

Quarterly Report March 31, 2023





**Best Securities House
in Pakistan for 2022**
Asiamoney



Roshan Digital Account
Largest market share in
Equities (27%)



Best Investment Bank 2022
Asiamoney



**Most Outstanding
Company in Pakistan**
Financial Sector 2021
Asiamoney



Best Investment Bank 2022
Domestic 2022 - Finance Asia
Awards 2022



Best Bond Advisor
The Asset Triple A
Country/Regional Awards 2021



Best Equity Advisor
The Asset Triple A Country &
Regional Awards 2021



**Best Corporate and
Institutional Advisor**
The Asset Triple A Country
& Regional Awards 2021



**Best Corporate
Finance House of the Year 2020**
CFA Society Pakistan



**Best Equity Brokerage
House of the Year 2021**
CFA Society Pakistan



**Best Economic Research
House of the Year 2021**
CFA Society Pakistan



**Best Equity Analyst
of the Year 2021**
CFA Society Pakistan



**Best Money Market Broker
(Islamic)**
Financial Market
Association of Pakistan



**Top Brokerage
House for Opening
Roshan Digital Accounts**
Central Depository Company

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COMPANY INFORMATION

Board of Directors

Mr. Zafar Alam	Chairman & Independent Director
Mr. Muhammad Shahid Ali Habib	Chief Executive Officer & Executive Director
Dr. Muhammad Sohail Salat Independent	Director
Mr. Haroon Usman Non-executive	Director
Mr. Mohsin Madni Non-executive	Director
Ms. Sharmin Shahid Non-executive	Director
Ms. Nida Ahsan Non-executive	Director

Audit Committee

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

Human Resource & Remuneration Committee

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

Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Credit Rating

JCR-VIS Credit Rating Company Limited

Management Rating

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

Bankers

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

Registrar & Share Transfer Office

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

Registered Office

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

Lahore Branch

Office Nos. G-05 & G-06, Ground Floor, LSE Plaza
19, Khayaban-e-Aiwan-e-Iqbal, Lahore
Tel: +92 (42) 3631 3710, +92 (42) 3631 3700-1,
+92 (42) 3631 3702,+92 (42) 3631 3703

Islamabad Branch

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

Peshawar Branch

Office No. F-16 & F-17, 1st Floor,
The Mall Tower,Cantt, Peshawar
Tel: +92 91 5253910-13

Faisalabad Branch

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

Multan Branch

Office No. 05, 3rd Floor,
The United Mall,
Plot No.74, Abdali Road Multan
Tel: +92 61 4514413
+ 92 61 4514412

Rahim Yar Khan Branch

Shop No. 2, Basement, Basheer Plaza,
Model Town, Rahim Yar Khan.
Tel: +92 68 2011901-9, 5870230-31

OUR VISION

Our vision is to be the most Preferred and Respected Financial Institution, renowned for our expertise in Securities Brokerage and Investment Banking services.

OUR MISSION

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



Director's Report

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the third quarter and nine months ended March 31, 2023.

Economic Review:

Pakistan's economy continued to remain under stress during the first quarter of 2023 as the completion of the IMF's 9th review faced persistent delays. The government finally decided to formally re-engage with the IMF in January as it relaxed the exchange rate regime (a key prerequisite to the resumption of staff-level discussions). As a result, IMF officials returned to the country for staff-level discussions at the end of Jan however, discussions were inconclusive with a number of pending items including bridging the external financing gap along with gas and electricity tariff hikes. The external financing gap of USD 3bn remains the last stumbling block for the SLA to be formally signed by the two sides. In order to stop FX reserves from falling further the government continued to maintain administrative measures to curb imports leading to a 49% YoY decline in the trade deficit This along with a recovery in remittances helped the current account post a surplus of USD 654mn in Mar'23 (first since Nov 2020). PKR continued to face downward pressures falling the return of the free float exchange rate regime in end Jan with 20.2% PKR depreciation in 3QFY23. Inflationary pressures also accelerated in recent months driven by a weaker exchange rate and a hike in energy prices with CPI reaching a record high of 35.4% in March. This forced the central bank to tighten monetary policy further with a 500 bp rate hike YTD to 21.0%. Economic activity has further deteriorated reflected by an 11.6% decline in LSM output in Feb (8MFY23: -5.6%). The outlook remains very uncertain, amid slow progress on the completion of the IMF's 9th review, with a further two reviews to be completed before the end of June. Moreover, political noise is expected to intensify as we get closer to the next General Elections (due in Oct).

Stock Market Performance

Nine months of the outgoing year have brought Pakistan at a challenging juncture whereby policy action has been targeted towards anchoring inflationary expectations, at the risk of contracting the economy. Lower disposal income, coupled with tighter financial conditions emanating from steep rate hikes by the State Bank, have erased the growth momentum of prior years. As the woes of the Pak Rupee continue, delays in opening of import-related LCs have hit domestic industries hard. Therefore, nervousness was set in motion regarding ongoing and forthcoming corporate earnings. In addition, catastrophic floods pushed the already struggling economy to a grimmer state. Meanwhile political polarization also kept the sentiment dull. The KSE-100 index closed at 40,001 points by the end of 9MFY23, down by 3.71% / 1,540 points YoY, whereas the USD-based return arrived at a negative 30.5% amid relentless PKR depreciation.

With the country marred with uncertainty, investors at the local bourse also appeared hesitant; average volumes shrunk by 33% to 204mn shares, while average value contracted by a massive 54% to USD 28mn YoY in 9MFY23. Sectors that were major underperformers include Miscellaneous (-44% return), Leather & Tanneries (-40%) and Automobile Parts & Accessories (-37%), while Technology (+28%), Power Generation and Distribution (+22%), and Synthetic & Rayon (+18%) were noticeable outperformers during 9MFY23.

Foreign investors remained net buyers in Pak equities, with inflows arriving at USD 7.2mn in 9MFY23. On the domestic front, selling was undertaken by Mutual Funds (USD 111mn) and Insurance companies (USD 1.0bn), whereas Companies and Banks / DFIs bought stocks worth USD 82mn and USD 60mn, respectively.

Your Company's Performance

During the period under review, your Company has posted after tax loss of PKR 152.72 million due to a loss in investment portfolio owing to deteriorating market conditions. The equity of your Company as at the balance sheet date is PKR 4.66 billion (June 2022: PKR 5.20 billion), which translates into book value per share of PKR 71.27 (June 30, 2022: PKR 79.61).

During the nine-month ended March 31, 2023, the brokerage and investment banking divisions managed to perform well despite challenging macroeconomic environment with revenues of PKR 661.74 million (9MFY23: PKR 730.85 million). We were engaged in multiple M&A advisory & debt raising transactions during the period and successfully completed one major M&A transaction and multiple debt raising transactions.

Director's Report

The short-term investment portfolio took a hit due to deteriorating market conditions, however, this was partially offset by unrealized gains on our real estate investment portfolio.

AHL is continuously working to improve its services and has invested in technology and workforce to better serve its customers which has resulted in higher fixed cost. In addition, due to rising inflationary pressures, cost of running the business have increased resulting in 16% rise in operating expenses. Finance cost of the company increased significantly and amounted to PKR 463.03 million (9MFY22: PKR 141.42 million) due to a combination of higher interest rates amid aggressive monetary tightening by the central bank as well as increased utilization of borrowing lines for some attractive investment opportunities.

During the period under review, your company has been awarded winner for Best Brokerage House, Best Corporate Finance House, Best Economic Research House, and Best Research Analyst by the CFA Society of Pakistan. AHL has become the only Stockbroking and Investment banking firm which has been awarded winner in all the house awards and also got the distinction for winning Best Corporate Finance House for 8 consecutive years. It has also been recognized as the Best Brokerage House and the Best Economic Research House for a second consecutive year.

Your Company has also continued to be recognized and awarded by leading global financial publications. These include the Best Securities House in Pakistan for 2022, Best Investment Bank 2022 & Most Outstanding Company in Pakistan - Financial Sector 2021 award by "Asia money". Further, AHL has received Best Investment Bank - Domestic 2022 award by "FinanceAsia" Country Awards 2022.

Future Prospects

The future prospects of your Company are largely dependent upon political and economic stability. Any positive developments on this front will improve the market volumes, and valuations which will attract new companies to raise equity from public markets. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the attractive market opportunities on offer.

The Management foresees activity on account of debt listings, Mergers & Acquisitions, privately placed TFCs and Sukuks as well as some activity on equity listings for which the Investment Banking Division is well equipped.

Acknowledgement

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

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

For and on behalf of the Board of Directors,



Muhammad Shahid Ali Habib
Chief Executive Officer and Director



Zafar Alam
Chairman

Karachi.

Dated: April 28, 2023

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

		(Un audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	3	71,663,331	83,978,889
Right-of-use assets	4	9,446,580	32,555,873
Intangible assets		5,924,294	6,087,502
Long term investments	5	580,745,423	80,745,423
Investment property	6	430,342,567	1,657,331,341
Long Term Advances and Deposits		7,446,744	5,904,407
		1,105,568,939	1,866,603,435
CURRENT ASSETS			
Short term investments	7	4,836,529,985	5,272,505,403
Trade debts	8	364,643,825	166,674,413
Receivable against margin financing	9	303,185,111	395,380,659
Advances, deposits and prepayments	10	26,533,789	18,334,298
Receivable against trading of securities-net		17,051,406	-
Accrued markup on margin financing		37,433,376	21,480,959
Other receivables	11	1,313,990,737	133,494,275
Investment in subsidiary held for sale	12	-	43,558,105
Cash and bank balances	13	1,147,919,290	1,068,332,991
		8,047,287,519	7,119,761,103
		9,152,856,458	8,986,364,538
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Capital			
75,000,000 (June 2022: 75,000,000) ordinary of Rs.10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital 65,340,000 (June 30, 2022: 65,340,000) ordinary shares of Rs. 10/each		653,400,000	653,400,000
Capital reserves Surplus on revaluation of property		15,432,500	15,432,500
Revenue reserves Unappropriated profits		3,988,028,476	4,532,787,684
Total equity		4,656,860,976	5,201,620,184
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liability		1,557,949	3,683,358
Deferred tax - net	14	1,122,311	26,704,649
		2,680,260	30,388,007
CURRENT LIABILITIES			
Short term borrowings- secured	15	3,079,856,887	2,431,969,618
Current portion of lease liability		2,722,327	15,894,070
Trade and other payables	16	1,200,285,320	1,120,882,467
Unclaimed dividend		21,487,677	19,164,705
Payable against trading of securities- net		-	21,078,278
Accrued Markup on Short Term Borrowings		136,430,768	75,064,344
Taxation- Net	17	52,532,243	70,302,865
		4,493,315,222	3,754,356,347
CONTINGENCIES AND COMMITMENTS			
	18		
		9,152,856,458	8,986,364,538

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	Nine Months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees	Rupees	Rupees	Rupees
Operating revenue	19	1,099,393,409	880,958,965	268,139,355	195,203,229
Realized (loss) / gain on disposal of investments		(458,051,102)	301,745,138	(189,273,164)	140,528,563
Realized gain on sale of investment property		1,255,727,634	355,500,000	1,255,727,634	-
		1,897,069,941	1,538,204,103	1,334,593,825	335,731,792
Net change in unrealized (loss) / gain on investments	20	(53,595,701)	(380,386,999)	68,166,617	(264,322,425)
Net change in unrealized gain on investment property		(1,031,352,634)	196,500,000	(1,265,052,634)	98,817,810
		812,121,606	1,354,317,104	137,707,808	170,227,177
Administrative and operating expenses	21	(458,014,414)	(412,647,899)	(149,868,580)	(125,804,623)
Other charges		(19,265,018)	(204,639)	-	-
Other operating income	23	60,191,794	58,058,912	17,188,870	28,981,750
		395,033,968	999,523,478	5,028,098	73,404,304
Finance costs	22	(463,028,444)	(117,455,199)	(141,419,629)	(41,853,205)
Profit before taxation		(67,994,476)	882,068,279	(136,391,531)	31,551,099
Taxation	24	(84,724,732)	(104,704,996)	17,110,660	(12,351,758)
Profit after taxation		(152,719,208)	777,363,283	(119,280,871)	19,199,341
(Loss) / Earning per share - basic & diluted	25	(2.34)	11.90	(1.83)	0.29

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months and quarter ended March 31, 2023 (unaudited)

	<u>Nine Months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
	———— Rupees ————		———— Rupees ————	
(Loss) / Profit after taxation	(152,719,208)	777,363,283	(119,280,871)	19,199,341
Other comprehensive income				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net Change in fair value of the investment in equity securities	-	-	-	52,629,960
Total comprehensive (loss) / income for the period	(152,719,208)	777,363,283	(119,280,871)	71,829,301

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months and quarter ended March 31, 2023 (unaudited)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of equity securities at FVOCI		
Rupees						
Balance as at June 30, 2021	594,000,000	4,358,006,084	15,432,500	27,944,785	4,401,383,369	4,995,383,369
Total comprehensive income for the nine months ended March 31, 2022						
- Profit after taxation	-	777,363,283	-	-	777,363,283	777,363,283
- Other comprehensive loss	-	-	-	-	-	-
	-	777,363,283	-	-	777,363,283	777,363,283
Gain realized on disposal of investment in ordinary shares classified as at fair value through other comprehensive income	-	41,876,245	-	(27,944,785)	13,931,460	13,931,460
Transaction with owners						
- Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
- Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
	59,400,000	(653,400,000)	-	-	(653,400,000)	(594,000,000)
Balance as at March 31, 2022	653,400,000	4,523,845,612	15,432,500	-	4,539,278,112	5,192,678,112
Balance as at June 30, 2022	653,400,000	4,532,787,684	15,432,500	-	4,548,220,184	5,201,620,184
Balance as at July 1, 2022	653,400,000	4,532,787,684	15,432,500	-	4,548,220,184	5,201,620,184
Total comprehensive income for the nine months ended March 31, 2023	-	(152,719,208)	-	-	(152,719,208)	(152,719,208)
Cash dividend paid @ 60% for the year ended June 30, 2022	-	(392,040,000)	-	-	(392,040,000)	(392,040,000)
Balance as at March 31, 2023	653,400,000	3,988,028,476	15,432,500	-	4,003,460,976	4,656,860,976

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	March 31, 2022
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(67,994,476)	882,068,279
Adjustments for:		
Depreciation on property and equipment	21 12,718,288	12,910,353
Depreciation on right-of-use-asset	21 21,967,930	12,793,270
Amortization of intangible asset	21 163,208	236,132
Gain on Termination of lease	23 (229,512)	-
Gain on disposal of investment property	(1,255,727,634)	(355,500,000)
(Gain) / Loss on re-measurement of short term investments	20 53,595,701	-
(Gain) / Loss on sale of short term investment	458,051,102	-
Loss / (gain) on re-measurement of long term investments	-	11,121,098
Provision for expected credit losses	19,265,018	204,639
Unrealized gain on re-measurement of investment property	1,031,352,634	(196,500,000)
Mark up on reverse repo transactions	23 (6,441,240)	(22,130,717)
Reversal of Impairment Loss	(6,441,895)	-
Dividend income on investment in equity securities	19 (209,477,783)	-
Profit on savings accounts maintained with banks	23 (43,384,228)	(33,416,205)
Finance costs	22 463,028,444	117,455,199
	538,440,033	(452,826,231)
Cash generated from operating activities before working capital changes	470,445,557	429,242,048
Effect on cash flow due to working capital changes (Increase)/decrease in current assets		
Short-term investments - net	(75,671,385)	(2,021,719,524)
Trade debts - consider good	(197,969,412)	(151,426,954)
Receivable against margin financing	92,195,548	(94,234,652)
Receivable against sale of securities-net	(17,051,406)	-
Deposits and short-term prepayments	(8,199,491)	4,251,016
Accrued markup on margin financing	(15,952,417)	(9,934,325)
Loan to related party	-	(280,301,710)
Other receivables	(31,053,873)	79,077,754
Increase/(decrease) in current liabilities		
Trade and other payables	79,402,853	(753,353,575)
Payable against trading of securities- net	(21,078,278)	(46,726,221)
	(195,377,861)	(3,274,368,191)
Cash used in operations	275,067,696	(2,845,126,143)
Taxes paid	(128,077,692)	(215,026,158)
Finance costs paid	(399,496,000)	(98,974,183)
Net cash used in operating activities	(252,505,996)	(3,159,126,484)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(402,730)	(22,706,909)
Expenditure on investment property - net	(181,211,226)	-
Proceeds from disposal of investment property	503,500,000	1,419,000,000
Proceeds from disposal of subsidiary	50,000,000	-
Investment in Subsidiary	(500,000,000)	-
Dividends received	209,477,783	-
Interest received on savings accounts maintained with banks	10,192,861	39,498,385
Long term deposits - net	(1,542,337)	(57,070,000)
Net cash used in investing activities	90,014,351	1,378,721,476
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease Rentals against finance lease liability	(16,092,297)	(19,377,206)
Dividend paid	(389,717,028)	(589,657,680)
Net cash used in financing activities	(405,809,325)	(609,034,886)
Net (decrease) in cash and cash equivalents	(568,300,970)	(2,389,439,894)
Cash and cash equivalents at the beginning of the year	(1,363,636,627)	1,304,729,121
Cash and cash equivalents at the end of the year	26 (1,931,937,597)	(1,084,710,773)

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 72.92% shares (June, 30 2022: 63.01% shares) of the Company.

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

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

- Karachi	Head office (Registered office)	Arif Habib Centre, 23 M.T. Khan Road, Karachi
- Lahore	Regional office	Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore
- Islamabad	Regional office	Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad
- Peshawar	Regional office	Office No. F-16 & F-17, 1st Floor, The Mall Tower, Cantt, Peshawar
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-Noor City.
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan

1.4 The Company has following wholly owned subsidiaries:

	Holding %
- Rayaan Commodities (Private) Limited	100%
- Rahat Residency REIT	100%

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022.

2.2 Basis of measurement of items in these interim financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Judgments and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2022.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
3. PROPERTY AND EQUIPMENT	Note	_____ Rupees _____	
Owned assets	3.1	<u>71,663,331</u>	<u>83,978,889</u>

- 3.1** During the period ended March 31, 2023, additions made amounting to Rs. 0.4 million (30 June 2022: Rs. 21.85 million) which comprised of office equipment and computer and allied items. However, no disposals were made during the period.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
4. RIGHT-OF-USE-ASSETS			
Opening net book value/cost		32,555,873	27,657,325
Add: Addition during the period / year		-	26,785,352
Less: Disposal during the period / year		1,141,363	
		<u>31,414,510</u>	<u>54,442,677</u>
Less: Depreciation charged during the period / year		(21,967,930)	(21,886,804)
Closing net book value	4.1	<u><u>9,446,580</u></u>	<u><u>32,555,873</u></u>

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City
Lease agreement date	July 01, 2022	March 01, 2019	October 10, 2020
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020
Initial contractual term of the lease	1 year	5 years	5 years
Availability of extension option?	No	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years

	Note	(Un-audited) March 31, 2022	(Audited) June 30, 2022
		Rupees	
5. LONG TERM INVESTMENTS - unquoted			
Investment in subsidiaries	5.1	538,000,000	38,000,000
Investment in other entities	5.2	42,745,423	42,745,423
		<u>580,745,423</u>	<u>80,745,423</u>
5.1 Investment in subsidiaries - at cost less accumulated impairment			
Rayaan Commodities (Private) Limited - cost		38,000,000	38,000,000
Rahat Residency REIT - cost		500,000,000	-
		<u>538,000,000</u>	<u>38,000,000</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

5.1.1 This represents the investment in 50,000,000 units of M/s. Rahat Residency REIT, a wholly owned subsidiary of Arif Habib Limited. Rahat Residency REIT (Scheme) was established under Trust Deed, dated 24 June 2022, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the Real Estate Investment Trust Regulations, 2022 (REIT Regulations, 2022), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (SECP). The Scheme is a limited life (5 years), Closed-end, Shariah Compliant, Developmental REIT.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
5.2	Investment in other entities - at fair value through profit or loss		
	ISE Towers REIT Management Company Limited	27,493,503	27,493,503
	LSE Financial Services Limited	15,251,920	15,251,920
		<u>42,745,423</u>	<u>42,745,423</u>

5.2.1 This represents the investment in 3,034,604 (June 2022: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (June 2022: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
6.	INVESTMENT PROPERTY		
	Open plots of land / offices - at fair value	181,593,553	1,592,388,461
	Residential flats under construction - at cost	248,749,014	64,942,880
		<u>430,342,567</u>	<u>1,657,331,341</u>
6.1	Open plots of land / offices - at fair value		
	Opening carrying amount (at fair value)	1,592,388,461	1,968,800,000
	Realized gain on disposal	1,258,227,634	940,000,000
		<u>2,850,616,095</u>	<u>2,908,800,000</u>
	Sale during the year	(1,635,075,000)	(1,410,000,000)
	Reversals during the year	(15,552,128)	-
	Development charges incurred during the period / year (subsequent expenditure)	12,957,220	22,375,601
		<u>(1,637,669,908)</u>	<u>(1,387,624,399)</u>
		1,212,946,187	1,521,175,601
	Net change in unrealized gain during the year	<u>(1,031,352,634)</u>	71,212,860
	Closing carrying amount	<u>181,593,553</u>	<u>1,592,388,461</u>

6.1.1 Open plots of land / offices comprise of the following:

Open plots of land: 8 residential and 5 commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

Offices: Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 113, 203, 409 situated in the Lahore Stock Exchange - South Tower.

6.1.2 During the period, the Company sold its 5 commercial plots situated at Naya Nazimabad to REIT Scheme, namely RAHAT RESIDENCY REIT, at a total sale consideration of PKR 1,629,075,000. The consideration will be received partially in the form of cash and remaining in the form of REIT Units.

6.1.3 This represents a cheque payment made to Kings Real estate in the prior period, with the intention of involving it, in the development cost to be incurred on company's investment property. However, subsequently to the issuance of cheque, company decided against the said development work, and accordingly, development work is reversed with the said amount of Rs. 15.52 million.

6.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments made to M/s. Javedan Corporation Limited, a related party, in respect of the purchase of 20 residential flats in Global Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Total agreed purchase consideration of these flats amounts to Rs. 377 million which is to be settled in 55 unequal installments of varying frequency.

Since, the flats are presently under construction, their fair value cannot be reliably measured. As a result, the Company has elected to measure such investment at cost.

For financial commitment relating to the above referred periodic payments yet to be made to M/s. Javedan Corporation Limited, please refer note 20.2 to these unconsolidated financial statements.

7. SHORT TERM INVESTMENTS	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
At fair value through profit or loss			
Quoted equity securities	7.1	3,095,087,490	4,250,803,109
Quoted debt securities	7.2	91,442,495	71,702,294
Un-quoted debt securities	7.3	1,650,000,000	950,000,000.00
		1,741,442,495	1,021,702,294
		4,836,529,985	5,272,505,403
7.1 Investment in quoted equity securities			
Cost of investment		3,567,342,535	4,668,469,985
Unrealised loss:			
Balance at start of the period / year		(417,666,876)	34,796,222
Unrealised loss for the period		(54,588,169)	(452,463,098)
		(472,255,045)	(417,666,876)
Balance at the end of period / year		3,095,087,490	4,250,803,109

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
7.2 Investment in quoted debt securities	Note		
Cost of investment		91,055,841	72,312,491
Unrealised gain / (loss) :			
Balance as at July 01		(610,197)	(1,454,664)
Unrealised gain for the period		996,851	844,467
		386,654	(610,197)
Balance as at March 31	7.2.1	91,442,495	71,702,294

7.2.1 These represent the investments in Term Finance (TFC) & Sukuk Certificates made under Market Making arrangements. The Company has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Company has to maintain minimum inventory of TFCs & Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 2.25%, 6 month KIBOR + 0.50% to 2.25% (June 30, 2022: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
7.3 Investment in unquoted debt securities	Note		
Investment in unquoted TFCs	7.3.1	1,600,000,000	950,000,000
Investment in unquoted Sukuks	7.3.2	50,000,000	-
		1,650,000,000	950,000,000

7.3.1 This represents the investment in Term Finance Certificates (TFCs) of Bank of Punjab (BOP) and Bank Alfalah Limited. These TFCs have been issued as redeemable capital and carry interest at the rate of 6 month average KIBOR + 2% to 2.5% per annum payable semi-annually (June 30, 2022: 6 month average KIBOR + 2% to 2.5% per annum payable semi-annually).

7.3.2 This represents the investment in Sukuks. These Sukuks have been issued by the K-Electric Limited (KE) as redeemable capital, and carry interest at the rate of 3 month average KIBOR + 1.7% per annum (quarterly).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
8. TRADE DEBTS			
Gross receivables			
Equity brokerage - secured	8.1	1,146,917,460	971,396,924
Inter bank brokerage - unsecured		28,795,786	24,665,198
Advisory and consultancy fee - unsecured		140,674,949	103,187,373
		<u>1,316,388,195</u>	<u>1,099,249,495</u>
Less: Provision for expected credit losses			
Equity brokerage - secured		(890,718,542)	(871,814,071)
Inter bank brokerage - unsecured		(2,719,747)	(2,454,930)
Advisory and consultancy fee - unsecured	8.2	(951,744,370)	(932,575,082)
		<u>364,643,825</u>	<u>166,674,413</u>

8.1 Gross receivables - Equity brokerage

8.1.1 These receivables include Rs. 1.519 million (June 30, 2022 : Rs. 1.9 million) due from the related parties. The maximum aggregate amount outstanding during the period from such parties (with reference to month-end balances) amounted to Rs. 467.5 million (June 30, 2022: Rs. 551.82 million).

8.1.2 The Company holds capital securities having fair value of Rs. 76,825 million (June 30, 2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
8.2 Movement in provision for expected credit losses			
Balance at the beginning of the period / year		932,575,082	922,272,883
Charge for the period / year		169,087	10,302,199
Balance at the end of the period / year		<u>932,744,169</u>	<u>932,575,082</u>
9. RECEIVABLE AGAINST MARGIN FINANCING			
Considered good		303,185,111	395,380,659
Considered doubtful		1,917,749	1,917,749
	9.1	<u>305,102,860</u>	<u>397,298,408</u>
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		<u>303,185,111</u>	<u>395,380,659</u>

9.1 Margin financing facility is provided to clients on markup basis ranging from 10.00% to 27.00% (June 30, 2022:15.00% to 23.00%) per annum.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
10. ADVANCES, DEPOSITS AND PREPAYMENTS	Note	— Rupees —	
Advances			
Advance to consultant	10.1	4,069,760	4,069,760
Advance against expenses		3,393,201	3,092,021
Advance against salary		2,099,450	1,439,002
		<u>9,562,410</u>	<u>8,600,783</u>
Trade deposits of Pakistan Limited (NCCPL)	10.2	13,063,901	8,629,396
Prepayments			
Insurance		3,907,480	1,104,119
		<u>26,533,789</u>	<u>18,334,298</u>

10.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

10.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
11. OTHER RECEIVABLES	Note	— Rupees —	
Receivable from Javedan Corporation Limited - a related party:			
- Proceeds from sale of investment property		5,126,734	5,126,734
- Mark-up on loan		-	10,192,861
		<u>5,126,734</u>	<u>15,319,595</u>
Receivable from Rahat Residency REIT - a wholly owned subsidiary:			
- Units receivable as proceeds from sale of investment property to REIT Scheme		325,000,000	-
- Amount Receivable as proceeds from sale of investment property to REIT Scheme		804,075,000	-
		<u>1,129,075,000</u>	
Receivable against reverse repo arrangements		103,645,860	115,089,608
Others	11.1	76,143,143	3,085,072
		<u>1,313,990,737</u>	<u>133,494,275</u>

11.1 It represents receivable against profit on saving accounts maintained by the Company, and the return on TFCs.

12. INVESTMENT IN SUBSIDIARY HELD FOR SALE

Investment classified as held for sale, as reported in note 15 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2022, was disposed off during the period after obtaining the required approval, for the sale, as per the provision of section 183 of the Companies Act 2017, in the Arif Habib Limited's 18th Annual general meeting, held on October 15, 2022.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
13. CASH AND BANK BALANCES	Note		
Cash in hand		695,707	687,720
Cash held in central depository company		6,736,377	4,244,693
Cash at bank			
- current accounts		175,794,938	143,083,273
- savings accounts	13.1	964,692,268	920,317,305
	13.2	1,140,487,206	1,063,400,578
		<u>1,147,919,290</u>	<u>1,068,332,991</u>

13.1 The return on these balances is 7% to 18% (June 30, 2022: 6% to 14%) per annum on daily product basis.

13.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 1,002.41 million (June 30, 2022: Rs.986.95 million).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
14. DEFERRED TAX - net	Note		
Deferred tax liability in respect of:			
- Capital loss on short term investments	14.1	-	-
- Other temporary differences	14.2	1,122,311	26,704,649
		<u>1,122,311</u>	<u>26,704,649</u>

14.1 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 58.983 million has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 471.868 million because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
14.2 Deferred tax in respect of other temporary differences	Note		
Deferred tax liabilities recognized	14.2.1	8,961,040	44,347,288
Deferred tax asset recognized	14.2.2	(7,838,729)	(17,642,639)
		<u>1,122,311</u>	<u>26,704,649</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
14.2.1 Deferred tax liabilities			
Accelerated depreciation		6,221,532	9,122,269
Right-of-use assets		2,739,508	9,441,203
Investment property		-	25,783,816
		8,961,040	44,347,288
14.2.2 Deferred tax assets			
Intangible assets		6,830,777	6,815,000
Long term investment		-	4,594,038
Provision for doubtful debts and other receivables		556,147	556,147
Lease liability		451,805	5,677,454
Deferred tax assets available for recognition		7,838,729	17,642,639
Deferred tax assets actually recognized		7,838,729	17,642,639
Unrecognized deferred tax assets		-	-
Total deferred tax asset position		7,838,729	17,642,639
15. SHORT TERM BORROWINGS			
From banking companies			
- Running finance	15.1	1,529,856,887	1,631,969,618
From related parties			
- Financing facility from Javedan Corporation Limited	15.2	1,550,000,000	800,000,000
- Financing facility from the Sponsor	15.3	-	-
		1,550,000,000	800,000,000
		3,079,856,887	2,431,969,618

15.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,750 million (June 30, 2022: Rs. 6,250 million). These facilities have various maturity dates up to September 30, 2024 (June 30, 2022: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 30, 2022: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

15.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at March 31, 2023 amounted to Rs. 6,200.93 million (June 30, 2022: Rs. 6,612.99 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	March 31, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	111,850,000	3,517,116,000	123,850,000	4,681,530,000
House	85,745,500	2,683,820,860	66,927,500	1,931,461,325
Total	197,595,500	6,200,936,860	190,777,500	6,612,991,325

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	
15.2 Financing facility from Javedan Corporation Limited - unsecured		
Opening balance	800,000,000	-
Add: Finance obtained during the period / year	750,000,000	1,780,000,000
Less: Repayments made during the period / year	-	(980,000,000)
Closing balance	<u>1,550,000,000</u>	<u>800,000,000</u>

15.2.1 During the period, the Company obtained an unsecured financing facility of Rs. 750 million from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	
15.3 Financing facility from the Sponsor		
Opening balance	-	-
Add: Finance obtained during the period / year	2,112,700,000	650,000,000
Less: Repayments made during the period / year	(2,112,700,000)	(650,000,000)
Closing balance	<u>-</u>	<u>-</u>

15.3.1 During the year, company obtained financing facility of Rs. 2.112 billion from sponsor Mr. Arif Habib, as a short term , unsecured, subordinated loan, which is payable on demand. It carried interest at the rate of 3 month KIBOR + 1% on the balance payable at the time of demand of principal payment. During the period, Loan amounted to Rs. 1.7 billion has been repaid on demand.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
16. TRADE AND OTHER PAYABLES	Note		
Creditors	16.1	1,002,410,819	952,177,136
Commission payable	16.2	51,958,556	28,573,207
Accrued expenses		21,859,720	23,692,633
Advance from customers		-	4,252,568
Withholding tax payable		70,694,927	33,155,905
Sindh sales tax and federal excise duty payable		4,667,429	17,202,489
Advance against committed sale of investment property		25,510,555	22,243,725
Payable against reverse repo transaction		17,629,267	33,629,267
Other liabilities		5,554,047	5,955,537
		<u>1,200,285,320</u>	<u>1,120,882,467</u>

16.1 This includes Rs. 39.144 million (June 30, 2022: Rs. 109.45 million) payable to related parties.

16.2 This includes Rs. 20.584 million (June 30, 2022: Rs. 23.9 million) payable to related parties.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
17. TAXATION - net			
Income tax payable	17.1	103,316,956	121,085,623
Income tax refundable		(50,784,713)	(50,782,758)
		52,532,243	70,302,865

- 17.1** This includes provision for super tax amounting to Rs. 104.19 million (2022: Rs. 86.936 million). There has been no change in the status of the super tax as disclosed in note 22.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2022, except for the following:

The Company filed D-7228/2022 pertaining to "Super Tax" u/s 4c for the tax year 2022 on November 24, 2022, which was heard by the high court of Sindh. The High Court of Sindh directed petitioner(company) to secure the said super tax u/s 4c by furnishing bank guarantee / pay order / cheques within 7 days of the order dated 28th November, 2022. Also, the high court directed the tax department to allow furnishing of the tax returns of tax year 2022 excluding the said super tax u/s 4c liability, and also restricted against any coercive measure until the hearing is completed.

As at the reporting date, the case is pending with the high court of Sindh, and the same is confirmed by the company's legal advisor.

18. CONTINGENCY AND COMMITMENTS

18.1 Contingency

There has been no change in the status of the contingent liability as reported in note 23.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2022.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
18.2 Commitments			
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading contracts		212,075,022	372,222,968
- Outstanding settlements against sale / purchase of securities in regular market		289,545,188	277,978,515
- Financial guarantees given by commercial banks on behalf of the Company		750,000,000	750,000,000
- Against purchase of investment property		92,200,014	312,057,120
- Against development cost of investment property		-	110,034,327

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
		Rupees	
19. OPERATING REVENUE			
Equity brokerage revenue	30.2	273,772,203	324,065,425
Inter bank brokerage revenue	30.2	93,839,610	74,240,271
Advisory and consultancy fee		294,132,522	332,541,724
Markup on margin financing		39,174,985	38,315,019
Dividend income on investment in equity securities		209,477,783	104,261,045
Markup on corporate debt securities		188,996,306	7,535,481
		<u>1,099,393,409</u>	<u>880,958,965</u>
20. NET CHANGE IN UNREALIZED LOSS ON INVESTMENTS			
Long term investments		-	(11,121,098)
Short term investments	7.1 & 7.2	(53,595,701)	(369,265,901)
		<u>(53,595,701)</u>	<u>(380,386,999)</u>
21. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits	21.1	253,076,682	220,044,717
Motor vehicle and travelling expense		37,405,787	36,183,053
Building maintenance		32,021,839	18,845,212
Depreciation on right-of-use assets		21,967,930	12,793,270
Man power services	21.2	18,892,644	17,500,000
Communication		17,122,430	15,827,970
CDC and clearing house charges		17,721,326	21,443,134
Depreciation on property and equipment		12,718,288	12,910,353
Fees and subscription		10,423,597	6,227,326
Insurance		7,606,011	9,206,642
Legal and professional charges		6,950,874	10,083,745
Donation		3,182,000	-
Others		3,863,956	3,486,077
Repairs and maintenance		3,787,656	7,930,304
Conveyance and meals		3,416,104	438,919
Business representation		4,244,928	3,992,929
Meeting expenses		1,200,000	200,000
Printing and stationery		850,753	4,723,072
Rent, rates and taxes		544,591	8,538,477
Auditors' remuneration		400,000	657,211
Advertisement and business promotion		453,810	1,008,617
Amortization on intangible assets		163,208	236,132
Write off of trade receivables		-	370,739
		<u>458,014,414</u>	<u>412,647,899</u>
21.1 Salaries and other benefits			
Salaries and other benefits		141,352,741	136,871,923
Commission		111,723,941	83,172,794
		<u>253,076,682</u>	<u>220,044,717</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

21.2 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	Rupees	
22. FINANCE COSTS			
Markup on short term borrowings	22.1	445,332,807	98,871,943
Other finance costs	22.2	17,695,637	18,583,256
		<u>463,028,444</u>	<u>117,455,199</u>
22.1 Markup on short term borrowings			
Markup on borrowing from banking companies		264,554,123	78,759,444
Markup on borrowing from related parties:			
- M/s. Javedan Corporation Limited		164,853,038	17,012,778
- M/s. Arif Habib Corporation Limited		-	3,099,721
- Mr. Arif Habib		15,925,646	-
		<u>180,778,684</u>	<u>20,112,499</u>
		<u>445,332,807</u>	<u>98,871,943</u>
22.2 Other finance costs			
Finance cost on lease liability		2,166,020	2,276,689
Markup on MTS securities		1,370,687	2,787,628
Bank charges		11,966,321	11,234,267
Guarantee charges to Arif Habib Corporation		2,192,609	2,284,672
		<u>17,695,637</u>	<u>18,583,256</u>
23. OTHER INCOME			
Markup on reverse repo transaction		6,441,240	22,130,717
Profit on savings accounts		43,384,228	33,416,205
Reversal of Impairment Loss		6,441,895	-
Profit on exposure deposit		3,599,189	2,210,280
Gain on termination of lease		229,512	-
Other Income		95,730	301,710
		<u>60,191,794</u>	<u>58,058,912</u>
24. TAXATION			
Current tax			
- for the year		107,340,559	118,251,939
- for prior year		2,966,511	(8,226,535)
		<u>110,307,070</u>	<u>110,025,404</u>
Deferred		(25,582,338)	(5,320,408)
		<u>84,724,732</u>	<u>104,704,996</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
25. EARNINGS PER SHARE	Rupees	
25.1 Basic earnings per share	Rupees	
Profit after taxation attributable to ordinary shareholders	<u>(152,719,208)</u>	<u>777,363,283</u>
Weighted average number of ordinary shares outstanding during the period	Number	
	<u>65,340,000</u>	<u>65,340,000</u>
	Rupees	
Earnings per share - basic	<u>(2.34)</u>	<u>11.90</u>

25.2 Diluted earnings per share

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

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
26. CASH AND CASH EQUIVALENTS	Rupees	
Cash and bank balances	<u>1,147,919,290</u>	<u>989,531,790</u>
Short term borrowings	<u>(3,079,856,887)</u>	<u>(2,074,242,563)</u>
	<u>(1,931,937,597)</u>	<u>(1,084,710,773)</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

27. RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party, relationship with company and Nature of Transaction	Period Ended	
	March 31, 2023	March 31, 2022
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	3,184,849	4,629,654
Guarantee Commission	2,192,609	2,284,672
Mark-up on loan paid / payable	-	3,099,721
Loan received	-	650,000,000
Loan repaid	-	650,000,000
<u>SUBSIDIARY</u>		
Rayaan Commodities (Private) Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	233,752	306,783
Rahat Residency REIT - cost		
Units received	500,000,000	-
Capital gain on sale of investment property	1,258,227,634	-
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
Sale of plots	-	1,446,000,000
Mark-up on loan paid / payable	164,853,038	17,012,778
Loan extended	-	280,000,000
Loan received	750,000,000	880,000,000
Loan repaid	-	880,000,000
Brokerage commission earned during the period on sale and purchase of securities	86,918	322,500
Mark-up on loan paid	-	17,012,778
Arif Habib Dolmen REIT Management Ltd.		
Brokerage Commission earned during the period on sale and purchase of Securities	-	516,000
Advisory and Consultancy fee earned	5,000,000	-
Arif Habib Equity (Pvt) Ltd.		
Brokerage Commission earned during the period on sale and purchase of Securities	197,716	754,625
Rotocast Engineering Co. (Pvt) Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	284,286	246,007

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Period Ended	
	March 31, 2023	June 30, 2022
	Rupees	
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
Brokerage Commission earned during the period on sale and purchase of Securities	75,941	164,692
Meeting Fee Paid	100,000	50,000
Muhammad Shahid Ali (CEO)		
Brokerage Commission earned during the period on sale and purchase of Securities	7,789,494	6,579,740
Muhammad Haroon (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	248,422	358,815
Meeting Fee Paid	100,000	50,000
Muhammad Sohail Salat (Director)		
Meeting Fee Paid	100,000	50,000
Sharmin Shahid (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	-	679,550
Meeting Fee Paid	100,000	50,000
Nida Ahsan (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	631,778	608,239
Meeting Fee Paid	100,000	50,000
Mohsin Madni (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	13,713	9,780
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of Securities	2,244,391	4,471,829
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of Securities	663,932	418,300
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
Provident fund trust - Contribution paid during the period	7,939,555	7,737,645

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	June 30, 2022
	Rupees	
Balances with related parties at the end of the period are as follows:		
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Balance Receivable at period end	40,031	97,724
Guarantee Commission Payable	688,307	904,262
<u>SUBSIDIARY</u>		
Rayaan Commodities (Private) Limited		
Advance against sale of investment	17,250,030	13,500,000
Advance against equity	2,000,000	2,000,000
Balance payable at period end	1,815,109	1,253,071
Advances	739,475	256,275
Rahat Residency REIT - cost		
Receivable against sale of investment	1,129,075,000	-
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
Balance receivable at period end	403,199	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	1,550,000,000	800,000,000
Mark-up receivable	-	10,192,861
Mark-up payable	71,660,959	3,144,411
Arif Habib Dolmen REIT Management Ltd.		
Balance receivable at period end	-	10,556
Balance payable at period end	44	-
<u>OTHER RELATED PARTIES</u>		
Rotucast Engineering Co. (Pvt) Limited		
Prepaid rent	6,953,888	746,370
Balance receivable at period end	8,281	4,194
Arif Habib Equity (Pvt) Ltd.		
Balance receivable at period end	98,672	20,208
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
Balance payable at period end	2,453	52,721
Meeting fee payable	50,000	25,000
Muhammad Shahid Ali (CEO)		
Balance payable at period end	35,429,745	108,175,990

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	June 30, 2022
	Rupees	
Sharmin Shahid (Director)		
Balance receivable at period end	51,678	4,283
Meeting fee payable	50,000	25,000
Nida Ahsan (Director)		
Balance receivable at period end	-	7,928
Balance payable at period end	1,922,776	-
Meeting fee payable	50,000	25,000
Muhammad Haroon (Director)		
Balance payable at period end	907	24,876
Meeting fee payable	50,000	25,000
Muhammad Sohail Salat (Director)		
Meeting fee payable	50,000	25,000
Balance receivable at period end	1,199	599
Mohsin Madni (Director)		
Balance payable at period end	36,959	485
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Arif Habib		
Balance receivable at period end	54,228	51,962
Abdus Samad A. Habib		
Balance receivable at period end	849,832	1,667,893
Muhammad Kashif A. Habib		
Balance receivable at period end	12,666	12,666

28. FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. 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).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

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

	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
As on March 31, 2023				
Financial assets measured at fair value				
Short term investments	4,836,529,985	-	-	4,836,529,985
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	181,593,553	-	181,593,553
As on June 30, 2022				
Financial assets measured at fair value				
Short term investments	5,272,505,403	-	-	5,272,505,403
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	1,592,388,461	-	1,592,388,461

29. OPERATING SEGMENT

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

All non current assets of the Company as at March 31, 2023 were located in Pakistan.

30. CORRESPONDING FIGURES

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

Reclassified from component	Reclassified to component	Amount (Rupees)
Brokerage and operating revenue (Operating revenue)	Inter bank brokerage revenue (Operating revenue)	<u>93,839,610</u>

31. GENERAL

31.3 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 28, 2023.

31.4 Level of rounding

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

		(Un audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	3	73,071,888	85,465,988
Right-of-use assets	4	9,446,580	32,555,873
Intangible assets		6,924,294	7,087,502
Long term investments	5	42,745,423	42,745,423
Investment property	6	430,342,567	1,657,331,341
Long Term Advances and Deposits		14,453,949	15,411,612
		576,984,701	1,840,597,739
CURRENT ASSETS			
Short term investments	7	4,836,529,985	5,272,505,402
Trade debts	8	364,643,824	166,138,218
Receivable against margin financing	9	303,185,111	395,380,659
Inventory Property RARR		1,568,295,467	-
Receivable under margin trading system		9,831,053	9,233,629
Advances, deposits and prepayments	10	95,286,645	65,701,568
Receivable against trading of securities-net		17,051,406	-
Accrued markup on margin financing		37,433,376	21,480,959
Other receivables	11	185,398,877	133,631,775
Investment in subsidiary held for sale		-	49,675,292
Deferred tax - net	14	7,978,689	-
Cash and bank balances	13	1,201,023,476	1,074,709,602
		8,626,657,909	7,188,457,104
		9,203,642,610	9,029,054,843
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Capital			
75,000,000 (June 2022: 75,000,000) ordinary shares of Rs.10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		653,400,000	653,400,000
65,340,000 (June 30, 2022: 65,340,000) ordinary shares of Rs. 10/each			
Capital reserves			
Surplus on revaluation of property		15,432,500	15,432,500
Revenue reserves			
Unappropriated profits		3,796,216,872	4,588,393,074
Total equity		4,465,049,372	5,257,225,574
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liability		1,557,949	3,683,359
Deferred tax - net	14	-	26,704,649
		1,557,949	30,388,008
CURRENT LIABILITIES			
Short term borrowings- secured	15	3,079,856,887	2,431,969,617
Current portion of lease liability		2,722,327	15,894,070
Trade and other payables	16	1,443,664,249	1,106,948,164
Unclaimed dividend		21,487,677	19,164,706
Payable against trading of securities- net		-	21,078,278
Liabilities directly associated with the assets held for sale		-	619,347
Accrued Markup on Short Term Borrowings		136,430,768	75,064,344
Taxation- Net	17	52,873,381	70,702,735
		4,737,035,289	3,741,441,261
CONTINGENCIES AND COMMITMENTS			
	18		
		9,203,642,610	9,029,054,843

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	Nine months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees		Rupees	
Operating revenue	19	1,127,514,241	903,397,021	273,666,826	201,037,293
Realized (loss) / gain on disposal of investments		(458,051,102)	301,745,138	(189,273,164)	140,528,563
Realized (loss) / gain on sale of investment property		(2,500,000)	355,500,000	(2,500,000)	-
		666,963,139	1,560,642,159	81,893,662	341,565,856
Net change in unrealized (loss) / gain on investments	20	(53,595,701)	(380,386,999)	68,166,617	(264,322,425)
Net change in unrealized gain on investment property		-	196,500,000	(233,700,000)	98,817,810
		613,367,438	1,376,755,160	(83,639,721)	176,061,241
Administrative and operating expenses	21	(521,039,749)	(427,672,922)	(198,912,759)	(131,368,950)
Other charges		(19,265,018)	(204,639)	-	-
Other operating income	23	62,429,700	59,845,987	16,387,351	31,628,849
		135,492,371	1,008,723,586	(266,165,129)	76,321,140
Finance costs	22	(463,041,258)	(117,455,199)	(141,424,093)	(41,853,205)
Profit before taxation		(327,548,887)	891,268,387	(407,589,222)	34,467,935
Taxation	24	(76,031,373)	(106,102,771)	27,282,824	(12,520,994)
Profit after tax from continuing operations		(403,580,260)	785,165,616	(380,306,398)	21,946,941
Discontinued operations					
Profit for the period from discontinued operations - net of tax	12	944,056	2,016,855	944,056	748,993
Profit after taxation		(402,636,204)	787,182,471	(379,362,342)	22,695,934
Earnings per share - basic and diluted					
From continuing operations		(6.18)	12.02	(5.82)	0.34
From discontinued operations		0.01	0.03	0.01	0.01
	25	(6.16)	12.05	(5.81)	0.35

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months and quarter ended March 31, 2023 (unaudited)

	<u>Nine Months ended</u>		<u>Quarter ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2022</u>	<u>March 31, 2022</u>	<u>March 31, 2022</u>
	————— Rupees —————		————— Rupees —————	
(Loss) / Profit after taxation	(400,136,202)	787,182,471	(376,862,340)	23,963,796
Other comprehensive income				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net Change in fair value of the investment in equity securities	-	-	-	52,629,960
Total comprehensive (loss) / income for the period	(400,136,202)	787,182,471	(376,862,340)	76,593,756

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months and quarter ended March 31, 2023 (unaudited)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of equity securities at FVOCI		
Balance as at June 30, 2021	594,000,000	4,413,860,019	15,432,500	27,944,785	4,457,237,304	5,051,237,304
Total comprehensive income for the nine months ended March 31, 2022						
- Profit after taxation	-	787,182,471	-	-	787,182,471	787,182,471
- Other comprehensive loss	-	-	-	-	-	-
	-	787,182,471	-	-	787,182,471	787,182,471
Gain realized on disposal of investment in ordinary shares classified as at fair value through other comprehensive income	-	41,876,245	-	(27,944,785)	13,931,460	13,931,460
Transaction with owners						
- Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
- Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
	59,400,000	(653,400,000)	-	-	(653,400,000)	(594,000,000)
Balance as at March 31, 2022	653,400,000	4,589,518,735	15,432,500	-	4,604,951,235	5,258,351,235
Balance as at June 30, 2022	653,400,000	4,588,393,074	15,432,500	-	4,603,825,574	5,257,225,574
Balance as at July 1, 2022	653,400,000	4,588,393,074	15,432,500	-	4,603,825,574	5,257,225,574
Total comprehensive income for the nine months ended March 31, 2023	-	(400,136,202)	-	-	(400,136,202)	(400,136,202)
Cash dividend paid @ 60% for the year ended June 30, 2022	-	(392,040,000)	-	-	(392,040,000)	(392,040,000)
Balance as at March 31, 2023	653,400,000	3,796,216,872	15,432,500	-	3,811,649,372	4,465,049,372

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	March 31, 2022
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax from continuing operations	(318,606,992)	891,268,387
Profit after tax from discontinued operations	(4,728,488)	2,619,292
Profit before taxation	(323,335,480)	893,887,679
Adjustments for:		
Depreciation on property and equipment	21 13,068,837	13,121,111
Depreciation on right-of-use-asset	21 21,967,930	12,793,270
Amortization of intangible asset	21 163,208	236,132
Gain on Termination of lease	23 (229,512)	-
Gain on disposal of investment property	-	(355,500,000)
(Gain) / Loss on re-measurement of short term investments	20 53,595,701	-
(Gain) / Loss on sale of short term investment	458,051,102	-
Loss / (gain) on re-measurement of long term investments	-	11,121,098
Provision for expected credit losses	19,265,018	204,639
Unrealized gain on re-measurement of investment property	-	(196,500,000)
Mark up on reverse repo transactions	23 (6,441,240)	(22,130,717)
Reversal of Impairment Loss	(6,441,895)	-
Dividend income on investment in equity securities	19 (209,477,783)	-
Profit on savings accounts maintained with banks	23 (50,904,567)	(35,203,280)
Finance costs	22 463,041,258	117,455,199
	755,658,057	(454,402,548)
Cash generated from operating activities before working capital changes	432,322,577	439,485,131
Effect on cash flow due to working capital changes (Increase)/decrease in current assets		
Short-term investments - net	(70,942,898)	(2,020,391,486)
Trade debts - consider good	(198,505,606)	(151,426,954)
Inventory Property RARR	(1,568,295,467)	-
Receivable against margin financing	92,195,548	(94,234,652)
Receivable under margin trading system	-	-
Receivable against sale of securities-net	(17,051,406)	-
Deposits and short-term prepayments	(29,585,077)	(852,631)
Accrued markup on margin financing	(15,952,417)	(9,934,325)
Loan to related party	-	(280,301,710)
Other receivables	(23,879,174)	83,077,754
Increase/(decrease) in current liabilities		
Trade and other payables	336,716,085	(774,009,394)
Loan from related party	-	(3,862,500)
Payable against trading of securities- net	(21,078,278)	(46,726,221)
	(1,516,976,114)	(3,298,662,119)
Cash used in operations	(1,084,653,537)	(2,859,176,988)
Taxes paid	(128,544,065)	(216,949,010)
Finance costs paid	(399,508,814)	(98,974,183)
Net cash used in operating activities	(1,612,706,416)	(3,175,100,181)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(674,734)	(23,476,965)
Expenditure on investment property - net	(405,586,226)	-
Proceeds from disposal of investment property	1,632,575,000	1,419,000,000
Proceeds from disposal of subsidiary	50,000,000	-
Dividends received	209,477,783	-
Interest received on savings accounts maintained with banks	10,192,861	41,285,460
Long term deposits - net	957,663	(40,562,869)
Net cash used in investing activities	1,496,942,347	1,396,245,626
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease Rentals against finance lease liability	(16,092,298)	(19,377,206)
Dividend paid	(389,717,029)	(589,657,680)
Net cash used in financing activities	(405,809,327)	(609,034,886)
Net (decrease) in cash and cash equivalents	(521,573,396)	(2,387,889,441)
Cash and cash equivalents at the beginning of the year	(1,357,260,015)	1,309,693,324
Cash and cash equivalents at the end of the year	(1,878,833,411)	(1,078,196,117)

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 72.92% shares (June, 30 2022: 63.01% shares) of the Company.

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

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

- Karachi	Head office (Registered office)	Arif Habib Centre, 23 M.T. Khan Road, Karachi
- Lahore	Regional office	Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore
- Islamabad	Regional office	Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad
- Peshawar	Regional office	Shops No. F13, F14, F15, F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt.
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-Noor City.
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan

1.4 The Company has following wholly owned subsidiaries:

	Holding %
- Rayaan Commodities (Private) Limited	100%
- Rahat Residency REIT	100%

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022.

2.2 Basis of measurement of items in these interim financial statements

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

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

2.3 Functional and presentation currency

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

2.4 Judgments and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual consolidated financial statements of the Company as at and for the year ended June 30, 2022.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Company for the year ended June 30, 2022.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
3. PROPERTY AND EQUIPMENT	Note	Rupees	
Owned assets	3.1	<u>73,071,888</u>	<u>85,465,988</u>

- 3.1** During the period ended March 31, 2023, additions made amounting to Rs. 0.4 million (30 June 2022: Rs. 21.85 million) which comprised of office equipment and computer and allied items. However, no disposals were made during the period.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
4.	RIGHT-OF-USE-ASSETS		
	Opening net book value/cost	32,555,873	27,657,325
	Add: Addition during the period / year	-	26,785,352
	Less: Disposal during the period / year	1,141,363	-
		<u>31,414,510</u>	<u>54,442,677</u>
	Less: Depreciation charged during the period / year	(21,967,930)	(21,886,804)
	Closing net book value	<u>9,446,580</u>	<u>32,555,873</u>
	4.1		

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City
Lease agreement date	July 01, 2022	March 01, 2019	October 10, 2020
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020
Initial contractual term of the lease	1 year	5 years	5 years
Availability of extension option?	No	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
5.	LONG TERM INVESTMENTS - unquoted		
	Investment in other entities	42,745,423	42,745,423
		<u>42,745,423</u>	<u>42,745,423</u>
5.1	Investment in subsidiaries - at cost less accumulated impairment		
	ISE Towers REIT Management Company Limited	27,493,503	27,493,503
	LSE Financial Services Limited	15,251,920	15,251,920
		<u>42,745,423</u>	<u>42,745,423</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

5.1.1 This represents the investment in 3,034,604 (June 2022: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (June 2022: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
6. INVESTMENT PROPERTY	Note		
Open plots of land / offices - at fair value	6.1	181,593,553	1,592,388,461
Residential flats under construction - at cost	6.2	248,749,014	64,942,880
		<u>430,342,567</u>	<u>1,657,331,341</u>
6.1 Open plots of land / offices - at fair value			
Opening carrying amount (at fair value)		1,592,388,461	1,968,800,000
Realized gain on disposal		1,258,227,634	940,000,000
		<u>2,850,616,095</u>	<u>2,908,800,000</u>
Sale during the year	6.1.2	(1,635,075,000)	(1,410,000,000)
Reversals during the year	6.1.3	(15,552,128)	-
Development charges incurred during the period / year (subsequent expenditure)		12,957,220	22,375,601
		<u>(1,637,669,908)</u>	<u>(1,387,624,399)</u>
		<u>1,212,946,187</u>	<u>1,521,175,601</u>
Net change in unrealized gain during the year		<u>(1,031,352,634)</u>	<u>71,212,860</u>
Closing carrying amount		<u>181,593,553</u>	<u>1,592,388,461</u>

6.1.1 Open plots of land / offices comprise of the following:

Open plots of land: 8 residential and 5 commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party).

Offices: Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 113, 203, 409 situated in the Lahore Stock Exchange - South Tower.

6.1.2 During the period, the Company sold its 5 commercial plots situated at Naya Nazimabad to REIT Scheme, namely RAHAT RESIDENCY REIT, at a total sale consideration of PKR 1,629,075,000. The consideration will be received partially in the form of cash and remaining in the form of REIT Units.

6.1.3 This represents a cheque payment made to Kings Real estate in the prior period, with the intention of involving it, in the development cost to be incurred on company's investment property. However, subsequently to the issuance of cheque, company decided against the said development work, and accordingly, development work is reversed with the said amount of Rs. 15.52 million.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

6.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments made to M/s. Javedan Corporation Limited, a related party, in respect of the purchase of 20 residential flats in Global Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Total agreed purchase consideration of these flats amounts to Rs. 377 million which is to be settled in 55 unequal installments of varying frequency.

Since, the flats are presently under construction, their fair value cannot be reliably measured. As a result, the Company has elected to measure such investment at cost.

For financial commitment relating to the above referred periodic payments yet to be made to M/s. Javedan Corporation Limited, please refer note 20.2 to these consolidated financial statements.

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
7. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Quoted equity securities	7.1	3,095,087,490	4,250,803,108
Quoted debt securities	7.2	91,442,495	71,702,294
Un-quoted debt securities	7.3	1,650,000,000	950,000,000
		1,741,442,495	1,021,702,294
		4,836,529,985	5,272,505,402
7.1 Investment in quoted equity securities			
Cost of investment		3,567,342,535	4,668,469,985
Unrealised loss:			
Balance at start of the period / year		(417,666,876)	34,796,222
Unrealised loss for the period		(54,588,169)	(452,463,098)
		(472,255,045)	(417,666,876)
Balance at the end of period / year		3,095,087,490	4,250,803,109
7.2 Investment in quoted debt securities			
Cost of investment		91,055,841	72,312,491
Unrealised gain / (loss) :			
Balance as at July 01		(610,197)	(1,454,664)
Unrealised gain for the period		996,851	844,467
		386,654	(610,197)
Balance as at March 31	7.2.1	91,442,495	71,702,294

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

7.2.1 These represent the investments in Term Finance (TFC) & Sukuk Certificates made under Market Making arrangements. The Company has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Company has to maintain minimum inventory of TFCs & Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 2.25%, 6 month KIBOR + 0.50% to 2.25% (June 30, 2022: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
7.3 Investment in unquoted debt securities			
Investment in unquoted TFCs	7.3.1	1,600,000,000	950,000,000
Investment in unquoted Sukuks	7.3.2	50,000,000	-
		<u>1,650,000,000</u>	<u>950,000,000</u>

7.3.1 This represents the investment in Term Finance Certificates (TFCs) of Bank of Punjab (BOP) and Bank Alfalah Limited. These TFCs have been issued as redeemable capital and carry interest at the rate of 6 month average KIBOR + 2% to 2.5% per annum payable semi-annually (June 30, 2022: 6 month average KIBOR + 2% to 2.5% per annum payable semi-annually).

7.3.2 This represents the investment in Sukuks. These Sukuks have been issued by the K-Electric Limited (KE) as redeemable capital, and carry interest at the rate of 3 month average KIBOR + 1.7% per annum (quarterly).

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
8. TRADE DEBTS			
Gross receivables			
Equity brokerage - secured	8.1	1,146,917,460	971,396,924
Inter bank brokerage - unsecured		28,795,786	24,129,003
Advisory and consultancy fee - unsecured		140,674,949	103,187,373
		<u>1,316,388,194</u>	<u>1,098,713,300</u>
Less: Provision for expected credit losses			
Equity brokerage - secured		(890,718,542)	(871,814,071)
Inter bank brokerage - unsecured		(2,719,747)	(2,454,930)
Advisory and consultancy fee - unsecured		(58,306,081)	(58,306,081)
	8.2	<u>(951,744,370)</u>	<u>(932,575,082)</u>
		<u>364,643,824</u>	<u>166,138,218</u>

8.1 Gross receivables - Equity brokerage

8.1.1 These receivables include Rs. 1.519 million (June 30, 2022 : Rs. 1.9 million) due from the related parties. The maximum aggregate amount outstanding during the period from such parties (with reference to month-end balances) amounted to Rs. 467.5 million (June 30, 2022: Rs. 551.82 million).

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

8.1.2 The Company holds capital securities having fair value of Rs. 76,825 million (June 30, 2022: Rs. 64,334 million) owned by its clients, as collaterals against trade debts.

(Un-audited) (Audited)
March 31, June 30,
2023 2022

8.2 Movement in provision for expected credit losses

————— Rupees —————

Balance at the beginning of the period / year	932,575,082	922,272,883
Charge for the period / year	169,087	10,302,199
Balance at the end of the period / year	932,744,169	932,575,082

9. RECEIVABLE AGAINST MARGIN FINANCING

Considered good		395,380,659
Considered doubtful	303,185,111	1,917,749
	1,917,749	397,298,408
Less: provision for doubtful receivables	9.1 305,102,860	(1,917,749)
	303,185,111	395,380,659

9.1 Margin financing facility is provided to clients on markup basis ranging from 10.00% to 27.00% (June 30, 2022: 15.00% to 23.00%) per annum.

(Un-audited) (Audited)
March 31, June 30,
2023 2022

10. ADVANCES, DEPOSITS AND PREPAYMENTS

————— Rupees —————

Advances		
Advance to consultant	10.1 4,069,760	4,069,760
Advance against expenses	16,835,084	3,092,021
Advance against salary	2,763,035	1,439,002
	23,667,878	8,600,783
Trade deposits		
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.2 13,063,901	8,629,396
National Commodity & Derivatives Exchange Limited (NCEL)	10.3 47,301,964	47,153,687
Prepayments		
Insurance	3,907,901	1,317,702
Project Management Fee	7,345,000	-
	95,286,645	65,701,568

10.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

10.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

10.3 This includes a deposit amounting to Rs. 45.43 million (2022: Rs. 45.43 million) placed on behalf of a director of AHCPL (Mr. Ahsan Mehanti).

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
11. OTHER RECEIVABLES			
Receivable from Javedan Corporation Limited - a related party:			
- Proceeds from sale of investment property		5,126,734	5,126,734
- Mark-up on loan		-	10,192,861
Receivable from Director - Ahsan Mehanti		-	137,500
Others	11.1	76,626,283	3,085,072
		185,398,877	133,631,775

11.1 It represents receivable against profit on saving accounts maintained by the Company, and the return on TFCs.

12 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Investment classified as held for sale, as reported in note 15 to the annual consolidated financial statements of the Company for the year ended June 30, 2022, was disposed off during the period after obtaining the required approval, for the sale, as per the provision of section 183 of the Companies Act 2017, in the Arif Habib Limited's 18th Annual general meeting, held on October 15, 2022.

As on February 06, 2023, Company sold its entire investment in Arif Habib 1857 (Private) Limited (AH1857)

(Subsidiary Company), to a related party for a total consideration of PKR 50 million resulting in loss of control.

Accordingly, results of the Subsidiary till the date of disposal are presented as discontinued operations.

		(Un-audited) March 31, 2023	(Audited) March 31, 2022
	Note	Rupees	
(Loss) / profit for the year from discontinued operation - net of tax	12.1	2,575,645	2,016,855
Loss on disposal of Subsidiary		(1,631,589)	-
		944,056	2,016,855
12.1 Results of AH1857			
Operating revenue		-	1,168
Administrative and operating expenses		125,686	232,982
Other operating income		3,470,680	2,851,106
Profit before taxation		3,344,994	2,619,292
Taxation		769,349	602,437
Profit for the Period		2,575,645	2,016,855
Cash flow used in / (generated from) AH1857			
Net cash generated from / (used in) operating activities		2,711,299	(894,537)
Net cash generated from investing activities		-	11,083,919
Net cash generated from financing activities		-	-
		2,711,299	10,189,382

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	————— Rupees —————	
13. CASH AND BANK BALANCES			
Cash in hand		695,707	687,719
Cash held in central depository company		6,736,377	4,244,693
Cash at bank			
- current accounts		213,972,331	143,137,918
- savings accounts	13.1	979,619,061	926,639,272
	13.2	1,193,591,392	1,069,777,190
		<u>1,201,023,476</u>	<u>1,074,709,602</u>
13.1	The return on these balances is 7% to 18% (June 30, 2022: 6% to 14%) per annum on daily product basis.		
13.2	Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 1,002.41 million (June 30, 2022: Rs. 986.95 million).		
14. DEFERRED TAX - net		(Un-audited) March 31, 2023	(Audited) June 30, 2022
<i>Deferred tax liability in respect of:</i>	Note	————— Rupees —————	
- Capital loss on short term investments		-	-
- Other temporary differences		(7,978,689)	26,704,649
		<u>(7,978,689)</u>	<u>26,704,649</u>
		Deferred tax in respect of capital loss on short term investments	
14.1	Deferred tax asset amounting to Rs. 58.983 million has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 471.868 million because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.		
		(Un-audited) March 31, 2023	(Audited) June 30, 2022
Deferred tax in respect of other temporary differences	Note	————— Rupees —————	
14.2	Deferred tax liabilities recognized	8,961,040	44,347,288
	Deferred tax asset recognized	(16,939,729)	(17,642,639)
		<u>(7,978,689)</u>	<u>26,704,649</u>
		SHORT TERM BORROWINGS	
15. From banking companies			
- Running finance	15.1	1,529,856,887	1,631,969,617
From related parties			
- Financing facility from Javedan Corporation Limited	15.2	1,550,000,000	800,000,000
- Financing facility from the Sponsor	15.3	-	-
		<u>1,550,000,000</u>	<u>800,000,000</u>
		<u>3,079,856,887</u>	<u>2,431,969,617</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

15.1 Running finance arrangements from banking companies - secured

15.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,750 million (June 30, 2022: Rs. 6,250 million). These facilities have various maturity dates up to September 30, 2024 (June 30, 2022: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 30, 2022: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

15.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at March 31, 2023 amounted to Rs. 6,200.93 million (June 30, 2022: Rs. 6,612.99 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	March 31, 2023		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	111,850,000	3,517,116,000	123,850,000	4,681,530,000
House	85,745,500	2,683,820,860	66,927,500	1,931,461,325
Total	197,595,500	6,200,936,860	190,777,500	6,612,991,325

(Un-audited) (Audited)
March 31, June 30,
2023 2022

15.2 Financing facility from Javedan Corporation Limited - unsecured

Opening balance	800,000,000	-
Add: Finance obtained during the period / year	750,000,000	1,780,000,000
Less: Repayments made during the period / year	-	(980,000,000)
Closing balance	1,550,000,000	800,000,000

15.2.1 During the period, the Company obtained an unsecured financing facility of Rs. 750 million from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

(Un-audited) (Audited)
March 31, June 30,
2023 2022

15.3 Financing facility from the Sponsor

Opening balance	-	-
Add: Finance obtained during the period / year	2,112,700,000	650,000,000
Less: Repayments made during the period / year	(2,112,700,000)	(650,000,000)
Closing balance	-	-

15.3.1 During the year, company obtained financing facility of Rs. 2.112 billion from sponsor Mr. Arif Habib, as a short term , unsecured, subordinated loan, which is payable on demand. It carried interest at the rate of 3 month KIBOR + 1% on the balance payable at the time of demand of principal payment. During the period, Loan amounted to Rs. 1.7 billion has been repaid on demand.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
16. TRADE AND OTHER PAYABLES			
Creditors	16.1	1,000,878,210	950,924,065
Commission payable	16.2	51,958,556	28,573,208
Accrued expenses		21,859,720	24,421,107
Advance from customers		248,153,348	4,252,569
Withholding tax payable		71,345,876	33,155,903
Sindh sales tax and federal excise duty payable		5,848,553	17,202,489
Advance against committed sale of investment property		9,000,000	9,000,000
Payable against reverse repo transaction		17,629,267	33,629,267
Other liabilities		16,990,721	5,789,556
		<u>1,443,664,251</u>	<u>1,106,948,164</u>

This includes Rs. 37.96 million (June 30, 2022: Rs. 109.45 million) payable to related parties.

16.1 This includes Rs. 20.584 million (June 30, 2022: Rs. 23.9 million) payable to related parties.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	
17. TAXATION - net			
Income tax payable	17.1	103,316,956	121,085,623
Income tax refundable		(50,784,713)	(50,782,758)
		<u>52,532,243</u>	<u>70,302,865</u>

This includes provision for super tax amounting to Rs. 104.19 million (2022: Rs. 86.936 million). There has been no change in the status of the super tax as disclosed in note 22.1 to the annual consolidated financial statements of the Company for the year ended June 30, 2022, except for the following:

17.1 The Company filed D-7228/2022 pertaining to "Super Tax" u/s 4c for the tax year 2022 on November 24, 2022, which was heard by the high court of Sindh. The High Court of Sindh directed petitioner(company) to secure the said super tax u/s 4c by furnishing bank guarantee / pay order / cheques within 7 days of the order dated 28th November, 2022. Also, the high court directed the tax department to allow furnishing of the tax returns of tax year 2022 excluding the said super tax u/s 4c liability, and also restricted against any coercive measure until the hearing is completed.

As at the reporting date, the case is pending with the high court of Sindh, and the same is confirmed by the company's legal advisor.

18. CONTINGENCY AND COMMITMENTS

18.1 Contingency

There has been no change in the status of the contingent liability as reported in note 23.1 to the annual consolidated financial statements of the Company for the year ended June 30, 2022.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		Rupees	
18.2	Commitments		
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading contracts		212,075,022	372,222,968
- Outstanding settlements against sale / purchase of securities in regular market		289,545,188	277,978,515
- Financial guarantees given by commercial banks on behalf of the Company		750,000,000	750,000,000
- Against purchase of investment property		92,200,014	312,057,120
- Against development cost of investment property		-	110,034,327
		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
19.	OPERATING REVENUE		
	Note	Rupees	
Equity brokerage revenue	30.2	273,538,451	323,758,642
Inter bank brokerage revenue	30.2	93,839,610	74,240,271
Commodity brokerage revenue		28,354,584	21,214,817
Advisory and consultancy fee		294,132,522	332,541,724
Markup on margin financing		39,174,985	39,845,041
Dividend income on investment in equity securities		209,477,783	104,261,045
Markup on corporate debt securities		188,996,306	7,535,481
		1,127,514,241	903,397,021
20.	NET CHANGE IN UNREALIZED LOSS ON INVESTMENTS		
Long term investments		-	(11,121,098)
Short term investments	7.1 & 7.2	(53,595,701)	(369,265,901)
		(53,595,701)	(380,386,999)

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

21. ADMINISTRATIVE AND OPERATING EXPENSES	Note	(Un-audited)	(Un-audited)
		March 31, 2023	March 31, 2022
		Rupees	
Salaries and other benefits	21.1	273,684,747	227,086,797
Motor vehicle and travelling expense		38,892,080	38,370,608
Formation Cost - RARR		6,146,170	-
Building maintenance		32,021,839	19,123,334
Depreciation on right-of-use assets		21,967,930	12,793,270
Man power services	21.2	18,892,644	17,500,000
Communication		17,560,755	16,487,489
CDC and clearing house charges		17,721,326	21,443,134
Depreciation on property and equipment		13,068,837	13,121,111
Fees and subscription		30,398,006	6,227,326
Insurance		7,617,892	9,417,276
Legal and professional charges		12,879,588	10,572,290
Donation		3,182,000	-
Others		8,087,936	5,502,578
Repairs and maintenance		3,787,656	7,930,304
Conveyance and meals		3,416,104	438,919
Business representation		4,244,928	3,992,929
Meeting expenses		1,200,000	200,000
Printing and stationery		850,753	4,723,072
Rent, rates and taxes		750,942	8,538,477
Auditors' remuneration		1,021,000	772,211
Advertisement and business promotion		3,483,408	2,824,926
Amortization on intangible assets		163,208	236,132
Write off of trade receivables		-	370,739
		521,039,749	427,672,922
Salaries and other benefits			
21.1 Salaries and other benefits		158,124,481	143,070,780
Commission		115,560,266	84,016,017
		273,684,747	227,086,797

21.2 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.

22. FINANCE COSTS	Note	(Un-audited)	(Un-audited)
		March 31, 2023	March 31, 2022
		Rupees	
Markup on short term borrowings	22.1	445,332,807	98,871,943
Other finance costs	22.2	17,708,451	18,583,256
		463,041,258	117,455,199

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Rupees	
22.1 Markup on short term borrowings		
Markup on borrowing from banking companies	264,554,123	78,759,444
Markup on borrowing from related parties:		
- M/s. Javedan Corporation Limited	164,853,038	17,012,778
- M/s. Arif Habib Corporation Limited	-	3,099,721
- Mr. Arif Habib	15,925,646	-
	<u>180,778,684</u>	<u>20,112,499</u>
	<u>445,332,807</u>	<u>98,871,943</u>
22.2 Other finance costs		
Finance cost on lease liability	2,166,020	2,276,689
Markup on MTS securities	1,370,687	2,787,628
Bank charges	11,979,135	11,234,267
Guarantee charges to Arif Habib Corporation	2,192,609	2,284,672
	<u>17,708,451</u>	<u>18,583,256</u>
23. OTHER INCOME		
Markup on reverse repo transaction	6,441,240	20,600,695
Markup on margin trading deposits	1,159,462	1,530,022
Profit on savings accounts	50,904,567	35,203,280
Reversal of Impairment Loss	-	-
Profit on exposure deposit	3,599,189	2,210,280
Gain on termination of lease	229,512	-
Other Income	95,730	301,710
	<u>62,429,700</u>	<u>59,845,987</u>
24. TAXATION		
Current tax		
- for the year	107,748,200	119,649,714
- for prior year	2,966,511	(8,226,535)
	<u>110,714,711</u>	<u>111,423,179</u>
Deferred	(34,683,338)	(5,320,408)
	<u>76,031,373</u>	<u>106,102,771</u>
25. EARNINGS PER SHARE		
25.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders	<u>(402,636,204)</u>	<u>787,182,471</u>
Weighted average number of ordinary shares outstanding during the period	<u>65,340,000</u>	<u>65,340,000</u>
	Number	
	Rupees	
Earnings per share - basic	<u>(6.16)</u>	<u>12.05</u>
25.2 Diluted earnings per share		

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Rupees	
26. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,201,023,476	996,046,446
Short term borrowings	(3,079,856,887)	(2,074,242,563)
	<u>(1,878,833,411)</u>	<u>(1,078,196,117)</u>

27. RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party, relationship with company and Nature of Transaction	Period Ended	
	March 31, 2023	March 31, 2022
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	3,184,849	4,629,654
Guarantee Commission	2,192,609	2,284,672
Mark-up on loan paid / payable	-	3,099,721
Loan received	-	650,000,000
Loan repaid	-	650,000,000
<u>SUBSIDIARY</u>		
Rayaan Commodities (Private) Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	233,752	306,783
Rahat Residency REIT - cost		
Units received	500,000,000	-
Capital gain on sale of investment property	1,258,227,634	-
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
Sale of plots	-	1,446,000,000
Mark-up on loan paid / payable	164,853,038	17,012,778
Loan extended	-	280,000,000
Loan received	750,000,000	880,000,000
Loan repaid	-	880,000,000
Brokerage commission earned during the period on sale and purchase of securities	86,918	322,500
Mark-up on loan paid	-	17,012,778
Arif Habib Dolmen REIT Management Ltd.		
Brokerage Commission earned during the period on sale and purchase of Securities	-	516,000
Advisory and Consultancy fee earned	5,000,000	-
Arif Habib Equity (Pvt) Ltd.		
Brokerage Commission earned during the period on sale and purchase of Securities	197,716	754,625
Rotocast Engineering Co. (Pvt) Limited		
Brokerage Commission earned during the period on sale and purchase of Securities	284,286	246,007

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	Period Ended	
	March 31, 2023	March 31, 2023
	Rupees	
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
Brokerage Commission earned during the period on sale and purchase of Securities	75,941	164,692
Meeting Fee Paid	100,000	50,000
Muhammad Shahid Ali (CEO)		
Brokerage Commission earned during the period on sale and purchase of Securities	7,789,494	6,579,740
Muhammad Haroon (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	248,422	358,815
Meeting Fee Paid	100,000	50,000
Muhammad Sohail Salat (Director)		
Meeting Fee Paid	100,000	50,000
Sharmin Shahid (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	-	679,550
Meeting Fee Paid	100,000	50,000
Nida Ahsan (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	631,778	608,239
Meeting Fee Paid	100,000	50,000
Mohsin Madni (Director)		
Brokerage Commission earned during the period on sale and purchase of Securities	13,713	9,780
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of Securities	2,244,391	4,471,829
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of Securities	663,932	418,300
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
Provident fund trust - Contribution paid during the period	7,939,555	7,737,645

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	June 30, 2022
	Rupees	
Balances with related parties at the end of the period are as follows:		
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Balance Receivable at period end	40,031	97,724
Guarantee Commission Payable	688,307	904,262
<u>SUBSIDIARY</u>		
Rayaan Commodities (Private) Limited		
Advance against sale of investment property	17,250,030	13,500,000
Advance against equity	2,000,000	2,000,000
Balance payable at period end	1,815,109	1,253,071
Advances	739,475	256,275
Rahat Residency REIT - cost		
Receivable against sale of investment property	1,129,075,000	-
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
Balance receivable at period end	403,199	80,000
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	1,550,000,000	800,000,000
Mark-up receivable	-	10,192,861
Mark-up payable	71,660,959	3,144,411
Arif Habib Dolmen REIT Management Ltd.		
Balance receivable at period end	-	10,556
Balance payable at period end	44	-
<u>OTHER RELATED PARTIES</u>		
Rotucast Engineering Co. (Pvt) Limited		
Prepaid rent	6,953,888	746,370
Balance receivable at period end	8,281	4,194
Arif Habib Equity (Pvt) Ltd.		
Balance receivable at period end	98,672	20,208
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
Balance payable at period end	2,453	52,721
Meeting fee payable	50,000	25,000
Muhammad Shahid Ali (CEO)		
Balance payable at period end	35,429,745	108,175,990
Sharmin Shahid (Director)		
Balance receivable at period end	51,678	4,283
Meeting fee payable	50,000	25,000
Nida Ahsan (Director)		
Balance receivable at period end	-	7,928
Balance payable at period end	1,922,776	-
Meeting fee payable	50,000	25,000

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

	March 31, 2023	June 30, 2022
	————— Rupees —————	
Muhammad Haroon (Director)		
Balance payable at period end	907	24,876
Meeting fee payable	50,000	25,000
Muhammad Sohail Salat (Director)		
Meeting fee payable	50,000	25,000
Balance receivable at period end	1,199	599
Mohsin Madni (Director)		
Balance payable at period end	36,959	485
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Balance receivable at period end	54,228	51,962
Abdus Samad A. Habib		
Balance receivable at period end	849,832	1,667,893
Muhammad Kashif A. Habib		
Balance receivable at period end	12,666	12,666

28. FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as 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).

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months and quarter ended March 31, 2023 (unaudited)

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

	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
As on March 31, 2023				
Financial assets measured at fair value				
Short term investments	4,836,529,985	-	-	4,836,529,985
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	181,593,553	-	181,593,553
As on June 30, 2022				
Financial assets measured at fair value				
Short term investments	5,272,505,402	-	-	5,272,505,402
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	1,592,388,461	-	1,592,388,461

29. OPERATING SEGMENT

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

All non current assets of the Company as at March 31, 2023 were located in Pakistan.

30. CORRESPONDING FIGURES

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

Reclassified from component	Reclassified to component	Amount (Rupees)
Brokerage and operating revenue (Operating revenue)	Inter bank brokerage revenue (Operating revenue)	<u>93,839,610</u>

31. GENERAL

31.1 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 28, 2023.

31.2 Level of rounding

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



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING REPORT

As of March 31, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Director and their spouse(s) and minor children			
MUHAMMAD HAROON	1	1,712	0.00
NIDA AHSAN	1	1,208	0.00
SHARMIN SHAHID	1	1,208	0.00
MOHSIN MADNI	1	550	0.00
MUHAMMAD SHAHID ALI	1	965	0.00
ZAFAR ALAM	1	75,110	0.11
MUHAMMAD SOHAIL SALAT	1	660	0.00
Associated Companies, undertakings and related parties	1	47,648,522	72.92
NIT & ICP	-	-	-
<u>Banks Development Financial Institutions, Non Banking Financial Institutions.</u>	1	59	0.00
<u>Insurance Companies</u>	1	23,916	0.04
<u>Modarabas and Mutual Funds</u>	1	3,850	0.01
General Public			
a. Local	3,413	15,424,437	23.61
b. Foreign	49	152,116	0.23
Foreign Companies	-	-	-
Others	47	2,005,687	3.07
Totals	3,520	65,340,000	100.00
Share holders holding 10% or more			
		Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED		47,648,522	72.92

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