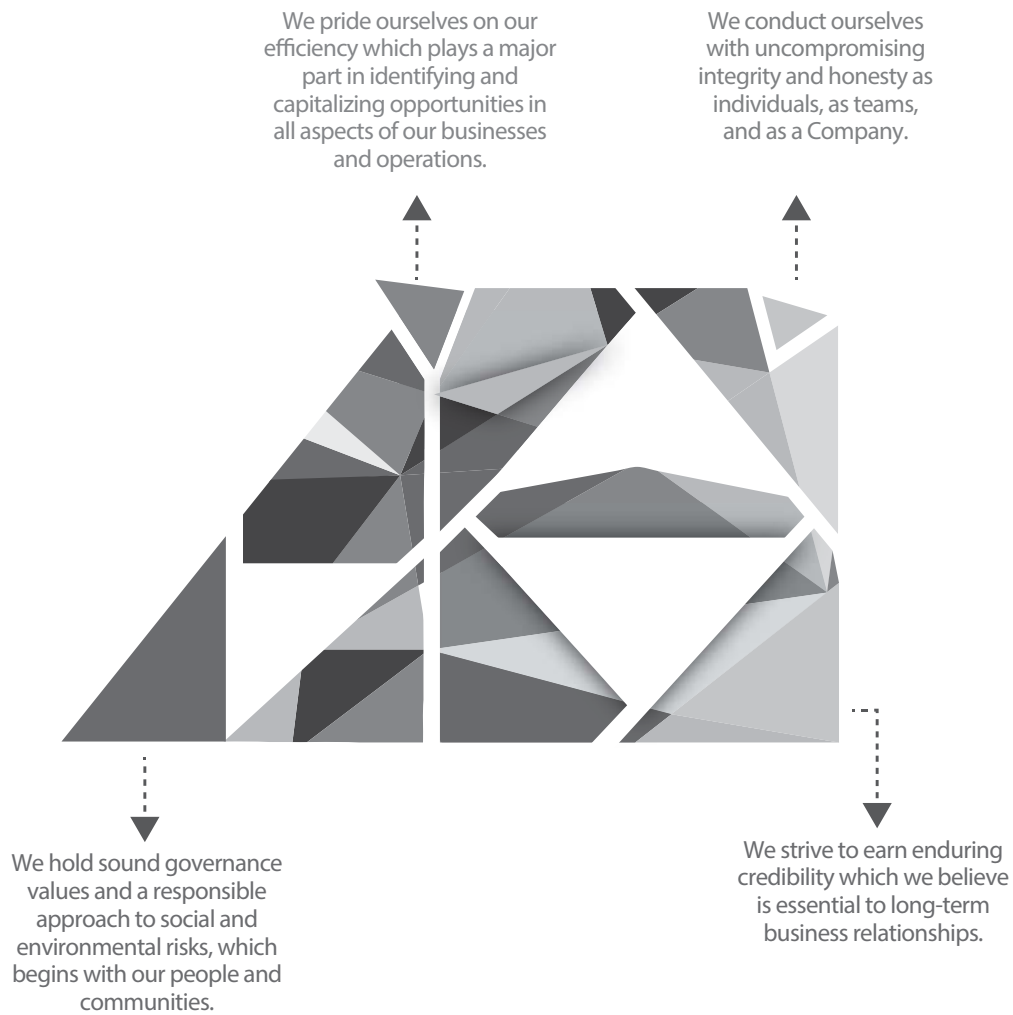


# STRIVING TO REALIZE OPPORTUNITIES

HALF YEARLY REPORT DECEMBER 31, 2016





## STRIVING TO REALIZE OPPORTUNITIES

**Arif Habib Limited (AHL) is constantly STRIVING TO REALIZE OPPORTUNITIES, albeit not compromising on our values.**

Our theme for this year shows correlation between elements of the Company's logo and our core values; *Efficiency, Integrity, Social Responsibility* and *Credibility*. These values are embedded in our foundation and are the cornerstones of the Company. This has been illustrated in the image above.

We shall continue to strive and highlight these values in our daily business practices.

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# CORPORATE INFORMATION

## Board of Directors

Mr. Zafar Alam  
Chairman & Non-executive Director

Mr. Muhammad Shahid Ali Habib  
Chief Executive Officer & Executive Director

Mr. Ali Murtaza Kazmi  
Independent Director

Mr. Haroon Usman  
Non-executive Director

Dr. Muhammad Sohail Salat  
Independent Director

Ms. Nida Ahsan  
Non-executive Director

Ms. Sharmin Shahid  
Non-executive Director

## Audit Committee

Mr. Ali Murtaza Kazmi  
Chairman

Mr. Haroon Usman  
Member

Ms. Nida Ahsan  
Member

## Human Resource & Remuneration Committee

Mr. Haroon Usman  
Chairman

Mr. Muhammad Shahid Ali Habib  
Member

Ms. Nida Ahsan  
Member

## Company Secretary & CFO

Mr. Muhammad Taha Siddiqui

## Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

## Credit Rating

JCR-VIS Credit Rating Company Limited

## Legal Advisors

M/s. Bawaney & Partners

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
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

## Registrar & Share Transfer Office

Share Registrar Department  
Central Depository Company of Pakistan Ltd.  
CDC House, 99-B, Block-B  
S.M.C.H.S., Main Shakra-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

# DIRECTORS' REPORT



# DIRECTORS' REPORT

## Dear Fellow Shareholders of Arif Habib Limited (AHL),

On behalf of the Board of Directors of AHL, I am pleased to present the Half Yearly and Second Quarter Report of the Company, together with the financial statements for the period ended 31st December 2016.

### Capital Market Review

The benchmark equity index (KSE-100) recorded a staggering return of 27% for the first half of the financial year (1HFY), closing at an all-time high of 47,806 points. Top performing sectors during the mentioned period remained Auto Assemblers (77%), Glass & Ceramics (60%), Chemicals (59%), Textile Composite (52%), Oil Marketing (50%), Refinery (36%), and Banks (33%).

Performance of the equity market during the period can be attributed several factors, which include to i) high level of the domestic investors confidence resulting in liquidity driven by fresh domestic investments in the market, well in excess of the foreign portfolio outflows, ii) expectation of double digit earnings growth during the financial year 2016-17, iii) on-track progress of CPEC projects, iv) the effect of our upgrade to the Emerging Market status in MSCI transpiring in, v) an all-time low interest rate level of 6.25% and vi) low level of activity exhibited in the real estate sector, thus rendering the equity market more attractive.

On the foreign front, net-selling of USD 298 million was seen compared to of USD 241 million in the same period last year. While, with the second and third tier scrips garnering investor interest, the volumes during period under review, averaged at 386 million shares (1HFY16: 237 million), meanwhile valued traded improved by 70% year-on-year to USD171 million

### Economic Review

During the first half of the ongoing fiscal year, the economy posted better than expected growth amid rising consumerism and urbanization indicated by continued double digit growth in credit for real estate business with a similar growth in house and automobile financing under consumer financing. Along those lines, Large Scale Manufacturing (LSM) index posted a growth of 3.2% YoY during the half year ended December 2016, whereas only in November 2016, LSM posted a substantial pick up of 8.0% YoY. The growth was attributable to a few key sectors i) Food & Beverages, ii) Steel, iii) Automobile, and iv) Paper & Board. Further, scheduled banks have witnessed sizeable growth in their deposit base supporting a higher than expected growth in advances.

Inflation remained range bound at 3.9% for the half year, slightly higher than 2.1% same period last year. With a slight uptick in overall CPI along with subdued incline in core inflation, the Central Bank managed to keep the discount rate at its historic low of 6.25%.

On the external front, the import bill for the

half year ended December 2016 registered at USD 21.3 billion, displayed a costly 6% increase along with a 2% decline in exports (USD 10.5 billion) compared to USD 20.1 billion same period last year, pushing trade deficit to USD 10.8 billion. The Current Account Deficit (CAD) for the half year increased to USD 3.6 billion against USD 1.9 billion same period last year. External buffer provided by workers' remittances remained restrained with a decline registered from across the regions. With that said, FX Reserves clocked-in at an excess of USD 23 billion, with an improved import cover of 4.5.

### Your Company's Performance

By the grace of Almighty Allah, your Company has continued to perform well and achieved strong profitability during the half year ended December 2016. The Company has posted an after-tax-profit of PKR 621.79 million which is 140% higher than the corresponding period last year and translates into earnings per share of PKR 11.31 (1HFY16 PKR 4.69).

During the period under review, the average market traded values increased by 70.66% in the first half of the financial year, the brokerage division revenues have increased by 66.76% from the same period last year and posted a total brokerage revenue of PKR 197.43 million (PKR. 118.45 million same period last year). The Investment Banking division's revenues increased remarkably, which stood at PKR 79.18 million (PKR 29.39 million same period last year) from the same period last year, due to increase in number of advisory transactions. The Company's investment portfolio has yielded, realized and unrealized, revenue of PKR 466.79 million (PKR 181.31 million same period last year).

The equity of the Company as at the balance sheet date is PKR 2.94 billion (June 2016: PKR 2.71 billion), which translates into a book-value per share of PKR 53.50 (June 30, 2016: PKR 49.19). The equity level increased even after the accounting for PKR 385 million reserves for cash dividends approved in the AGM held on September 24, 2016, which is a clear indication of the strong performance of the Company.

During the period under review, the Company has continued to be recognized by receiving international accolades from leading global financial publications. These include the country awards for Best Equity House & Best Equity Deal from The Asset. It is worth mentioning that the award for Best Equity Deal was for last year's landmark transaction of Engro Fertilizers Limited's secondary share placement, which successfully raised PKR 19.3 billion and was the largest private sector equity capital market transaction in Pakistan. These recognitions continue to reinforce our placement in the industry both at home and abroad.

### Future Prospects

The future prospects of your Company look

encouraging on account of its rising market share in various business segments. The management is hoping to generate better volumes from the existing, as well as, seeking out new foreign and domestic clients, on account of improving relationships with institutional investors, as well as, key broker-dealers through a range of premium value-added services. This includes, but not limited to, offering new products and services through enhancing the Company's research and our strong understanding of the market and its developments.

The management is also eyeing increased activity on account of new equity and debt listings and M&A activities. The management is confident that the Company's investment portfolio will also keep generating better results going forward, as the market continues to offer lucrative investment opportunities. The management is also taking steps to provide high quality research and value-added services to the Company's clients in order to improve the Company's business standards and offerings, as well as strengthening its brand even further.

### Acknowledgement

We are grateful to the Company's shareholders for their increased confidence and support. We thank all our Stakeholders, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the management of Pakistan Stock Exchange for their continuing support and guidance without which we would not have been able to pursue our strategy and achieve such business performance.

We acknowledge and appreciate the hard work put in by all the Employees of the Company during the period. We also applaud 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  
Executive Director

Karachi.  
Dated: January 30, 2017

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Arif Habib Limited** as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016 and 2015.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi.

Dated: January 30, 2017



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**Chartered Accountants**

**Engagement Partner: Muhammad Rafiq Dosani**



# CONDENSED INTERIM FINANCIAL INFORMATION

# Condensed Interim Balance Sheet AS AT DECEMBER 31, 2016

	Unaudited December 31, 2016	Audited June 30, 2016
Note	Rupees	
<b>ASSETS</b>		
<b>NON- CURRENT ASSETS</b>		
Property and equipment	41,299,223	43,709,729
Intangible assets	17,974,503	17,797,902
Long term investments	209,342,551	209,342,551
Investment property	459,423,929	531,966,414
Long-term deposits	15,888,498	15,730,022
Deferred tax	-	21,476,825
	<b>743,928,704</b>	<b>840,023,443</b>
<b>CURRENT ASSETS</b>		
Short term investments	2,405,280,159	3,294,296,278
Trade debts - considered good	1,419,671,484	618,645,963
Short term loans - secured	2,219,228	945,649
Trade deposits and prepayments	296,306,227	155,369,117
Other receivables	92,123,954	347,821,352
Cash and bank balances	501,955,734	306,240,100
	<b>4,717,556,786</b>	<b>4,723,318,459</b>
<b>TOTAL ASSETS</b>	<b>5,461,485,490</b>	<b>5,563,341,902</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
75,000,000 (June 2016: 75,000,000) ordinary shares of Rs.10/- each	750,000,000	750,000,000
Issued, subscribed and paid-up capital	550,000,000	550,000,000
Unappropriated profits	2,376,881,738	2,140,091,803
	<b>2,926,881,738</b>	<b>2,690,091,803</b>
Surplus on revaluation	15,432,500	15,432,500
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Liabilities against assets subject to finance lease	1,487,212	1,878,241
<b>CURRENT LIABILITIES</b>		
Short term borrowings- secured	1,771,619,975	1,880,668,813
Current portion of liability subject to finance lease	687,187	687,187
Trade and other payables	483,507,264	406,969,260
Payable against purchase of securities- net	139,180,475	465,407,950
Markup accrued	44,639,285	41,758,563
Taxes payable -net	78,049,854	60,447,585
	<b>2,517,684,040</b>	<b>2,855,939,358</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,461,485,490</b>	<b>5,563,341,902</b>

The annexed notes form an integral part of the condensed interim financial information.

  
Chairman

  
Chief Executive Officer

## Condensed Interim Profit and Loss Account FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

	Note	December 31,	December 31,	Second Quarter ended	December 31,
		2016	2015	December 31,	December 31,
		Rupees			
Operating revenue	13	349,582,616	236,407,608	146,953,918	83,199,395
Capital gain on sale of short term investments		301,337,311	62,126,388	279,841,925	22,477,387
Unrealized gain/(loss) on re-measurement of short term investments		165,461,494	119,192,738	(93,782,656)	96,988,988
		<u>816,381,421</u>	<u>417,726,734</u>	<u>333,013,187</u>	<u>202,665,770</u>
Administrative and operating expenses		(174,848,130)	(120,340,205)	(79,480,921)	(56,975,999)
Finance costs		(95,926,933)	(75,721,861)	(50,611,288)	(46,044,061)
Other operating income	14	175,536,392	83,137,053	140,430,592	42,651,239
<b>Profit before taxation</b>		<u>721,142,750</u>	<u>304,801,721</u>	<u>343,351,570</u>	<u>142,296,949</u>
Taxation	15	(99,352,815)	(47,100,538)	(79,515,372)	(17,298,504)
<b>Profit after taxation</b>		<u>621,789,935</u>	<u>257,701,183</u>	<u>263,836,198</u>	<u>124,998,445</u>
<b>Earning per share - basic and diluted</b>		<u>11.31</u>	<u>4.69</u>	<u>4.80</u>	<u>2.27</u>

The annexed notes form an integral part of the condensed interim financial information.

  
Chairman

  
Chief Executive Officer

**Condensed Interim  
Statement of Comprehensive Income  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)**

	December 31, 2016	December 31, 2015	Second Quarter ended December 31, 2016	December 31, 2015
	————— Rupees —————			
Profit after taxation	621,789,935	257,701,183	263,836,198	124,998,445
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>621,789,935</u>	<u>257,701,183</u>	<u>263,836,198</u>	<u>124,998,445</u>

The annexed notes form an integral part of the condensed interim financial information.

  
Chairman

  
Chief Executive Officer

## Condensed Interim Statement Of Changes In Equity FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

	Issued, subscribed & paid up capital	Unappropriated profits	Total
	Rupees		
Balance as at July 1, 2015	550,000,000	2,115,595,052	2,665,595,052
Cash dividend paid @ 70%, Rs. 7 per share, for the year ended June 30, 2015	-	(385,000,000)	(385,000,000)
Total Comprehensive income for the half year ended December 31, 2015	-	257,701,183	257,701,183
Balance as at December 31, 2015	<u>550,000,000</u>	<u>1,988,296,235</u>	<u>2,538,296,235</u>
<b>Balance as at July 1, 2016</b>	<b>550,000,000</b>	<b>2,140,091,803</b>	<b>2,690,091,803</b>
Cash dividend paid @ 70%, Rs. 7 per share, for the year ended June 30, 2016	-	(385,000,000)	(385,000,000)
Total Comprehensive income for the half year ended December 31, 2016	-	621,789,935	621,789,935
<b>Balance as at December 31, 2016</b>	<b><u>550,000,000</u></b>	<b><u>2,376,881,738</u></b>	<b><u>2,926,881,738</u></b>

The annexed notes form an integral part of the condensed interim financial information.

  
Chairman

  
Chief Executive Officer

# Condensed Interim Cash Flow Statement FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

	December 31, 2016	December 31, 2015
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	721,142,750	304,801,721
Adjustments for:		
Depreciation	3,983,611	4,384,322
Amortization of intangible asset	427,902	446,330
Gain on disposal of investment property	(19,001,739)	-
Loss on disposal of property and equipment	10,238	51,459
Gain on re-measurement of short term investments	(165,461,494)	(119,192,738)
Gain on disposal of short term investment	(301,337,311)	(62,126,388)
Dividend income	(55,970,560)	(35,508,723)
Recovery of bad debts written off	(30,236,570)	(603,680)
Finance costs	95,926,933	75,721,861
	<b>(471,658,990)</b>	<b>(136,827,557)</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>249,483,760</b>	<b>167,974,164</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net	1,355,814,924	(1,513,990,239)
Trade debts - consider good	(770,788,951)	(27,668,554)
Short term loans	(1,273,579)	2,125,519
Deposits and short-term prepayments	(140,937,110)	204,684,065
Other receivables	291,572,614	26,162,456
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	76,538,004	(110,735,664)
Payable against purchase of securities- net	(326,227,475)	22,598,055
	<b>484,698,427</b>	<b>(1,396,824,362)</b>
<b>Cash generated from /(used in) in operations</b>	<b>734,182,187</b>	<b>(1,228,850,198)</b>
Taxes paid	(60,256,692)	(121,564,234)
Finance costs paid	(93,046,211)	(102,588,223)
<b>Net cash generated from/(used) in operating activities</b>	<b>580,879,284</b>	<b>(1,453,002,655)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(1,573,790)	(2,223,636)
Proceeds from disposal of property and equipment	-	718,156
Acquisition of intangible assets	(613,346)	-
Expenditure on investment property	(9,492,000)	(8,880,000)
Proceeds from disposal of investment property	64,618,019	-
Dividends received	56,495,810	35,508,723
Long term deposits	(158,476)	(509,175)
	<b>109,276,217</b>	<b>24,614,068</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Rental paid against finance lease liability	(391,029)	(333,084)
Dividend paid	(385,000,000)	(385,000,000)
<b>Net cash used in financing activities</b>	<b>(385,391,029)</b>	<b>(385,333,084)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>304,764,472</b>	<b>(1,813,721,671)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,574,428,713)</b>	<b>(78,044,746)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,269,664,241)</b>	<b>(1,891,766,417)</b>

The annexed notes form an integral part of the condensed interim financial information.

  
Chairman

  
Chief Executive Officer

# Condensed Interim Selected Notes To The Financial Statements FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (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. The shares of the Company are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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% share holding in the Company to general public and the Company obtained listing on the Karachi Stock Exchange on January 31, 2007.

The Company holds Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited. The principal activities of the Company are Investments, share brokerage, Inter bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

- 1.2 The Parent Company, currently holds 64.20% shares of the Company.

- 1.3 The Securities and Exchange Commission of Pakistan vide its letter No. EMD/233/683/2007-288 dated September 16, 2016 and EMD/233/683/2007-351 dated October 06, 2016 has granted exemption to the Company from preparation of the Consolidated Financial Statements for its subsidiaries namely M/s. Arif Habib Commodities (Pvt.) Limited and M/s. Arif Habib 1857 (Pvt.) Limited respectively. The financial statements of the said subsidiaries are consolidated by the ultimate holding Company i.e. Arif Habib Corporation Limited. The financial statements of the subsidiary company are available for inspection at the Company's registered office and available to the members upon request free of any cost.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statement of the Company for the six months period ended December 31, 2016 have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statement are being submitted to the shareholders as required under section 245 of the companies Ordinance, 1984 and the listing regulation of the Stock Exchanges of Pakistan.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and 2015 have not been reviewed by the external auditors of the company as they have reviewed the cumulative figures for the half year ended December 31, 2016. These condensed interim financial statements do not include all the information 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, 2016.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2016 has been extracted from the audited financial statements of the company for the year ended June 30, 2016, whereas the extracted comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended December 31, 2015 have been subjected to review but not audit.

The condensed interim financial statements are presented in Pakistan rupee which is the functional currency of the company and rounded off to the nearest rupee.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2016.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

## 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

## Condensed Interim Selected Notes To The Financial Statements FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

In preparing the condensed interim financial information, 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 that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2016.

### 5 PROPERTY AND EQUIPMENT

During the half year ended December 31, 2016, addition made amounting to Rs. 1.573 million (June 2016: 4.580 million) which comprised of computer and allied. Written down value of computer and allied of Rs 20,238 were sold for Rs 10,000. (June 2016: WDV of Rs. 0.783 million were sold for Rs. 0.725 million).

6 INVESTMENT PROPERTY	December 31, 2016	June 30, 2016
	Rupees	
Carrying value	531,966,414	511,639,974
Disposals during the period	(82,034,485)	-
Addition during the period	9,492,000	19,290,000
	459,423,929	530,929,974
Increase in fair value - net	-	1,036,440
	<u>459,423,929</u>	<u>531,966,414</u>

### 7 DEFERRED TAX

Deferred tax amounting to Rs 21.477 million was utilized after reversal of provision for workers' welfare fund as disclosed in note 13. Additionally, net deferred tax asset to the extent of Rs 193.377 million (June 30, 2016: 202.742 million) has not been recognized owing to uncertainty around its recoverability.

### 8 TRADE DEBTS

#### 8.1 Treatment of amount receivable from customers

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

8.2 The Company holds equity securities having fair value of Rs 34,517 million (2015: Rs 49,933 million) owned by its clients, as collaterals against trade debts.

	December-16		June-16	
	Gross	Impairment	Gross	Impairment
Not past due	339,805,603	-	549,819,729	-
Past due 1 day - 30 days	181,696,545	-	16,248,472	-
Past due 31 days - 180 days	861,614,840	-	26,775,913	-
Past due 181 days - 1 year	12,582,091	-	475,614	-
More than one year	898,590,405	874,618,000	899,944,235	874,618,000
	<u>2,294,289,484</u>	<u>874,618,000</u>	<u>1,493,263,963</u>	<u>874,618,000</u>

9 CASH AND BANK BALANCES	December 31, 2016	June 30, 2016
	Rupees	
Cash in hand	73,646	23,585
Cash at Bank		
<i>in current accounts</i>	26,223,430	12,916,147
<i>in savings accounts</i>	475,658,658	293,300,368
	9.1 <u>501,882,088</u>	<u>306,216,515</u>
	<u>501,955,734</u>	<u>306,240,100</u>



## Condensed Interim Selected Notes To The Financial Statements FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

9.1 This includes customer's bank balances held in designated bank accounts amounting to Rs. 438.075 million.

### 10 SHORT TERM BORROWINGS - SECURED

10.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks.

10.2 Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	Number of securities	Amount (Rupees)
Client	110,500,000	4,166,433,000
House	62,801,500	433,490,655
<b>Total</b>	<b>173,301,500</b>	<b>4,599,923,655</b>

### 11 TAXES PAYABLE - NET

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital, so much of its reserves as exceed the threshold shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2017 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

### 12 CONTINGENCIES AND COMMITMENTS

#### CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2016 other than the settlement of legal dispute by Supreme Court as disclosed in note 14.

	December 31, 2016	June 30, 2016
	Rupees	

#### COMMITMENTS

Following commitments are outstanding as at the year end.

- Outstanding Settlements to NCCPL against Marginal Trading contracts	1,739,216,875	1,806,919,064
- Outstanding Settlements to NCCPL against purchase of securities in regular market.	229,107,556	471,058,025
- Guarantee given by a commercial bank on behalf of the Company	100,000,000	100,000,000

13 Income from dividend for the period ended December 31, 2016 amounts to PKR. 55,970,560.

### 14 OTHER INCOME

This includes reversal of worker's welfare fund charged in prior years amounting to Rs. 69.28 million resulting from Supreme Court Order dated September 27, 2016 which revoked amendments made in finance act 2006 and 2008 that broadened the scope of obligation on industrial establishment to contribute towards workers' welfare fund. Supreme Court revoked the amendments pronouncing that contribution towards workers' welfare fund constitutes a fee and not a tax hence the said amendments cannot be made through finance acts.

## Condensed Interim Selected Notes To The Financial Statements FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

15	TAXATION	Note	December 31, 2016	December 31, 2015
			Rupees	
	Current tax		86,843,052	46,700,148
	Prior		(8,967,062)	-
			77,875,990	46,700,148
	Deferred	15.1	21,476,825	400,390
			<u>99,352,815</u>	<u>47,100,538</u>

15.1 This relates to reversal of deferred tax asset recognized on provision for worker's welfare fund charged in prior years.

16	RELATED PARTY DISCLOSURE	December 31, 2016	December 31, 2015
		Rupees	
	<b>Brokerage commission and other services to:</b>		
	Parent	437,301	5,534,090
	Group companies	1,949,117	2,304,772
	Key management personnel	918,918	579,965
	Other related Party	2,398,483	3,286,407
	<b>Receivable from associate</b>	<b>26,908,466</b>	-
	<b>Rent paid to associate</b>	<b>5,224,560</b>	10,467,120
	<b>Markup Expense on advance from parent company</b>	-	41,819,635
	<b>Markup income on advance to related parties</b>	-	637,177
	<b>Remuneration to chief executive officer</b>	<b>2,238,094</b>	5,152,588
	<b>Remuneration to other directors</b>	<b>150,000</b>	6,374,695
	<b>Contribution to staff provident fund</b>	<b>979,345</b>	1,872,578

### 17 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2016.

### 18 INVESTMENT TURNOVER

Turnover during the period comprises of the following:

During the period ended December 2016	Turnover in Value
<b>Institution</b>	<b>61,381,453,160</b>
<b>Retail</b>	<b>63,705,810,842</b>
<b>Proprietary</b>	<b>21,005,263,014</b>
<b>Total</b>	<b><u>146,092,527,016</u></b>

### 19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	December 31, 2016	December 31, 2015
	Rupees	
Cash and bank balances	501,955,734	264,528,366
Short term borrowings	(1,771,619,975)	(2,156,294,783)
	<u>(1,269,664,241)</u>	<u>(1,891,766,417)</u>

**Condensed Interim Selected  
Notes To The Financial Statements**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (Unaudited)

**21 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors in meeting held on January 30, 2017.

**21 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation, the effect of which are not material.



**Chairman**



**Chief Executive Officer**

## Pattern of Shareholding As of December 31, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage	
<b>Directors and their spouse(s) and minor children</b>				
HAROON USMAN	1	1,298	0.00	
NIDA AHSAN	1	916	0.00	
SHARMIN SHAHID	1	916	0.00	
MUHAMMAD SHAHID ALI	1	732	0.00	
ALI MURTAZA KAZMI	1	500	0.00	
ZAFAR ALAM	1	500	0.00	
MUHAMMAD SOHAIL SALAT	1	500	0.00	
<b>Associated Companies, undertakings and related parties</b>				
M/S. ARIF HABIB CORPORATION LIMITED	2	35,307,737	64.20	
<b>Executives</b>				
			-	
<b>Public Sector Companies and Corporations</b>				
		46,184	0.08	
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>				
		45	0.00	
<b>Mutual Funds</b>				
			-	
<b>General Public</b>				
	a. Local	10,421,000	18.95	
	b. Foreign	810,000	1.47	
<b>Foreign Companies</b>				
		2,094,500	3.81	
<b>Others</b>				
		6,315,172	11.48	
<b>Totals</b>		<b>9</b>	<b>55,000,000</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED	35,307,737	64.20
DJM SECURITIES (PRIVATE) LIMITED	3,489,500	6.34

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
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