

2019

QUARTERLY REPORT SEPTEMBER 30, 2018

Adding Value Through Consistency



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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 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.

Mission

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

Ms. Sharmin Shahid
Non-executive Director

Ms. Nida Ahsan
Non-executive Director

Dr. Muhammad Sohail Salat
Independent Director

AUDIT COMMITTEE

Dr. Muhammad Sohail Salat
Chairman

Mr. Haroon Usman
Member

Ms. Nida Ahsan
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Haroon Usman
Chairman

Ms. Nida Ahsan
Member

Mr. Muhammad Shahid Ali Habib
Member

Dr. Muhammad Sohail Salat
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

MANAGEMENT RATING

Pakistan Credit Rating Agency (PACRA)

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
MCB Bank Limited
National Bank of Pakistan
Silk 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 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

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 first quarter ended September 30, 2018.

Economic Review:

Pakistan's economic woes have been in the spotlight and impacting the market since the start of current financial year. Twin deficits and depleting forex reserves put pressure on PKR / Dollar parity, resulting in devaluation and an increase in discount rate.

Inflationary pressures in the economy increased during the first quarter with CPI at 5.60% as compared to 3.39% during the same period last year. On the external front, growth in imports expanded trade deficit by 16% to USD 5.86 billion in the first two months of FY19 compared to USD 5.05 billion in the corresponding period last year. Moreover, massive surge in international oil prices along with rise in imports of regassified liquefied natural gas (RLNG) to meet gas shortage resulted in higher current account deficit which swelled up by 10% YoY to USD 2.7 billion for the first two months of FY19. Resultantly, foreign exchange reserves with SBP declined from USD 9.8 billion at June 2018 to USD 8.40 billion as at September 2018, a reduction of over 14%. Primarily, as a result of weaker external account position, the State Bank of Pakistan (SBP) increased its policy rate by 200bps to 8.5% during the quarter.

Stock Market Review:

The KSE-100 index posted a negative return of 2.18% in 1QFY19 to close at 40,999 points with major contribution to the downside led by Food and Personal Care (-193pts), Automobile Assemblers (-179pts), and OMCs (-155pts). The quarter commenced on a negative note in Jul'18 mainly due to political uncertainty and rising current account deficit. Albeit, the domestic equity bourse took a breather post general elections held on July 25th, 2018. Since the new government took charge, several challenges have emerged such as widening twin deficits (current and fiscal) and depleting reserves. Pertinently, lack of clarity and direction on the economic front drove the bourse in red. However, foreign selling and depressed sentiments in Emerging Markets following the rising treasury yield in the US was another major reason for dull performance. Net foreign outflow during the period under review clocked-in at USD 189 million compared to net outflow of USD 90 million in 1QFY18. Moreover, as investors lost interest in key blue chip scrips, average daily volumes and traded value went down by 4% YoY and 35% YoY, respectively.

Your Company's Performance

By the grace of Almighty Allah, your Company has continued to perform well and achieved healthy profitability during the first quarter of the fiscal year 2019. The Company has posted after tax profit of PKR 149.20 million (PKR 33.45 million) which translates into basic EPS of PKR 2.71 (PKR 0.61) and diluted EPS of PKR 2.26 (PKR 0.51). Diluted Earnings per share has been calculated taking into account the effect of Bonus Shares (as approved in the AGM of the Company held on September 15, 2018) to be issued subsequent to the quarter ended September 30, 2018.

The first quarter of FY19 witnessed a major decline of 68% in market traded volumes and 24% in market traded values compared to first quarter FY18. However, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 85.55 million (1QFY18: PKR 141.83 million).

Your Company has invested in human capital by expanding its trading and business development team in Lahore & setting up its Islamabad branch which will in turn increase our market share with the HNWIs and retail clients, however, the same led to increase in our administrative and operating expenses. During the said period, our finance cost has decreased and posted a total of PKR 27.42 million (IQFY18: PKR 39.88 million). Despite the increase in policy rate, your management has made considerable efforts in effectively managing the Company's liquidity by negotiating down the borrowing rates and efficiently managing the funds of the Company.

The Investment property segment and the Equities Portfolio Investments posted a remarkable performance with an unrealized gain of PKR 117 million and net realized gains of PKR 49 million respectively. Equities Portfolio Investments have also outperformed the market considerably.

The equity of the Company as at the balance sheet date is PKR 2.61 billion (June 2018: PKR 2.62 billion), which translates into book value per share of PKR 57.66 (June 30, 2018: PKR 57.95). The equity level decreased due to the release of PKR 165 million reserves for cash dividends approved in the AGM held on September 15, 2018.

Future Prospects

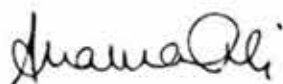
The future prospects of your Company are encouraging on account of the Management's efforts in increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities.

Acknowledgement

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

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

For and on behalf of the Board of Directors,



Muhammad Shahid Ali Habib
Chief Executive Officer and Director



Zafar Alam
Chairman

Karachi.

Dated: October 23, 2018

Financial Statements

Condensed Interim Balance Sheet

AS AT SEPTEMBER 30, 2018

	Note	Un audited September 30, 2018	Audited June 30, 2018
		Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property, plant and equipment	5	38,080,989	36,971,443
Intangible assets		9,315,607	9,452,439
Long term investments		156,808,574	160,390,122
Investment property	6	1,520,760,000	1,373,500,000
Long-term deposits		15,345,432	15,102,524
		1,740,310,602	1,595,416,528
CURRENT ASSETS			
Short term investments		2,538,018,191	2,678,785,604
Trade debts	7	94,854,650	24,479,552
Receivable against margin financing		262,047,309	257,416,270
Short term loans - secured		6,506,280	5,359,108
Advances, deposits and prepayments		40,916,390	36,580,884
Accrued markup		-	21,175,998
Other receivables		155,424,653	167,388,359
Cash and bank balances		552,832,336	686,765,082
		3,650,599,809	3,877,950,857
		5,390,910,411	5,473,367,385
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
75,000,000 (June 2015: 75,000,000) ordinary shares of PKR 10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		550,000,000	550,000,000
Unappropriated profits		2,606,088,558	2,621,883,347
Surplus on revaluation		3,156,088,558	3,171,883,347
		15,432,500	15,432,500
LIABILITIES			
CURRENT LIABILITIES			
Short term borrowings- secured		1,506,976,447	1,472,580,896
Current portion of liability subject to finance lease		319,265	1,345,933
Trade and other payables		518,961,424	562,759,873
Unclaimed dividend		18,718,326	12,755,839
Payable against purchase of securities- net		50,759,282	115,245,045
Markup accrued		26,528,331	45,791,816
Taxes payable -net	10	97,126,278	75,572,136
		2,219,389,353	2,286,051,538
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES			
		5,390,910,411	5,473,367,385

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.t



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Profit and Loss Account

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	September 30, 2018	September 30, 2017
Note	Rupees	Rupees
Operating revenue	86,062,429	141,834,974
Capital gain / (loss) on sale of short term investments	88,733,374	(38,121,115)
Unrealized gain on remeasurement of investment property	117,100,000	150,712,422
Unrealized loss on re-measurement of short term investments	(39,531,796)	(114,681,659)
Administrative and operating expenses	252,364,007 (84,080,710)	139,744,622 (73,294,751)
Finance costs	(27,421,800)	(39,884,208)
Other operating income	23,780,271	18,757,496
Profit before taxation	164,641,768	45,323,159
Taxation	(15,436,557)	(11,866,775)
Profit after taxation	149,205,211	33,456,384
Earning per share - basic	2.71	0.61
Earning per share - diluted	17 2.26	0.51

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



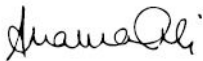
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	September 30, 2018	September 30, 2017
	Rupees	
Profit after taxation	149,205,211	33,456,384
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>149,205,211</u>	<u>33,456,384</u>


The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Share Capital		Reserves		Surplus on revaluation	Total
	Issued, subscribed & paid up capital	Unappropriated profits	Reserve for Issue of Bonus Shares	Sub Total		
Rupees						
Balance as at July 1, 2017	550,000,000	2,635,627,251	-	2,635,627,251	15,432,500	3,201,059,751
Cash dividend paid @ 100% for the year ended June 30, 2017	-	(550,000,000)	-	(550,000,000)	-	(550,000,000)
Comprehensive income for the three months ended September 30, 2017	-	33,456,384	-	33,456,384	-	33,456,384
Balance as at September 30, 2017	550,000,000	2,119,083,635	-	2,119,083,635	15,432,500	2,684,516,135
Balance as at October 1, 2017	550,000,000	2,119,083,635	-	2,119,083,635	15,432,500	2,684,516,135
Comprehensive income for the period October 2017 - June 2018	-	502,799,712	-	502,799,712	-	502,799,712
Balance as at June 30, 2018	550,000,000	2,621,883,347	-	2,621,883,347	15,432,500	3,187,315,847
Balance as at July 1, 2018	550,000,000	2,621,883,347	-	2,621,883,347	15,432,500	3,187,315,847
Cash dividend paid @ 30% for the year ended June 30, 2018	-	(165,000,000)	-	(165,000,000)	-	(165,000,000)
Bonus shares issued @ 20% for the year ended June 30, 2018	-	(110,000,000)	110,000,000	-	-	-
Comprehensive income for the three months ended September 30, 2018	-	149,205,211	-	149,205,211	-	149,205,211
Balance as at September 30, 2018	550,000,000	2,496,088,558	110,000,000	2,606,088,558	15,432,500	3,171,521,058

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Cash Flow Statement

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

September 30, 2018 September 30, 2017

Note Rupees

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	164,641,768	45,323,159
Adjustments for:		
Depreciation	1,909,135	1,997,952
Amortization of intangible asset	136,832	177,172
Loss on disposal of property, plant and equipment	11,885	13,200
Loss on re-measurement of short term investments	39,531,796	114,681,659
(Gain) / Loss on short term investment	(88,733,374)	38,121,115
Unrealized gain on re-measurement of investment property	(117,100,000)	(150,712,422)
Dividend income	(512,300)	(708)
Finance costs	27,421,800	39,884,208
	(137,334,226)	44,162,176

Cash generated from operating activities before working capital changes

27,307,542 89,485,335

Effect on cash flow due to working capital changes (Increase)/decrease in current assets

Short-term investments - net	193,550,539	(616,812,403)
Trade debts - consider good	(70,375,098)	1,215,360
Receivable against margin financing	(4,631,039)	(3,075,861)
Short term loans	(1,147,172)	487,676
Deposits and short-term prepayments	(4,335,506)	107,227,993
Accrued markup	21,175,998	-
Other receivables	9,918,906	27,855,770

Increase/(decrease) in current liabilities

Trade and other payables	(43,798,449)	66,568,281
Unclaimed dividend	5,962,487	-
Payable against purchase of securities- net	(64,485,763)	(34,414,007)
	41,834,903	(450,947,191)

Cash used in operations

Taxes paid	69,142,445	(361,461,856)
Dividend paid	6,117,585	(24,324,365)
Finance costs paid	(165,000,000)	-
	(46,685,285)	(11,355,010)
	(136,425,255)	(397,141,231)

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	(3,050,566)	(885,253)
Proceeds from disposal of property, plant and equipment	20,000	105,753
Expenditure on investment property - net	(30,160,000)	(519,135,078)
Dividends received	2,557,100	7,670,945
Long term deposits - net	(242,908)	2,075,784
	(30,876,374)	(510,167,849)

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Principal repayment against finance lease liability	(1,026,668)	(138,771)
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Net cash used in financing activities

(1,026,668) (138,771)

Net (decrease) in cash and cash equivalents

(168,328,297) (907,447,851)

Cash and cash equivalents at the beginning of the year (785,815,814) (575,219,910)

Cash and cash equivalents at the end of the year 15 (954,144,111) (1,482,667,761)

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Selected Notes to the Financial Statement

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

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 ("the Exchange"). 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 Exchange on January 31, 2007.

The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are brokerage of shares, equity and debt securities, forex and other financial instruments, corporate finance services and securities investments. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

- 1.2** The Parent Company holds 65.52% shares of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statement of the Company for the quarter ended September 30, 2017 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 Act, 2017 have been followed.

These condensed interim financial statements are being submitted to the shareholders as required under section 237 of the the Companies Act, 2017 (the Act) and the Listing Regulations of Pakistan Stock Exchange Limited.

These Condensed interim financial statements comprise of the balance sheet as at September 30, 2018 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2018.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2018 has been extracted from the audited financial statements of the company for the year ended June 30, 2018, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2017.

As per requirement stated under para 14 of IAS34 - "International Financial Reporting" interim financial report is prepared on a consolidated basis if the entity's most recent annual financial statements were consolidated statements, however, the Company was exempted by the SECP from preparing Consolidated Financial Statements for the year ended June 30, 2018, therefore the requirement to prepare Interim Consolidated Financial Statements for its subsidiaries namely M/s. Arif Habib Commodities (Pvt.) Limited and M/s. Arif Habib 1857 (Pvt.) Limited does not apply to interim financial statements. These subsidiaries have been 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 would be available to the members on request without any cost.

These 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, 2018.

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.

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, 2018.

5 PROPERTY, PLANT & EQUIPMENT

During the period ended September 30, 2018, addition made amounting to PKR 3,050 thousands (June 2018: 4,741 thousands) which comprised of office equipment and computer & allied. Further, assets having WDV of PKR 31.8 thousands were sold for PKR 20 thousands (June 2018: WDV of PKR 932 thousands were sold of PKR 912 thousands).

6 INVESTMENT PROPERTY

	September 30, 2018	September 30, 2017
	Un-audited	Un-audited
	————— Rupees	—————
Carrying Value	1,373,500,000	369,211,719
Sale during the period	(114,840,000)	(239,821,719)
Acquisition during the year	145,000,000	859,120,000
Increase in fair value - net	1,403,660,000	988,510,000
	117,100,000	384,990,000
	<u>1,520,760,000</u>	<u>1,373,500,000</u>

7 TRADE DEBTS

7.1 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.

- 7.2** The Company holds equity securities having fair value of PKR 44,104 million (June 2018: PKR 42,456 million) owned by its clients, as collaterals against trade debts.

	Un-audited September 30, 2018		Audited June 30, 2018	
	Gross	Impairment	Gross	Impairment
Not past due	262,047,309	-	257,416,270	-
Past due 1 day - 30 days	75,604,049	-	31,194,016	-
Past due 31 days - 180 days	33,834,649	-	4,031,550	-
Past due 181 days - 1 year	799,232	-	4,366,266	-
More than one year	848,066,941	863,471,916	848,359,636	863,471,916
	Rupees 1,220,352,180	863,471,916	1,145,367,738	863,471,916

8 CASH AND BANK BALANCES

	Note	September 30, 2018	September 30, 2017
		Un-audited Rupees	Un-audited
Cash in hand		95,152	70,843
Cash at Bank			
in current accounts		48,081,735	217,807,882
in savings accounts	8.1	504,655,449	468,886,357
		552,737,184	716,988,104
		552,832,336	717,058,947

- 8.1** This includes customer's bank balances held in designated bank accounts amounting to PKR 528.158 million (June 2018: PKR 661.625 million).

9 SHORT TERM BORROWINGS - SECURED

- 9.1** 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.

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

	Un-audited September 30, 2018		Audited June 30, 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	127,500,000	4,737,171,000	136,000,000	4,414,016,000
House	48,967,000	978,754,363	74,942,000	1,331,963,863
Total	176,467,000	5,715,925,363	210,942,000	5,745,979,863

10 TAXES PAYABLE - NET

Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute at least 20% of accounting profit through cash dividend within six months of the end of said tax year.

"Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2019 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.

11. 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, 2018

September 30, 2018	June 30, 2018
Un-audited	Audited
—————	—————
Rupees	

COMMITMENTS

Following commitments are outstanding as at the year end.

- Outstanding Settlements against Marginal Trading contracts	241,700,038	282,746,717
- Outstanding Settlements against (purchase) / sale of securities in regular market.	(51,621,831)	381,424,500
- Guarantee given by a commercial bank on behalf of the Company	250,000,000	250,000,000

12. Income from dividend for the period ended September 30, 2018 amounts to PKR 512 thousand.

13. RELATED PARTY TRANSACTIONS AND BALANCES

September 30, 2018	September 30, 2017
Un-audited	Audited
—————	—————
Rupees	

Name of the related party and relationship with company	Nature of Transaction		
Parent	Brokerage commission earned during the period on sale and purchase of securities	1,503,860	1,648,352
Subsidiary		46,156	1,911,728
Key management personnel		1,498,688	4,775,674
Chief Executive Officer	Remuneration	1,777,496	1,926,028
Other directors	Meeting Fees	125,000	150,000
Arif Habib Limited Provident Fund	Contribution paid during the year	1,648,324	1,408,389

September 30, 2018	June 30, 2018
Un-audited	Audited
—————	—————
Rupees	

Balances with related parties at the end of the period are as follows:

Receivable from related parties		
Parent	10,665,715	53,332
Subsidiary	409,706	256,305
Key management personnel	50,820	-
Payable to related parties:		
Subsidiary	330,444	117,648
Key management personnel	50,781,411	14,141,705

14. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2018.

15. CASH AND CASH EQUIVALENTS

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

September 30, 2018	June 30, 2018
Un-audited	Audited
—————	—————
Rupees	

Cash and bank balances	552,832,336	573,462,352
Short term borrowings	(1,506,976,447)	<u>(2,056,130,113)</u>
	(954,144,111)	<u>(1,482,667,761)</u>

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on September 23, 2018.

17. APPROPRIATION FOR DIVIDEND

Shareholders in their annual general meeting held on September 15, 2018 have approved final cash dividend of PKR 3/- per share amounting to PKR 165 million and bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held amounting to PKR 110 million. This condensed interim financial information includes the effect of the aforementioned appropriation.

Subsequent to the balance sheet date, bonus shares are to be allotted / issued to those shareholders whose name were appearing on the Members' Register as on the close of business on September 07, 2018.

18. GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

AS OF SEPTEMBER 30, 2018








Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUHAMMAD HAROON		1,298	0.00
NIDA AHSAN		916	0.00
SHARMIN SHAHID	1	916	0.00
MUHAMMAD SHAHID ALI	1	732	0.00
ZAFAR ALAM	1	500	0.00
MUHAMMAD SOHAIL SALAT	1	500	0.00
Associated Companies, under takings and related parties			
ARIF HABIB CORPORATION LIMITED	2	36,038,237	65.52
Public Sect or Companies and Corporations			
	1	46,184	0.08
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	3	1,085,545	1.97
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	446,500	0.81
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	260,000	0.47
General Public			
a. Local	3437	16,124,904	29.32
b. Foreign	1	10,000	0.02
Foreign Companies			
	1	50,500	0.09
Others			
	45	933,268	1.70
Totals	3498	55,000,000	100.00
Share holders holding 5% or more		Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED		36,038,237	65.52










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