-	3,294,421,252	3,294,421,252
Other comprehensive loss for the period	-	-	-	(69,863,354)	(69,863,354)	(69,863,354)
	-	-	3,294,421,252	(69,863,354)	3,224,557,898	3,224,557,898
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2021	-	-	(1,225,125,000)	-	(1,225,125,000)	(1,225,125,000)
Balance as at 31 December 2021	4,083,750,000	4,000,000,000	15,329,999,185	(49,778,201)	19,280,220,984	23,363,970,984
Total comprehensive income for the six months period ended 30 June 2022						
Profit for the period	-	-	463,297,599	-	463,297,599	463,297,599
Other comprehensive income for the period	-	-	-	6,450,613	6,450,613	6,450,613
	-	-	463,297,599	6,450,613	469,748,212	469,748,212
Balance as at 30 June 2022	4,083,750,000	4,000,000,000	15,793,296,784	(43,327,588)	19,749,969,196	23,833,719,196
Total comprehensive income for the six months period ended 31 December 2022						
Profit for the period	-	-	65,491,058	-	65,491,058	65,491,058
Other comprehensive loss for the period	-	-	-	(807,736,212)	(807,736,212)	(807,736,212)
	-	-	65,491,058	(807,736,212)	(742,245,154)	(742,245,154)
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2022	-	-	(1,633,500,000)	-	(1,633,500,000)	(1,633,500,000)
Balance as at 31 December 2022	4,083,750,000	4,000,000,000	14,225,287,842	(851,063,800)	17,374,224,042	21,457,974,042

* Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



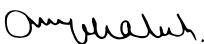
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 31st December 2022

	Note	Six months period ended	
		31 December 2022	31 December 2021
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in) / generated from operations	17	(312,200,529)	577,559,589
Income tax paid		(52,288,875)	(85,374,107)
Finance cost paid		(123,056,072)	(15,390,797)
Mark-up received		58,316,057	18,228,380
Net cash (used in) / generated from operating activities		(429,229,419)	495,023,065
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(227,801)	(2,225,459)
Long term investments - net		(233,339,361)	-
Dividends received		438,273,582	558,152,205
Proceeds from sale of properties and equipment		127,773	8,000
Long term deposits (paid) / recovered		(792,800)	110,900
Net cash generated from investing activities		204,041,393	556,045,646
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(6,308,220)	(8,429,224)
Dividend		(1,633,500,000)	(1,225,125,000)
Net cash used in financing activities		(1,639,808,220)	(1,233,554,224)
Net decrease in cash and cash equivalents		(1,864,996,246)	(182,485,513)
Cash and cash equivalents at beginning of the period		(1,949,759,127)	(806,554,957)
Effect of exchange rate fluctuations on cash held		903,862	759,861
Cash and cash equivalents at end of the period	18	(3,813,851,511)	(988,280,609)

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

These condensed interim unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. Investments in associates are carried at fair value through profit and loss and fair value through other comprehensive income based on their classification. The condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared separately.

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

Name of Companies	Note	% of Shareholding
Subsidiaries		
- Arif Habib Limited, a brokerage house (AHL)	1.3	<u>72.92%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company		<u>85.83%</u>
- Black Gold Power Limited, a coal power generation company		<u>100.00%</u>
Associates		
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset management company and investment advisor	1.4	<u>30.09%</u>
- Pakarab Fertilizers Limited, a fertilizer company	1.6	<u>30.00%</u>
- Fatima Fertilizer Company Limited, a fertilizer company		<u>15.19%</u>

- 1.3 During the period, the Company has purchased 6,478,050 ordinary shares of AHL, the Company's shareholding in AHL has increased from 63.01% to 72.92%.
- 1.4 Subsequent to period end, the Company has in principal agreed to sell its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited, an associated company, at a price of Rs. 30 per share to MCB Bank Limited. This divestment will be completed once all required statutory approvals are obtained.
- 1.5 There is no other change of shareholding in Company's long term investment from preceding annual audited unconsolidated financial statements for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

1.6 During the period, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) have entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the "Scheme"), with effect from 01 July 2022, subject to the requisite approvals, sanctions, consents, observations, no objection from the Creditors, Securities and Exchange Commission of Pakistan (SECP), the High Court of Lahore or such other competent authority as may be applicable. Once sanctioned by the Court, all the business, assets and liabilities of PFL shall stand transferred and vested in FFCL on the effective date and PFL will be dissolved without winding up. Accordingly, the Company's loan receivable from PFL (refer note 7) will be transferred to FFCL. Also the Company will be compensated in lieu of its relinquishment of its contribution in PFL's paid-up capital by way of issuance of Redeemable Class A share of FFCL for each ordinary share held by the Company in PFL. The Scheme has been approved by the respective shareholders of FFCL and PFL on 31 December 2022. However, the approval from High Court of Lahore is pending. These condensed interim unconsolidated financial statements do not incorporate the impact of the Scheme. However, valuation of Company's investment in PFL has been reassessed while considering the valuation of Redeemable Class A shares as per the Scheme (refer note 19).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim unconsolidated financial statements of the company 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 of:

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

2.2 These condensed interim unconsolidated financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2022.

2.3 These condensed interim unconsolidated financial statements have been prepared on the basis of a single reportable segment.

2.4 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2022.

2.5 Functional and presentation currency

These condensed interim unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

a) New standards, interpretations and amendments adopted by the Company

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 July 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim unconsolidated financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3.2 Accounting estimates, judgements and financial risk management

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year 30 June 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2022.

4. PROPERTY AND EQUIPMENTS

Following is the cost / written down value of properties and equipments that have been added / disposed off during the period:

	(Unaudited)		Six months period ended	
	Six months period ended 31 December 2022		31 December 2021	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Office equipment	-	30,295	34,125	16,036
Computer equipment	227,801	112,774	1,889,334	-
Vehicle	-	-	302,000	-
	227,801	143,069	2,225,459	16,036

5. LONG TERM INVESTMENTS

	Note	Unaudited 31 December 2022	Audited 30 June 2022
		(Rupees)	
Subsidiaries - at cost (net of impairment)	5.1	4,937,599,953	4,704,260,592
Associates - designated at fair value through profit and loss	5.2	11,181,803,454	12,530,486,628
Associates - designated at fair value through other comprehensive income	5.3	542,263,788	1,350,000,000
Other equity securities - designated at fair value through other comprehensive income	5.4	600,000,000	600,000,000
		17,261,667,195	19,184,747,220

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

5.1 Subsidiaries - at cost (net of impairment)

	Unaudited 31 December 2022	Audited 30 June 2022
	(Rupees)	
Quoted Entity		
Arif Habib Limited (AHL)		
47,648,522 (30 June 2022: 41,170,472) fully paid ordinary shares of Rs. 10 each	2,191,134,893	1,957,795,532
Unquoted Entities		
Sachal Energy Development (Private) Limited (SEDPL)		
274,646,506 (30 June 2022: 274,646,506) fully paid ordinary shares of Rs. 10 each	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)		
5,000,000 (30 June 2022: 5,000,000) fully paid ordinary shares of Rs. 10 each	50,000,000	50,000,000
Impairment recognised	(50,000,000)	(50,000,000)
	-	-
	4,937,599,953	4,704,260,592

5.2 Associates - designated at fair value through profit and loss

		Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount (at fair value)	
	Note			Unaudited 31 December 2022	Audited 30 June 2022
				(Rupees)	
Quoted Entities					
MCB - Arif Habib Savings and Investments Limited (MCB-AH)					
21,664,167 (30 June 2022: 21,664,167) fully paid ordinary shares of Rs. 10 each	1.4	477,694,882	(14,298,350)	463,396,532	472,278,841
Fatima Fertilizer Company Limited (FFCL)					
319,000,206 (30 June 2022: 319,000,206) fully paid ordinary shares of Rs. 10 each		3,512,782,225	7,205,624,697	10,718,406,922	12,058,207,787
		3,990,477,107	7,191,326,347	11,181,803,454	12,530,486,628

5.3 Associates - designated at fair value through other comprehensive income

		Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount (at fair value)	
	Note			Unaudited 31 December 2022	Audited 30 June 2022
				(Rupees)	
Un-Quoted Entity					
Pakarab Fertilizers Limited (PFL)					
135,000,000 (30 June 2022: 135,000,000) fully paid ordinary shares of Rs. 10 each	1.6 & 19	1,324,332,073	(782,068,285)	542,263,788	1,350,000,000
		1,324,332,073	(782,068,285)	542,263,788	1,350,000,000

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

5.4 Other equity securities - designated at fair value through other comprehensive income

	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount (at fair value)	
			Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)				
Un-Quoted Entities				
Silk Islamic Development REIT (SIDR) 60,000,000 (30 June 2022: 60,000,000) units of Rs 10 each	600,000,000	-	600,000,000	600,000,000
Sun Biz (Private) Limited (SBL) 10,000 (30 June 2022: 10,000) fully paid ordinary shares of Rs. 100 each	-	-	-	-
Al-Khabeer Financial Services (Private) Limited (AKFS) 5,000 (30 June 2022: 5,000) fully paid ordinary shares of Rs. 200 each	-	-	-	-
	600,000,000	-	600,000,000	600,000,000

5.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,805.20 million (30 June 2022: Rs. 6,354.01 million).

6. LONG TERM LOAN TO RELATED PARTY

	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
At amortised cost			
Secured - Considered good			
Aisha Steel Mills Limited, a related company		120,753,895	134,970,641
Less: Current portion of long term loan		(28,433,492)	(28,433,492)
		92,320,403	106,537,149

6.1 This represents long term loan secured against first charge on all present and future fixed assets, account receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate on the said loan is 6 month KIBOR + 3.25% per annum (30 June 2022: 6 month KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period is 18.60% (30 June 2022: 14.71%) per annum. Mark-up is payable on semi-annual basis.

6.2 The maximum amount outstanding from the above related party at the end of any month during the period was Rs. 120.75 million (30 June 2022: Rs.149.19 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

7. LOANS AND ADVANCES	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
At amortised cost			
Unsecured			
Loans to related parties			
- Black Gold Power Limited		5,500,000	5,500,000
- Safe Mix Concrete Limited		-	18,118,274
- Pakarab Fertilizers Limited	7.1	813,153,536	813,153,536
- Aisha Steel Mills Limited	7.2	560,000,000	-
- Advance for investment in Pakistan Corporate CBD REIT	7.3	279,026,250	279,026,250
Secured			
- Current portion of long term loan to Aisha Steel Mills Limited	6	28,433,492	28,433,492
- Advance against salaries to employees		1,120,525	1,407,348
		1,687,233,803	1,145,638,900

7.1 The Company entered into a loan agreement with Pakarab Fertilizers Limited, an associated company (PFL). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on half-yearly basis. The rate of mark-up on the loan during the period ranged between 17.12% to 17.51% (30 June 2022: 13.73% to 13.69%) per annum.

7.2 The Company entered into a loan agreement with Aisha Steel Mills Limited, an associated company (ASML). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the period was 17.56% (30 June 2022: Nil) per annum.

7.3 This represent advance paid for equity investment in a Shariah Compliant Development REIT Scheme (the Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Company Limited (RMC) - a related party and has been approved by Securities and Exchange Commission of Pakistan (SECP) vide its letter dated December 22, 2021. The Scheme is in process of acquiring two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per payment plan. The RMC has not issued any further notice for equity injection due to pending agreement(s) with the Authorities which are crucial for completing transfer of acquired properties to the Scheme.

7.4 The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from above related parties in respect of loans and advances at end of any month during the period was Rs. 2,668.65 million (30 June 2022: Rs. 1,855.07 million).

8. MARK-UP RECEIVABLE	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)		
- Considered good		
From related parties:		
- Aisha Steel Mills Limited	59,047,634	9,948,630
- Power Cement Limited	-	16,179,794
- Pakarab Fertilizers Limited	70,977,387	28,365,692
- Safe Mix Concrete Limited	-	2,161,125
	130,025,021	56,655,241

8.1 The maximum amount outstanding from related parties in respect of mark-up receivable as at the end of any month during the period was Rs. 130.03 million (30 June 2022: Rs. 56.66 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

9. PREPAYMENTS AND OTHER RECEIVABLES	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
Prepayments		1,756,859	2,192,469
Dividend receivable from Sachal Energy Development (Private) Limited	9.1	1,235,909,277	-
Receivable from Arif Habib Limited		76,609,719	-
Guarantee commission receivable	9.2 & 9.3	4,038,506	3,989,441
Others		1,824,575	1,720,000
		<u>1,320,138,936</u>	<u>7,901,910</u>

9.1 The amount of dividend was received subsequent to the period end.

9.2 Guarantee commission receivable

Aisha Steel Mills Limited	325,614	325,614
Power Cement Limited	211,920	211,920
Arif Habib Limited	867,621	904,262
Sachal Energy Development (Private) Limited	2,633,351	2,547,645
	<u>4,038,506</u>	<u>3,989,441</u>

9.3 The maximum amount due in respect of guarantee commission receivable as at the end of any month during the period was Rs. 4.04 million (30 June 2022: Rs. 3.99 million).

10. SHORT TERM INVESTMENTS	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
Equity securities at fair value through profit or loss			
Investment in ordinary shares of related parties	10.1	2,672,140,354	2,639,628,987
Investment in preference shares of related parties	10.2	624,579,532	605,168,208
Investment in ordinary shares of other companies		1,899,051,000	2,202,540,080
		<u>5,195,770,886</u>	<u>5,447,337,275</u>
Equity securities at fair value through other comprehensive income			
Investment in ordinary shares of related parties		-	30,997,985
		<u>5,195,770,886</u>	<u>5,478,335,260</u>

10.1 This includes investment in Aisha Steel Mills Limited, and Javedan Corporation Limited

10.2 This comprises of investment in Aisha Steel Mills Limited and Power Cement Limited.

10.3 Fair value of short term investments pledged with banking companies against various financing facilities availed by the Company amounts to Rs. 2,308.06 million (30 June 2022: Rs. 1,103 million).

11. SHORT TERM BORROWINGS

11.1 Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,450 million (30 June 2022: Rs. 2,950 million). These facilities have various maturity dates up to 28 February, 2026 and are generally renewable. These arrangements are secured against the pledge of marketable securities having margin ranging from 30% to 50%.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

11.2 These running finance facilities carry mark-up ranging from 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum (30 June 2022: 1-month KIBOR plus 1% to 3-month KIBOR plus 1.75% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 2,590 million (30 June 2022: Rs. 959 million).

12. CONTINGENCIES AND COMMITMENTS

12.1 There is no other change in the status of contingencies and commitments as disclosed in the preceding audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2022 except for the following:

- 10.4 million shares of Fatima Fertilizers Company Limited which were pledged with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company, has been released. The exposure of guarantee at the reporting date stood at Rs. 2.45 billion (30 June 2022: 2.87 billion).
- The exposure against corporate guarantee on behalf of the subsidiary company, Sachal Energy Development (Private) Limited, has been reduced by USD 5 million. The total exposure has been reduced to USD 45 million (equivalent to Rs. 10,201 millions) out of USD 100 million due to timely repayment of loan.

	Unaudited			
	Six months period ended		Three months period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees)			
13. REVENUE				
Dividend income	1,674,182,859	558,152,205	1,521,938,391	145,693,365
Mark-up income on loans and advances	130,604,881	14,394,385	89,206,210	10,203,874
Guarantee commission income	8,083,086	7,479,726	4,038,506	3,996,198
Mark-up income on bank deposits	1,080,956	2,469,160	591,042	1,365,125
	1,813,951,782	582,495,476	1,615,774,149	161,258,562
14. FINANCE COST				
Mark-up on running finance	171,952,063	20,254,167	94,321,934	5,803,339
Bank charges	57,267	49,701	24,462	43,904
Interest expense - Lease Liability	546,011	1,202,500	275,696	561,052
	172,555,341	21,506,368	94,622,092	6,408,295
15. INCOME TAX EXPENSE				
Current	64,182,802	212,008,413	50,741,822	66,416,956
Prior	69,161	(1,164,963)	69,161	(1,164,963)
Deferred	152,663,541	(44,729,955)	120,784,707	(25,405,662)
	216,915,504	166,113,495	171,595,690	39,846,331

15.1 The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the rate of 4% as levied under Finance Act, 2022. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these condensed interim unconsolidated financial statements is sufficient.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

- 15.2** Deferred tax assets have not been recognised in respect of unused tax losses and the deductible temporary differences as it is not probable that future taxable profits under normal tax regime will be available against which the Company can use the benefits therefrom.

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

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

	Six months period ended		Three months period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit / (loss) for the period	65,491,058	3,294,421,252	(417,370,636)	2,299,895,899
	(Rupees)			
	(Number)			
Weighted average number of ordinary shares	408,375,000	408,375,000	408,375,000	408,375,000
	(Rupees)		(Rupees)	
Earnings / (loss) per share - basic and diluted	0.16	8.07	(1.02)	5.63

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

	Six months period ended	
	31 December 2022	31 December 2021
Profit before income tax	282,406,562	3,460,534,747
Adjustments for:		
Depreciation	7,865,407	10,865,721
Amortisation	77,370	77,370
Dividend income	(1,674,182,859)	(558,152,205)
Mark-up on loans and advances	(130,604,881)	(14,394,385)
Mark-up on bank deposits	(1,080,956)	(2,469,160)
Loss / (gain) on remeasurement of long term investments	1,348,683,174	(2,282,047,999)
(Gain) / loss on remeasurement of short term investments - net	(28,125,217)	178,150,375
Loss on disposal of assets	15,295	8,036
Exchange gain on foreign currency translation	(903,862)	(759,861)
Finance cost	172,555,341	21,506,368
	(305,701,188)	(2,647,215,740)
	(23,294,626)	813,319,007
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Loans and advances	(527,378,157)	(1,264,190,002)
Prepayments and other receivables	(76,327,749)	(4,012,921)
Short term investments	310,689,591	1,031,521,420
	(293,016,315)	(236,681,503)
Increase / (decrease) in current liabilities		
Other payables	1,109,793	(1,249,638)
Unclaimed dividend	3,000,619	2,171,723
	4,110,412	922,085
Net cash (used in) / generated from operations	(312,200,529)	577,559,589

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

	Note	Six months period ended	
		31 December 2022	31 December 2021
18. CASH AND CASH EQUIVALENTS			
Cash and bank balances		46,428,307	35,814,072
Short term borrowings	11	(3,860,279,818)	(1,024,094,681)
		(3,813,851,511)	(988,280,609)

19. FAIR VALUE MEASUREMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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. derived from prices).

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

	Level 1	Level 2	Level 3	Total
				(Rupees)
As at 31 December 2022				
Financial assets measured at fair value				
Long term investments - associates	11,181,803,454	-	1,142,263,788	12,324,067,242
Short term investments	5,195,770,886	-	-	5,195,770,886
Financial assets not measured at fair value				
Long term investments - subsidiaries*	1,852,098,050	-	-	1,852,098,050
	18,229,672,390	-	1,142,263,788	19,371,936,178

As at 30 June 2022

Financial assets measured at fair value

Long term investments - associates	12,530,486,628	-	1,950,000,000	14,480,486,628
Short term investments	5,447,337,275	-	-	5,447,337,275

Financial assets not measured at fair value

Long term investments - subsidiaries*	1,827,557,252	-	-	1,827,557,252
	19,805,381,155	-	1,950,000,000	21,755,381,155

* This represents investment in a subsidiary company, Arif Habib Limited, which is quoted on the Pakistan Stock Exchange Limited. It is carried at cost and fair value is determined for disclosure purposes.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period except valuation of investment in Pakarab Fertilizers Limited. As per the terms of the Scheme of Arrangement for Amalgamation / Merger of Pakarab Fertilizers Limited (PFL) with and into Fatima Fertilizer Company Limited (FFCL), the aggregate redemption value of entire set of Class A shares would be lower of (i) value as determined by FFCL's Board of Directors with unanimous vote; (ii) aggregate face value of entire set of Class A Shares; or (iii) the amount computable according to the formula defined in the Scheme. In the best case scenario, the management believes that the shares will be redeemed at Rs. 10 per share at the redemption date. Based thereon, valuation of Company's investment in PFL has been reassessed by discounting the aggregate face value of redeemable Class A shares over the period of 5 years at 20%.

20. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
Subsidiaries			
Arif Habib Limited	Services availed	2,241,749	4,026,249
	Investment in shares	233,339,361	-
	Dividend income / received	247,022,832	412,458,840
	Guarantee commission income	1,583,488	1,406,677
	Guarantee commission received	1,620,129	920,542
	Loan extended	-	650,000,000
	Loan repaid	-	650,000,000
	Mark-up income on loan	-	3,099,721
Mark-up received	-	4,447,132	
Sachal Energy Development (Private) Limited	Guarantee commission income	5,424,530	4,973,196
	Guarantee commission received	5,338,824	4,880,205
	Dividend income	1,235,909,277	-
Associates			
MCB-Arif Habib Savings and Investment Limited	Dividend income	21,664,167	59,576,459
Pakarab Fertilizers Limited	Mark-up income on loan	70,977,387	-
	Mark-up received	28,365,692	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
		(Rupees)	
Associated companies by virtue of common directorship			
Aisha Steel Mills Limited	Mark-up income on loan	59,047,635	11,294,666
	Mark-up received	9,948,630	8,589,238
	Loan extended	2,600,000,000	1,725,000,000
	Loan repayment	2,054,216,746	739,216,746
	Guarantee commission income	651,228	651,228
	Guarantee commission received	651,228	1,377,237
	Dividend income	-	58,143,232
Javedan Corporation Limited	Mark-up received	-	2,722,849
	Dividend income	152,244,468	-
	Dividend received	152,244,468	-
Power Cement Limited	Guarantee commission income	423,840	448,625
	Guarantee commission received	423,840	613,280
	Mark-up received	16,179,794	-
Safe Mix Concrete Limited	Mark-up income on loan	579,859	-
	Mark-up received	2,740,984	-
	Loan repayment	18,118,274	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	12,818,728	18,745,984

Above are considered as associated companies under the Companies Act, 2017 by virtue of common directorship.

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
		(Rupees)	
Others			
Mr. Arif Habib	Dividend paid	1,315,683,868	986,762,901
Employees retirement benefit fund - Provident fund	Company's Contribution	1,593,875	1,374,427
Remuneration of chief executive officer, directors, key management personnel and executives			
	Salaries and other benefits	22,990,099	19,222,368
	Contribution to provident fund	1,173,008	1,049,340
Mr. Asadullah Khawaja	Meeting fee paid	100,000	100,000
	Dividend paid	324,024	243,018
Mr. Sirajuddin Cassim (ex-Director)	Meeting fee paid	-	150,000
	Dividend paid	-	689,679
Ms. Zeba Bakhtiar	Meeting fee paid	100,000	100,000
	Dividend paid	400	300

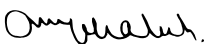
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

Name of the related party	Transactions during the period	Note	Unaudited	Audited
			31 December 2022	30 June 2022
			(Rupees)	
Mr. Khawaja Jallaluddin	Meeting fee paid		150,000	-
	Dividend paid		12,946,000	-
Mr. Nasim Beg	Dividend paid		8,312	15,234
Mr. Abdus Samad	Dividend paid		4,024	3,018
Mr. Muhammad Ejaz	Dividend paid		484	363
Mr. Muhammad Kashif	Dividend paid		141,160	105,870
Balances as at:				
Arif Habib Limited	CDC charges payable		39,414	41,224
	Receivable against sale of shares		76,649,134	-
Rotocast Engineering Company (Private) Limited	Payable against monthly expense contribution		1,476,874	1,093,096

21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorised for issue on 28 February, 2023 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD
ENDED 31st DECEMBER 2022**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2022

	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	16,133,726,246	15,670,619,559
Intangible assets		1,752,681	1,941,485
Goodwill		910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		5,600,000	5,600,000
Investment properties		1,922,579,352	1,657,331,341
Equity accounted investees	6	16,844,001,693	15,574,980,504
Other long term investments		642,745,423	642,745,423
Long term loan to related party		92,320,403	106,537,149
Long term deposits and other receivables		23,181,232	20,499,190
		36,576,113,147	34,590,460,768
CURRENT ASSETS			
Trade debts		4,141,364,368	4,179,622,743
Loans and advances		1,693,854,536	1,149,316,418
Deposits and prepayments		35,063,557	82,241,103
Receivable under margin trading system		12,338,421	9,233,629
Receivable against sale of securities		263,401,786	-
Accrued mark-up and other receivables		759,821,187	862,366,406
Short term investments	7	10,007,555,761	10,710,609,048
Cash and bank balances		4,162,780,640	2,586,858,066
		21,076,180,256	19,580,247,413
Assets classified as held for sale	8	52,392,276	80,673,277
TOTAL ASSETS		57,704,685,679	54,251,381,458



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2022

	Note	Unaudited 31 December 2022	Audited 30 June 2022
(Rupees)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid-up share capital		4,083,750,000	4,083,750,000
Capital reserve			
Surplus on revaluation		15,432,500	15,432,500
Fair value reserve		-	-
Revenue reserves			
General reserve		4,019,567,665	4,019,567,665
Unappropriated profit		24,784,162,064	23,920,777,173
Equity attributable to owners of the Parent Company		32,902,912,229	32,039,527,338
Non-controlling interest		2,913,379,951	3,570,144,157
TOTAL EQUITY		35,816,292,180	35,609,671,495
NON-CURRENT LIABILITIES			
Long term loans - secured		7,673,842,921	7,914,826,418
Land lease liability		11,974,098	11,094,657
Lease liability against right-of-use assets		1,557,949	3,683,389
Staff retirement benefits		36,689,119	33,327,829
Deferred taxation - net		2,626,279,493	2,369,239,920
		10,350,343,580	10,332,172,213
CURRENT LIABILITIES			
Trade and other payables		1,874,734,065	1,267,311,521
Accrued mark-up		342,067,913	204,691,207
Sales tax payable		102,611,437	134,898,204
Short term borrowings		6,736,447,721	4,422,763,535
Current portion of long term loans - secured		2,269,000,000	2,060,000,000
Current portion of lease liability against right-of-use assets		2,341,082	21,656,279
Current portion of loan under State Bank of Pakistan scheme		1,969,270	9,654,142
Current portion of land lease liability		1,360,000	1,360,000
Payable against purchase of investment - net		-	21,078,278
Taxation - net		162,674,055	127,134,106
Unclaimed dividend		44,088,068	38,371,131
		11,537,293,611	8,308,918,403
Liabilities directly associated with assets classified as held for sale	8	756,308	619,347
TOTAL LIABILITIES		21,888,393,499	18,641,709,963
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		57,704,685,679	54,251,381,458

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months period ended 31st December 2022

	Note	Six months period ended		Three months period ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
				(Rupees)	
Revenue	10	3,799,155,346	2,594,626,996	1,336,333,420	896,662,040
(Loss) / gain on remeasurement of investments - net		(93,637,101)	(294,214,949)	(76,819,027)	360,473,664
Gain / (loss) on remeasurement of investment properties		233,700,000	97,682,190	-	(183,817,810)
(Loss) / gain on sale of investments - net		(234,002,949)	1,023,134,164	(349,000,049)	(3,245,474)
Gain on sale of investments property		-	355,500,000	-	355,500,000
		3,705,215,296	3,776,728,401	910,514,344	1,425,572,420
Cost of energy sales		(757,100,307)	(659,919,023)	(380,758,371)	(341,383,074)
Administrative expenses		(428,502,455)	(393,660,825)	(251,406,776)	(227,281,073)
Other income		9,916,071	37,249,138	8,987,946	35,298,091
Finance cost		(921,474,021)	(388,544,706)	(508,265,322)	(198,187,651)
Other charges		(19,295,768)	(6,757,933)	(19,292,768)	(6,698,547)
		1,588,758,816	2,365,095,052	(240,220,947)	687,320,166
Share of profit of equity-accounted associates investees - net of tax		1,298,661,169	1,398,766,147	660,887,839	660,274,608
Profit before tax		2,887,419,985	3,763,861,199	420,666,892	1,347,594,774
Income tax expense	11	(459,456,259)	(470,305,833)	(258,772,558)	(177,166,772)
Profit from continuing operations		2,427,963,726	3,293,555,366	161,894,334	1,170,428,002
Discontinued operation					
Profit from discontinued operation, net of tax		2,580,024	1,267,862	1,336,826	550,160
Profit for the period		2,430,543,750	3,294,823,228	163,231,160	1,170,978,162
Profit attributable to:					
Equity holders of the Parent Company - continuing operations		2,248,142,061	2,947,138,276	203,126,284	1,029,996,561
Equity holders of the Parent Company - discontinued operation		1,634,004	880,403	850,670	382,031
		2,249,776,065	2,948,018,679	203,976,954	1,030,378,592
Non-controlling interests - continuing operations		179,821,665	346,417,090	(41,231,950)	140,431,441
Non-controlling interests - discontinued operation		946,020	387,459	486,156	168,129
		180,767,685	346,804,549	(40,745,794)	140,599,570
		2,430,543,750	3,294,823,228	163,231,160	1,170,978,162
Earnings per share - basic & diluted					
For continuing operations		5.51	7.22	0.50	2.52
For discontinued operation		0.00	0.00	0.00	0.00
	14	5.51	7.22	0.50	2.52

The annexed notes from 1 to 18 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 (UNAUDITED)**

For the six months period ended 31st December 2022

	Six months period ended		Three months period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees)			
Profit for the period	2,430,543,750	3,294,823,228	163,231,160	1,170,978,162
Other comprehensive income				
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>				
Loss on investment in equity securities at FVOCI - net	-	(55,917,640)	-	(3,287,680)
Share of other comprehensive income of equity-accounted associates - net of tax	(7,975,813)	(9,642,916)	(7,975,813)	(9,642,916)
Other comprehensive loss for the period - net of tax	(7,975,813)	(65,560,556)	(7,975,813)	(12,930,596)
Total comprehensive income for the period	2,422,567,937	3,229,262,672	155,255,347	1,158,047,566
Total comprehensive income attributable to:				
Equity holders of the Parent Company - continuing operations	2,240,166,248	1,880,213,440	195,150,471	1,880,711,812
Equity holders of the Parent Company - discontinued operation	1,634,004	880,403	850,670	382,031
	2,241,800,252	1,881,093,843	196,001,141	1,881,093,843
Non-controlling interests - continuing operations	179,821,665	189,733,804	(41,231,950)	189,953,134
Non-controlling interests - discontinued operation	946,020	387,459	486,156	168,129
	180,767,685	190,121,263	(40,745,794)	190,121,263
	2,422,567,937	2,071,215,106	155,255,347	2,071,215,106

The annexed notes from 1 to 18 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 (UNAUDITED)

For the six months period ended 31st December 2022

	Equity attributable to owners of the Parent					Non-controlling interests	Total equity	
	Issued, subscribed and paid up share capital	Capital reserve Surplus on revaluation	Fair value reserve *	General reserve	Revenue Reserves Unappropriated profit			Total
----- (Rupees) -----								
Balance as at 1 July 2021	4,083,750,000	15,432,500	19,404,859	4,019,567,665	21,867,169,830	30,005,324,854	2,885,565,940	32,890,890,794
Total comprehensive income for the six months period 31 December 2021								
Profit for the period	-	-	-	-	2,948,018,679	2,948,018,679	346,804,549	3,294,823,228
Other comprehensive loss	-	-	(53,261,244)	-	-	(53,261,244)	(12,299,312)	(65,560,556)
	-	-	(53,261,244)	-	2,948,018,679	2,894,757,435	334,505,237	3,229,262,672
Distribution by subsidiary	-	-	-	-	-	-	(181,541,160)	(181,541,160)
Transactions with owners recorded directly in equity								
Final cash dividend at the rate of Rs 3 per share for the year ended 30 June 2021	-	-	-	-	(1,225,125,000)	(1,225,125,000)	-	(1,225,125,000)
Balance as at 31 December 2021	4,083,750,000	15,432,500	(33,856,385)	4,019,567,665	23,590,063,509	31,674,957,289	3,038,530,017	34,713,487,306
Total comprehensive income for the six months period ended 30 June 2022								
Profit for the period	-	-	-	-	525,509,260	525,509,260	190,361,400	715,870,660
Other comprehensive income / (loss)	-	-	34,988,121	-	(20,842,047)	14,146,074	4,257,455	18,403,529
	-	-	34,988,121	-	504,667,213	539,655,334	194,618,855	734,274,189
Gain / (loss) realised on disposal of equity securities at FVOCI	-	-	(1,131,736)	-	1,629,805	498,069	(498,069)	-
	4,083,750,000	15,432,500	-	4,019,567,665	24,096,360,527	32,215,110,692	3,232,650,803	35,447,761,495
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(175,583,354)	(175,583,354)	337,493,354	161,910,000
Balance as at 30 June 2022	4,083,750,000	15,432,500	-	4,019,567,665	23,920,777,173	32,039,527,338	3,570,144,157	35,609,671,495
Total comprehensive income for the six months period ended 31 December 2022								
Profit for the period	-	-	-	-	2,249,776,065	2,249,776,065	180,767,685	2,430,543,750
Other comprehensive loss	-	-	-	-	(7,975,813)	(7,975,813)	-	(7,975,813)
	-	-	-	-	2,241,800,252	2,241,800,252	180,767,685	2,422,567,937
Distribution by subsidiary	-	-	-	-	-	-	(349,107,891)	(349,107,891)
Transactions with owners recorded directly in equity								
Final cash dividend at the rate of Rs 4 per share for the year ended 30 June 2022	-	-	-	-	(1,633,500,000)	(1,633,500,000)	-	(1,633,500,000)
Acquisition of equity interest in subsidiary without change in control	-	-	-	-	255,084,639	255,084,639	(488,424,000)	(233,339,361)
Balance as at 31 December 2022	4,083,750,000	15,432,500	-	4,019,567,665	24,784,162,064	32,902,912,229	2,913,379,951	35,816,292,180

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

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 31st December 2022

	Note	Six months period ended	
		31 December 2022	31 December 2021
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	2,815,140,217	985,592,401
Income taxes paid		(166,876,737)	(285,938,811)
Finance cost paid		(724,623,526)	(296,098,047)
Mark-up received		365,338,406	10,158,172
Dividend received		348,607,968	141,304,951
Gratuity paid		(921,246)	(549,660)
Net cash generated from operating activities		2,636,665,082	554,469,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(2,595,761)	(25,323,401)
Proceeds from sale of property, plant and equipment		15,000	8,000
Proceeds from sale of investment property		-	1,400,000,000
Long term deposit and other receivable paid		(2,682,042)	(19,309,100)
Acquisition of equity interest in subsidiary		(233,339,361)	-
Dividend from equity accounted investee		21,664,167	59,576,459
Acquisition of investment properties		-	-
Development charges incurred in relation to investment property		(31,548,011)	-
Net cash (used in) / generated from investing activities		(248,486,008)	1,414,951,958
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan under State Bank of Pakistan scheme		(7,684,872)	(7,684,871)
Lease rentals paid		(23,397,923)	(28,768,355)
Repayment of long term loan		(1,112,250,000)	(890,000,000)
Land lease liability		-	(1,360,000)
Dividend paid		(1,633,500,000)	(1,225,125,000)
Distribution by subsidiary to non-controlling interest		(349,107,891)	(181,541,160)
Net cash used in financing activities		(3,125,940,686)	(2,334,479,386)
Net decrease in cash and cash equivalents		(737,761,612)	(365,058,422)
Cash and cash equivalents at beginning of the period		(1,835,905,469)	476,691,413
Cash and cash equivalents at end of the period	13	(2,573,667,081)	111,632,991

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

1. STATUS AND NATURE OF BUSINESS

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

- 1.1 These condensed interim consolidated financial statements of Arif Habib Corporation Limited for the six months period ended 31 December 2022 comprise of the Parent Company and following subsidiary and associated companies (here-in-after referred to as "the Group").

Name of Companies	Note	% of effective holding	
		31-Dec-22	30-Jun-22
Subsidiaries			
- Arif Habib Limited, a brokerage house	1.1.1	72.92%	63.01%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.1.2	72.92%	63.01%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.1.3	72.92%	63.01%
- Sachal Energy Development (Private) Limited, a wind power generation company	1.1.4	85.83%	85.83%
- Black Gold Power Limited, a coal power generation company	1.1.5	100.00%	100.00%
Associates			
- MCB-Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	1.1.6	30.09%	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	1.1.7	15.19%	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	1.1.8	30.00%	30.00%

- 1.1.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The shares of AHL are quoted on Pakistan Stock Exchange Limited. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificate of Pakistan Stock Exchange Limited. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

During the period, the Parent Company has purchased 6,478,050 ordinary shares of AHL, the Parent Company's shareholding in AHL has increased from 63.01% to 72.92%.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

1.1.3 Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the AH1857 is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activities of AH1857 are investments and shares brokerage. AH1857 is a wholly owned subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC). The shareholders of AHL in its annual general meeting, held on 15 October 2022, have accorded its approval required as per the provision of section 183 of the Companies Act 2017 to sell entire shareholding of AH1857 for the total consideration of Rs. 50 million to Ms. Nida Ahsan (Director of AHL). Accordingly, assets and liabilities of AH1857 is being presented in note 8 as disposal group classified as held for sale.

AH1857 was not previously classified as Assets held for sale. The comparative condensed interim consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

1.1.4 Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at Plot no 1, Ranjha Plaza, sector F-10/2, Tariq Market, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhampir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.

1.1.5 Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T Khan Road, Karachi. BGPL intends to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services.

1.1.6 MCB - Arif Habib Savings and Investments Limited (MCB-AH) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a pension fund manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM1 (2022: AM1) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on October 6, 2022.

Subsequent to period end, the Parent Company has in principal agreed to sell its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited, an associated company, at a price of Rs. 30 per share to MCB Bank Limited. This divestment will be completed once all required statutory approvals are obtained. These condensed interim consolidated financial statements do not incorporate the impact of the proposed divestment.

1.1.7 Fatima Fertilizer Company Limited (FFCL), was incorporated in Pakistan on 24 December 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). FFCL is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited and PanAfrica Fertilizers Limited are wholly owned subsidiaries of the FFCL. Fatimafert Limited and Fatima Cement Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan-Africa Fertilizers Limited is incorporated in Kenya. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the FFCL is situated at E-110, "Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the FFCL is located at Mukhtargarh, Sadiqabad and near Chichoki Mallian, at" Sheikhpura road, Pakistan.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

During the period, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) has entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the "Scheme"), with effect from 01 July 2022, subject to the requisite approvals, sanctions, consents, observations, no objection from the Creditors, Securities and Exchange Commission of Pakistan (SECP), the High Court of Lahore or such other competent authority as may be applicable. Once sanctioned by the Court, all the business, assets and liabilities of PFL shall stand transferred and vested in FFCL for the effective date and PFL will be dissolved without winding up. Accordingly, the Parent Company's loan receivable from PFL will be transfer to FFCL. Also the parent Company will be compensated in lieu of its relinquishment of its contribution in PFL's paid-up capital by way of issuance of Redeemable Class A share of FFCL for each ordinary share held by the Parent Company in PFL. These condensed interim consolidated financial statements do not incorporates the impact of the Scheme.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated 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 comprises of;

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

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

2.2 These condensed interim consolidated financial statements are unaudited and do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

2.3 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except as stated otherwise and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2022.

2.4 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

a) New standards, interpretations and amendments adopted by the Group

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 July 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore are not detailed in these condensed interim consolidated financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2023. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

4.2 The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 30 June 2022.

4.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 2.60 million (30 June 2022: 32.84 million). The exchange loss of Rs. 1,023 million (30 June 2022: 2,650 million) has also been recognised. Further, assets having written down value of Rs. 0.143 million (30 June 2022: 0.032 million) were disposed off during the period.

6. EQUITY ACCOUNTED INVESTEEES

	Note	Unaudited 31 December 2022	Audited 30 June 2022
Fatima Fertilizer Company Limited (FFCL)	6.1	16,391,445,607	15,143,342,092
MCB - Arif Habib Savings and Investments Limited (MCB-AH)		452,556,086	431,638,412
Pakarab Fertilizers Limited (PFL)		-	-
		16,844,001,693	15,574,980,504

6.1 Investment in FFCL (quoted) represents 319 million (30 June 2022: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (30 June 2022: 15.19%) of FFCL's paid up share capital as at 31 December 2022. Fair value per share as at 31 December 2022 is Rs. 33.60 (30 June 2022: Rs. 37.80) which is based on quoted share price on stock exchange at reporting date.

7. SHORT TERM INVESTMENTS

	Note	Unaudited 31 December 2022	Audited 30 June 2022
Equity securities - at FVTPL	7.1	8,289,208,646	9,688,906,755
Corporate debt securities - mandatorily at FVTPL		1,718,347,115	1,021,702,293
		10,007,555,761	10,710,609,048

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

7.1 These includes investments in related parties, namely, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.

7.2 Fair value of short term investments pledged with various banking companies against various finance facilities availed by the Group amounts to Rs. 8,374.19 million (30 June 2022: Rs. 7,747.22 million).

8. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	Unaudited 31 December 2022	Audited 30 June 2022
	(Rupees)	
ASSETS CLASSIFIED AS HELD FOR SALE		
National Resources (Private) Limited	-	30,997,985
Arif Habib 1857 (Private) Limited	52,392,276	49,675,292
	52,392,276	80,673,277
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		
Arif Habib 1857 (Private) Limited	756,308	619,347

9. CONTINGENCIES AND COMMITMENTS

9.1 There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidated financial statements as at and in the year ended 30 June 2022 except for the following:

Parent Company

9.1.1 10.4 million shares of Fatima Fertilizers Company Limited which were pledged with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company, has been released. The exposure of guarantee at the reporting date stood at Rs. 2.45 billion.

9.1.2 The exposure against corporate guarantee on behalf of the subsidiary company, Sachal Energy Development (Private) Limited, has been reduced by USD 5 million. The total exposure has been reduced to USD 45 million (equivalent to Rs. 10,201 millions) out of USD 100 million due to timely repayment of loan.

AHL, Subsidiary Company	Unaudited 31 December 2022	Audited 30 June 2022
	(Rupees)	
9.2 Following commitments are outstanding:		
- Outstanding Settlements against Marginal Trading contracts	229,047,587	372,222,968
- Outstanding Settlements against sale / (purchase) of securities in regular market	174,179,600	277,978,515
- Financial guarantee given by a commercial bank on behalf of AHL	750,000,000	750,000,000
- Against purchase of investment property	277,914,201	312,057,120
- Against development cost of investment property	112,629,235	110,034,327

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

	Unaudited			
	Six months period ended		Three months period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
10. REVENUE	(Rupees)			
Revenue from sale of energy - net	2,468,931,862	1,753,248,154	551,032,738	365,602,401
Mark-up income on loans and advances	130,604,881	11,294,664	89,206,210	7,104,153
Mark-up income on corporate debt securities	113,072,744	7,110,178	107,459,793	5,363,212
Dividend income	348,607,968	141,304,951	194,679,012	141,304,951
Brokerage income	238,573,330	284,947,313	122,012,389	143,582,236
Mark-up income on bank deposits	190,985,018	45,881,456	125,298,573	22,153,036
Guarantee Commission income	1,075,068	1,099,853	537,534	537,534
Underwriting, consultancy and placement commission	277,934,929	323,444,056	134,048,551	194,790,859
Mark-up income on margin financing	29,369,546	26,296,371	12,058,620	16,223,658
	3,799,155,346	2,594,626,996	1,336,333,420	896,662,040
11. TAXATION				
Current	199,381,014	329,318,227	147,494,251	129,162,121
Prior	3,035,672	(9,391,498)	3,035,672	(9,391,498)
Deferred	257,039,573	150,379,104	108,242,635	57,396,149
	459,456,259	470,305,833	258,772,558	177,166,772

	Note	Unaudited	
		Six months period ended	
		31 December 2022	31 December 2021
12. CASH GENERATED FROM OPERATIONS		(Rupees)	
Profit before tax	12.1	2,890,770,665	3,765,507,773
Adjustments for:			
Depreciation		561,121,242	509,464,052
Amortisation of intangible assets		188,804	244,777
Dividend income		(348,607,968)	(141,304,951)
Loss / (gain) on sale of property, plant and equipment		15,295	8,036
Unrealised loss / (gain) on remeasurement of investments		93,637,101	294,214,949
Share of profit of equity-accounted associates - net of tax		(1,298,661,169)	(1,398,766,147)
Mark-up income		(434,662,643)	(11,294,664)
Amortisation of land lease rent		879,441	879,441
Amortisation of transaction cost		57,516,503	66,881,111
Interest expense on lease		1,957,286	3,119,634
Finance cost		863,957,518	321,663,595
Provision for gratuity		4,282,536	2,985,449
Gain on Termination of lease		(229,512)	-
Provision for expected credit losses		19,265,018	-
Exchange gain on foreign currency translation		(903,862)	-
Mark up on reverse repo transactions		(6,441,240)	-
Gain on sale of investments property		-	(355,500,000)
Gain on remeasurement of investment properties		(233,700,000)	(97,682,190)
		(720,385,650)	(805,086,908)
Operating profit before working capital changes		2,170,385,015	2,960,420,865

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

	Unaudited Six months period ended	
	31 December 2022	31 December 2021
Changes in working capital:		
<i>(Increase) / decrease in current assets</i>		
Trade debts	38,258,375	238,630,005
Loans and advances	(530,321,372)	(1,297,598,595)
Deposits and prepayments	47,177,546	(73,321,725)
Accrued mark-up and other receivables	158,538,647	84,673,969
Short term investments	609,416,186	(180,238,685)
Receivable under margin trading system	(3,104,792)	-
Receivable against sale of securities	(263,401,786)	-
Assets held for sale	28,417,962	-
	84,980,766	(1,227,855,031)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	575,135,777	(856,793,993)
Payable against sale of securities - net	(21,078,278)	103,306,516
Unclaimed dividend	5,716,937	6,514,044
	559,774,436	(746,973,433)
Cash generated from operations	2,815,140,217	985,592,401
12.1 Profit before tax		
Profit before tax from continuing operations	2,887,419,985	3,763,861,199
Profit before tax from discontinued operations	3,350,680	1,646,574
	2,890,770,665	3,765,507,773
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,162,780,640	2,686,038,713
Short term borrowings	(6,736,447,721)	(2,574,405,722)
	(2,573,667,081)	111,632,991

	Unaudited			
	Six months period ended		Three months period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
14. EARNINGS PER SHARE - BASIC & DILUTED				
14.1 Basic earnings per share				
Profit after tax from continuing operations attributable to ordinary shareholders	2,248,142,061	2,947,138,276	203,126,284	1,029,996,561
Profit after tax from discontinued operation attributable to ordinary shareholders	1,634,004	880,403	850,670	382,031
Weighted average number of ordinary shares	408,375,000	408,375,000	408,375,000	408,375,000
Earnings per share - continuing operations	5.51	7.22	0.50	2.52
Earnings per share - discontinued operation	0.00	0.00	0.00	0.00
14.2 Diluted earnings per share				

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 31 December 2022 and 31 December 2021 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

15. FAIR VALUE MEASUREMENT

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

16. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
Associates			
Pakarab Fertilizers Limited	Mark-up on loan	70,977,387	-
	Mark-up received	28,365,692	-
MCB-Arif Habib Savings and Investment Limited	Dividend income / received	21,664,167	59,576,459
Associated companies by virtue of common directorship and other related parties			
Aisha Steel Mills Limited	Mark-up on loan	59,047,635	11,294,666
	Mark-up received	9,948,630	8,589,238
	Loan extended	2,600,000,000	1,725,000,000
	Loan repaid	2,054,216,746	739,216,746
	Guarantee commission income	651,228	651,228
	Guarantee commission received	651,228	1,377,237
	Dividend income / received	-	58,143,232
Javedan Corporation Limited	Mark-up received	-	2,722,849
	Mark-up paid	92,981,499	17,012,778
	Loan received	750,000,000	880,000,000
	Loan repaid	-	880,000,000
	Sale of plots	-	1,446,000,000
	Dividend income	152,244,468	-
	Brokerage commission earned	-	322,500
Arif Habib Equity (Private) Limited	Brokerage commission earned	197,716	754,625

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
		(Rupees)	
Arif Habib Dolmen REIT Management Limited	Brokerage commission earned	-	516,000
Power Cement Limited	Guarantee commission income	423,840	448,625
	Guarantee commission received	423,840	613,280
	Mark-up received	16,179,794	-
Safe Mix Concrete Limited	Mark-up on loan	579,859	-
	Mark-up received	2,740,984	-
	Loan repaid	18,118,274	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	12,818,728	18,745,984
	Brokerage commission earned	284,286	190,507
Arif Habib Securities Limited - Employees Provident Fund	Company's Contribution	1,593,875	1,374,427
Arif Habib Limited - Employees Provident Fund Trust	Company's Contribution	5,366,744	4,807,416
Key management personnel			
Mr. Arif Habib (CEO of Parent Company)	Dividend paid	1,315,683,868	986,762,901
	Brokerage commission earned	2,061,341	2,493,459
Mr. Samad A. Habib (Director of Parent Company)	Brokerage commission earned	376,987	364,687
	Dividend paid	4,024	3,018
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	100,000	100,000
	Dividend paid	324,024	243,018
Mr. Sirajuddin Cassim (ex-Director of Parent Company)	Meeting fee paid	-	150,000
	Dividend paid	-	689,679
Ms. Zeba Bakhtiar (Director of Parent Company)	Meeting fee paid	100,000	100,000
	Dividend paid	400	300
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	8,312	15,234
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	484	363
Mr. Muhammad Kashif (Director of Parent Company)	Dividend paid	141,160	105,870
Mr. Khawaja Jallaluddin (Director of Parent Company)	Meeting fee paid	150,000	-
	Dividend paid	12,946,000	-
Mr. Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	53,215	160,278
	Meeting fee paid	50,000	25,000
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	4,446,557	4,509,074

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

Name of the related party	Transactions during the period	Unaudited Six months period ended	
		31 December 2022	31 December 2021
		(Rupees)	
Ms. Sharmin Shahid (Director of Subsidiary Company)	Brokerage commission earned Meeting fee paid	- 50,000	366,548 25,000
Ms. Nida Ahsan (Director of Subsidiary Company)	Brokerage commission earned Meeting fee paid	125,300 50,000	218,935 25,000
Mr. Mohsin Madni (CFO of Parent Company and Director of Subsidiary Company)	Brokerage commission earned	1,331	9,562
Mr. Muhammad Haroon (Director of Subsidiary Company)	Brokerage commission earned Meeting fee paid	160,732 50,000	265,800 25,000
Mr. Sohail Salat (Director of Subsidiary Company)	Meeting fee paid	50,000	25,000
Remuneration of chief executive officer, directors, key management personnel and executives			
Salaries and other benefits		109,704,923	116,781,087
Contribution to provident funds		3,598,751	3,461,524
Gratuity (Provision)		2,038,648	1,712,069
Balances as at:			
		(Rupees)	
Aisha Steel Mills Limited	Long term loan (LTL) Short term loan (STL) Mark-up receivable - LTL Mark-up receivable - STL Commission on guarantee receivable	120,753,895 560,000,000 11,452,819 47,594,816 325,614	134,970,641 - 9,948,630 - 325,614
Power Cement Limited	Mark-up receivable Commission on guarantee receivable	- 211,920	16,179,794 211,920
Pakarab Fertilizers Limited	Loan and advances Mark-up receivable	813,153,536 70,977,387	813,153,536 35,089,023
Safe Mix Concrete Limited	Short term Loan Mark-up receivable	- -	18,118,274 2,161,125
Javedan Corporation Limited	Advance against committed sale of investment property Receivable against sale of investment property Loan payable Mark up receivable Mark up payable Balance receivable at period end	99,085,799 5,126,734 1,550,000,000 - - 80,000	64,942,880 5,126,734 800,000,000 10,192,861 3,144,411 80,000
Rotocast Engineering Company (Private) Limited	Payable against monthly expense Contribution Prepaid rent Balance receivable	1,476,874 - - 2,803	1,093,096 746,370 4,194

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

Name of the related party	Transactions during the period	Unaudited	Audited
		31 December 2022	30 June 2022
		(Rupees)	
Arif Habib Equity (Private) Limited	Balance receivable	38,303	20,208
Arif Habib Dolmen REIT Management Limited	Trade Receivable	10,556	10,556
Key Management Personnel			
Mr. Arif Habib (CEO of the Parent Company)	Trade Receivable	31,289	51,962
Zafar Alam (Chairman of subsidiary company)	Balance payable	105,320	52,721
Muhammad Shahid Ali (CEO of Subsidiary Company)	Balance payable	20,546,874	108,175,990
Muhammad Haroon (Director of subsidiary company)	Balance payable	2,429	24,876
Sharmin Shahid (Director of subsidiary company)	Balance receivable	46,442	4,283
Nida Ahsan (Director of subsidiary company)	Balance receivable	115,021	3,158
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Balance payable	71,104	485
Samad A. Habib (Director of Parent Company)	Balance receivable	-	1,667,893
	Balance payable	199,809	-
Kashif A. Habib (Director of Parent Company)	Balance receivable	12,666	12,666
Muhammad Sohail Salat (Director of Subsidiary Company)	Balance receivable	599	599
Ahsan Mehnti (Director of Subsidiary Company)	Balance receivable	-	45,569,134

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2022

17. REPORTABLE SEGMENTS

- 17.1** The group has four reportable segments: Capital Market Operations, Brokerage, Energy Development and Others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. The energy development is principally engaged in energy development. Others includes assets of multi commodities entities.
- 17.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the annual audited consolidated financial statements for the year ended 30 June 2022. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 17.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.
- 17.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortisation and remeasurement of equity and debt instruments in profit or loss.

18. DATE OF AUTHORISATION FOR ISSUE

- 18.1** These condensed interim consolidated financial statements have been authorised for issue on 28 February 2023 by the Board of Directors of the Parent Company.



Chief Executive Officer



Director



Chief Financial Officer



Arif Habib Corp

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