

2019

HALF YEARLY REPORT DECEMBER 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. Mohsin Madni
Non-executive 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 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

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 half year and second quarter ended December 31, 2018.

Economic Review:

The economy remained in the stabilization mode with growth taking a back seat and meeting international financial commitments was the first and foremost priority of the government since taking charge. A slowdown in growth momentum has been observed with Large Scale Manufacturing (LSM) during five months of FY19 remained almost stagnant (declining 0.9% YoY). Meanwhile, inflationary pressure in the economy exacerbated with the CPI settling at 6.05% during 1HFY19 vis-à-vis 3.75% during 1HFY18. On the external front, the current account deficit witnessed a 4.4% YoY reduction during 1HFY19 and settled at USD 8 billion (1HFY 18: USD 8.4 billion) on the heels of a healthy improvement of 10% YoY in remittances during the said period. The trade deficit widened by 5.4% to clock in at USD 15.6 billion (1HFY18: USD 14.8 billion) owing to stagnant exports and a 3% jump in the import bill. The surge in import bill was primarily led by a 27% YoY increase in the Petroleum Group. Meanwhile, foreign exchange reserves held with SBP continued the downward trajectory, settling at USD 7.2 billion at the end of Dec' 18, showing a contraction of 48% YoY (Dec'17: USD 14.1 billion). The SBP raised a cumulative of 425 bps in the discount rate (current discount rate: 10.5%) in CY18 to curtail aggregate demand in the economy to deal with the ailing external account position and inflationary pressure.

Stock Market Review:

The KSE-100 index witnessed an other depressing quarter and posted a negative return of 9.60% (-3,932pts) in 2QFY19 to close at 37,067 points. During 1HFY19, KSE-100 index slipped by 4,844pts or 11.56%. The decline in index was majorly led by i) Continued pressure on the current account deficit (USD 4.1 billion, +5% QoQ), ii) depleting foreign exchange reserves (SBP Reserves at USD 7.26 billion, less than two months import coverage) , iii) increase in discount rate to 10.50%, and iv) depreciation of PKR by 26% YoY against USD resulted in massive foreign selling. During 2QFY19, major contribution to the downside was driven by Banking Sector and Oil and Gas Exploration Sector amid international oil prices slumping to a 2 year low. Net outflow during the 1HFY19 clocked-in at USD 403 million compared to net outflow of USD 151 million in 1HFY18. Moreover, average daily traded value during 1HFY19 went down by 24% to USD 57.94 million as compared to 1HFY18, although traded volumes have gone up by 12% to 178.5 million.

Your Company's Performance

The Company has posted after tax profit of PKR 71.22 million (1HFY18: Loss of PKR 63.99 million) which translates into basic EPS of PKR 1.08 (1HFY18: Loss of PKR 0.97 per share).

The first half year FY19 witnessed a decline of 24% in market traded values compared to first half year FY18. However, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 232.92 million (1HFY18: PKR 227.96 million).

Your Company has invested in human capital by expanding its trading and business development team in Lahore & Islamabad 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 72.73 million (1HFY18: PKR 89.98 million). Despite the increase in policy rate, your management has made considerable efforts in effectively managing the Company's liquidity by revising down the borrowing rates and efficiently managing the funds of the Company.

The Investment property segment posted a decent performance with an unrealized gain of PKR 242 million and realized gains of PKR 11.3 million. Equities Portfolio Investments witnessed a negative performance and recorded realized profits of PKR 110.88 million and unrealized loss of PKR 314 million due to negative market return of around 12% in the first half of current financial year.

The equity of the Company as at the balance sheet date is PKR 2.42 billion (June 2018: PKR 2.62 billion), which translates into book value per share of PKR 46.87 (June 30, 2018: PKR 48.29).

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: January 25, 2019

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Arif Habib Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the three months ended September 30, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.

Dated: January 25, 2019



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi.

Financial Statements

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2018

	Note	Unaudited December 31, 2018 ----- Rupees -----	Audited June 30, 2018
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	5	41,021,597	36,971,443
Intangible assets		9,187,149	9,452,439
Long term investments		154,198,713	160,390,122
Investment property	6	1,628,946,360	1,373,500,000
Long-term deposits		16,320,926	15,102,524
		1,849,674,745	1,595,416,528
CURRENT ASSETS			
Short term investments		3,205,724,802	2,678,785,604
Trade debts	7	52,112,596	24,479,552
Receivable against margin financing		323,697,492	257,416,270
Short term loans - secured		2,208,278	5,359,108
Advances, deposits and prepayments		866,836,572	36,580,884
Accrued markup		-	21,175,998
Other receivables		161,804,236	167,388,359
Cash and bank balances	8	1,017,136,569	686,765,082
		5,629,520,545	3,877,950,857
TOTAL ASSETS		7,479,195,290	5,473,367,385
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
75,000,000 ordinary shares of PKR 10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		660,000,000	550,000,000
Revenue Reserves			
Unappropriated profits		2,418,107,744	2,621,883,347
Surplus on revaluation		15,432,500	15,432,500
		3,093,540,244	3,187,315,847
LIABILITIES			
CURRENT LIABILITIES			
Short term borrowings- secured	9	3,117,847,988	1,472,580,896
Current portion of liability subject to finance lease		-	1,345,933
Trade and other payables	10	1,020,395,153	562,759,873
Unclaimed dividend		15,951,196	12,755,839
Payable against purchase of securities- net		122,280,882	115,245,045
Markup accrued		41,913,454	45,791,816
Taxes payable -net		67,266,372	75,572,136
		4,385,655,045	2,286,051,538
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	11	7,479,195,290	5,473,367,385

The annexed notes from 1 to 17 form an integral part of the condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Profit or Loss

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2018 (UNAUDITED)

	Note	Six months ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees -----			
Operating revenue	12	254,883,926	291,387,960	168,821,497	149,552,986
Capital gain on sale of short term investments		110,881,820	111,931,561	22,148,446	150,052,676
Unrealized gain on re-measurement of investment property		241,698,360	344,580,000	124,598,360	193,867,578
Unrealized loss on re-measurement of investments		(314,139,218)	(639,472,756)	(274,607,422)	(524,791,097)
		293,324,888	108,426,765	40,960,881	(31,317,857)
Administrative and operating expenses		(167,373,791)	(145,997,139)	(83,293,081)	(72,702,388)
Finance costs		(72,736,689)	(89,981,959)	(45,314,889)	(50,097,751)
Other operating income		51,254,410	91,875,895	27,474,139	73,118,399
Profit / (loss) before taxation		104,468,818	(35,676,438)	(60,172,950)	(80,999,597)
Taxation	13	(33,244,420)	(28,316,230)	(17,807,863)	(15,832,312)
Profit / (loss) after taxation		71,224,397	(63,992,668)	(77,980,814)	(96,831,909)
Basic and diluted earning / (loss) per share (Rs. per share)		1.08	(0.97)	(1.18)	(1.47)

The annexed notes from 1 to 17 form an integral part of the condensed interim financial statements.



Chief Executive Officer



Director




Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2018 (UNAUDITED)

	Six months ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Profit / (loss) after taxation	71,224,397	(63,992,668)	(77,980,814)	(96,831,909)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>71,224,397</u>	<u>(63,992,668)</u>	<u>(77,980,814)</u>	<u>(96,831,909)</u>

The annexed notes from 1 to 17 form an integral part of the condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2018 (UNAUDITED)

	Issued, subscribed & paid up capital	Revenue reserve		Total
		Unappropriated profits	Surplus on revaluation	
----- Rupees -----				
Balance as at July 1, 2017	550,000,000	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)
Total comprehensive income for the period ended December 31, 2017	-	(63,992,668)	-	(63,992,668)
Balance as at December 31, 2017	550,000,000	2,021,634,583	15,432,500	2,587,067,083
Balance as at July 1, 2018	550,000,000	2,621,883,347	15,432,500	3,187,315,847
Cash dividend paid @ 30%, Rs 3 per share, for the year ended June 30, 2018	-	(165,000,000)	-	(165,000,000)
Bonus shares issued @ 20% for the year ended June 30, 2018	110,000,000	(110,000,000)	-	-
Total comprehensive income for the period ended December 31, 2018	-	71,224,397	-	71,224,397
Balance as at December 31, 2018	660,000,000	2,418,107,744	15,432,500	3,093,540,244

The annexed notes from 1 to 17 form an integral part of the condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2018 (UNAUDITED)

	December 31, 2018	December 31, 2017
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	104,468,818	(35,676,438)
Adjustments for:		
- Depreciation	4,031,960	3,954,289
- Amortization of intangible asset	265,290	342,480
- Gain on disposal of investment property	(11,315,000)	(49,619,922)
- Loss on disposal of property and equipment	11,885	13,200
- Loss on re-measurement of investments	314,139,218	639,472,756
- Gain on disposal of short term investment	(110,881,820)	(111,931,561)
- Unrealized gain on re-measurement of investment property	(241,698,360)	(344,580,000)
- Dividend income	(21,961,554)	(63,430,904)
- Finance costs	72,736,689	89,981,959
	5,328,308	164,202,297
Cash generated from operating activities before working capital changes	109,797,126	128,525,859
Working capital changes		
(Increase)/decrease in current assets		
- Short-term investments - net	(724,005,187)	(340,463,391)
- Trade debts - consider good	(27,633,044)	38,216,319
- Receivable against margin financing	(66,281,222)	251,037,405
- Short term loans	3,150,830	205,301
- Deposits and short-term prepayments	(830,255,688)	91,998,488
- Accrued markup	21,175,998	-
- Other receivables	3,539,323	46,801,049
Increase/(decrease) in current liabilities		
- Trade and other payables	457,635,280	(259,464,180)
- Unclaimed dividend	3,195,357	(6,320,545)
- Payable against purchase of securities- net	7,035,837	(26,164,497)
	(1,152,442,516)	(204,154,051)
Cash used in operations	(1,042,645,390)	(75,628,192)
- Taxes paid	(41,550,184)	(133,585,380)
- Finance costs paid	(76,615,050)	(52,310,726)
Net cash used in operating activities	(1,160,810,624)	(261,524,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property, plant and equipment	(8,656,418)	(2,223,875)
- Proceeds from disposal of property and equipment	562,419	106,100
- Expenditure on investment property	(151,088,000)	(822,680,000)
- Sale proceeds on disposal of Investment property	148,655,000	269,579,922
- Dividends received	24,006,353	66,873,518
- Long term deposits - net	(1,218,402)	3,099,650
Net cash generated from / (used in) investing activities	12,260,952	(485,244,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Principal repayment against finance lease liability	(1,345,933)	(339,236)
- Dividend paid	(165,000,000)	(550,000,000)
Net cash used in financing activities	(166,345,933)	(550,339,236)
Net decrease in cash and cash equivalents	(1,314,895,605)	(1,297,108,219)
Cash and cash equivalents at the beginning of the period	(785,815,814)	(575,219,910)
Cash and cash equivalents at the end of the period	(2,100,711,419)	(1,872,328,129)

The annexed notes from 1 to 17 form an integral part of the condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Selected Notes To The Financial Statements

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (UNAUDITED)

1 STATUS AND NATURE OF BUSINESS

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. Currently the parent company holds 65.52% shares of the company.

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..

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed 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 of:

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

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

This condensed interim financial information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim statement of profit or loss and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months ended December 31, 2018 and December 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 is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange Limited vide section 237 of the Companies Act.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except;

- Investment property which is carried at fair value;
- Long term investments in ISE Tower Reit Management Limited and LSE Financial Services Limited which is carried at fair value;
- Short term investments in quoted equity securities, units of mutual funds and term finance certificates / sukuks carried at fair value;
- Finance lease obligation which is measured at the present value of future minimum lease payments.

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been 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 except for certain accounting and reporting standards which become effective for onward period beginning on or after July 01, 2018.

In addition to this, certain amendments to existing accounting and reporting standards and new interpretation for the period beginning on or after July 01, 2018. However, the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or do not having significant impact on this condensed interim financial statements.

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 AND EQUIPMENT

	Unaudited December 31, 2018	Audited June 30, 2018
Owned assets	41,021,597	35,967,951
Leased assets	-	1,003,492
	41,021,597	36,971,443

5.1 Details of additions to and disposals of fixed assets are as follows :

	Unaudited Six month ended December 31, 2018		Unaudited Six month ended December 31, 2017	
	Additions - at cost	Disposals - at net book value	Additions - at cost	Disposals - at net book value
Owned assets				
Office equipments	2,290,642	31,885	110,141	-
Furniture & Fixture	1,987,703	-	471,881	-
Computer & Allied	4,349,435	-	1,651,506	119,300
	8,627,780	31,885	2,233,528	119,300
Leased assets				
Vehicles	-	556,608	-	-
	8,627,780	588,493	2,233,528	119,300

	Unaudited December 31, 2018	Audited June 30, 2018
	----- Rupees -----	
6 INVESTMENT PROPERTY		
Opening carrying value	1,373,500,000	369,211,719
Disposals during the period / year	(137,340,000)	(239,821,719)
Additions during the period / year	151,088,000	859,120,000
	1,387,248,000	988,510,000
Increase in fair value - net	241,698,360	384,990,000
	1,628,946,360	1,373,500,000

- 6.1** This represent the investment in plots of land situated at Naya Nazimabad, Deh Mangopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited, ISE Tower REIT Management Company Limited and LSE Financial Services Limited.

	Unaudited December 31, 2018	Audited June 30, 2018
	----- Rupees -----	
7 TRADE DEBTS		
Considered good	52,112,596	24,479,552
Considered doubtful	863,471,916	863,471,916
	915,584,512	887,951,468
Less: Provision for the doubtful debts	(863,471,916)	(863,471,916)
	52,112,596	24,479,552

- 7.1** 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 measure on the basis of life time ECLs. The Company assumes that the credit risk on trade debts and other receivable has increased significantly if it is more than 360 days past due. The Company has determined that the application of IFRS 9's impairment requirements at January 01, 2018 does not have a material impact on provision for doubtful debts measured under IAS 39.

- 7.2** The Company holds equity securities having fair value of PKR 34,394 million (June 2018: PKR 42,456 million) owned by its clients, as collaterals against trade debts.

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

	Unaudited December 31, 2018		Audited June 30, 2018	
	Gross	Impairment	Gross	Impairment
Not past due	323,697,492	-	257,416,270	-
Past due 1 day - 30 days	49,457,063	-	31,194,016	-
Past due 31 days - 180 days	15,819,588	-	4,031,550	-
Past due 181 days - 1 year	2,079,134	-	4,366,266	-
More than one year	848,228,728	863,471,916	848,359,636	863,471,916
Rupee	1,239,282,004	863,471,916	1,145,367,738	863,471,916

8 CASH AND BANK BALANCES	Note	Unaudited	Audited
		December 31, 2018	June 30, 2018
		----- Rupees -----	
Cash in hand		110,388	70,843
Cash at Bank			
in current accounts		78,463,005	217,807,882
in savings accounts	8.1	938,563,176	468,886,357
		1,017,026,181	686,694,239
		<u>1,017,136,569</u>	<u>686,765,082</u>

8.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 998.390 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, amounting to Rs. 4,750 million (2018: Rs. 4,790 million). These facilities have various maturity dates up to March 2019. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25% (2018: 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25%). The markup is calculated on a daily product basis and is payable quarterly.

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

	Unaudited		Audited	
	December 31, 2018		June 30, 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	122,500,000	4,359,775,000	136,000,000	4,414,016,000
House	64,437,995	1,536,905,838	74,942,000	1,331,963,863

10 TRADE AND OTHER PAYABLES	Unaudited	Audited
	December 31, 2018	June 30, 2018
		----- Rupees -----
Creditors	992,231,981	521,274,685
Commission payable	9,197,812	24,578,838
Accrued expenses	10,926,426	6,658,037
Payable to provident fund	-	46,694
Sindh sales tax payable	5,994,816	7,915,879
Other liabilities	2,044,118	2,285,740
	<u>1,020,395,153</u>	<u>562,759,873</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

As of the reporting date, there was no change in the status of the contingency as reported in the Company's published audited financial statements for the year ended June 30, 2018.

11.2 Commitments

Unaudited
December 31,
2018
 ----- Rupees -----
 Audited
 June 30,
 2018

Following commitments are outstanding as at the period / year end.

- Outstanding Settlements against Marginal Trading contracts	301,630,946	282,746,717
- Outstanding Settlements against purchase of securities in regular market.	-	381,424,500
- Guarantee given by a commercial bank on behalf of the Company	250,000,000	250,000,000

12 OPERATING REVENUE

	Unaudited		Unaudited	
	Six Months ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
	----- Rupees -----			
Brokerage income	151,335,724	138,856,821	95,574,344	66,946,246
Consultancy income	81,586,649	89,100,235	51,797,900	19,176,544
Dividend income	21,961,554	63,430,904	21,449,254	63,430,196
	254,883,927	291,387,960	168,821,498	149,552,986

13 TAXATION

	Six months ended	
	December 31,	December 31,
	2018	2017
	----- Rupees -----	
Current	(33,244,420)	28,316,230

14 RELATED PARTY DISCLOSURES		Unaudited Six months ended	
		December 31, 2018	December 31, 2017
Transactions during the period		----- 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	3,685,664	2,407,817
Subsidiary		113,769	3,767,686
Key management personnel		7,797,375	2,775,372
Chief Executive Officer	Remuneration	3,554,640	3,812,694
Other directors	Meeting Fees	125,000	125,000
Arif Habib Limited Provident Fund	Contribution paid during the year	3,165,867	2,922,358
Balances with related parties at the end of the period are as follows:		Unaudited December 31, 2018	Audited June 30, 2018
		----- Rupees -----	
Receivable from related parties			
Parent		46,852	53,332
Key management personnel		3,629,220	103,235
Other related parties			
Advance to group companies			
Subsidiary		1,868,939	573,152
Other related parties		3,158,265	154,879

15 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, 2018.

16 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:

	Unaudited	
	December 31, 2018	December 31, 2017
	----- Rupees -----	
Cash and bank balances	1,017,136,569	799,267,271
Short term borrowings	(3,117,847,988)	(2,671,595,400)
	<u>(2,100,711,419)</u>	<u>(1,872,328,129)</u>

17 GENERAL

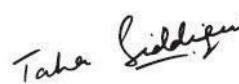
These condensed interim financial statements were authorized for issue by the Board of Directors in their meeting held on January 25, 2019.



Chief Executive Officer



Director



Chief Financial Officer

Pattern of Shareholding

AS OF DECEMBER 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUHAMMAD HAROON	1	1,557	0.00
NIDA AHSAN	1	1,099	0.00
SHARMIN SHAHID	1	1,099	0.00
MUHAMMAD SHAHID ALI	1	878	0.00
ZAFAR ALAM	1	600	0.00
MUHAMMAD SOHAIL SALAT	1	600	0.00
MOHSIN MADNI	1	500	0.00
Associated Companies, undertakings and related parties			
M/S. ARIF HABIB CORPORATION LIMITED	2	43,245,884	65.52
Public Sector Companies and Corporations	1	55,420	0.08
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	4	1,327,654	2.01
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	535,800	0.81
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	312,000	0.47
General Public			
a. Local	3477	19,334,942	29.30
b. Foreign	1	12,000	0.02
Foreign Companies	1	2,400	0.00
Others	47	1,167,567	1.77
Totals	3542	66,000,000	100.00
Share holders holding 5% or more		Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED		43,245,884	65.52

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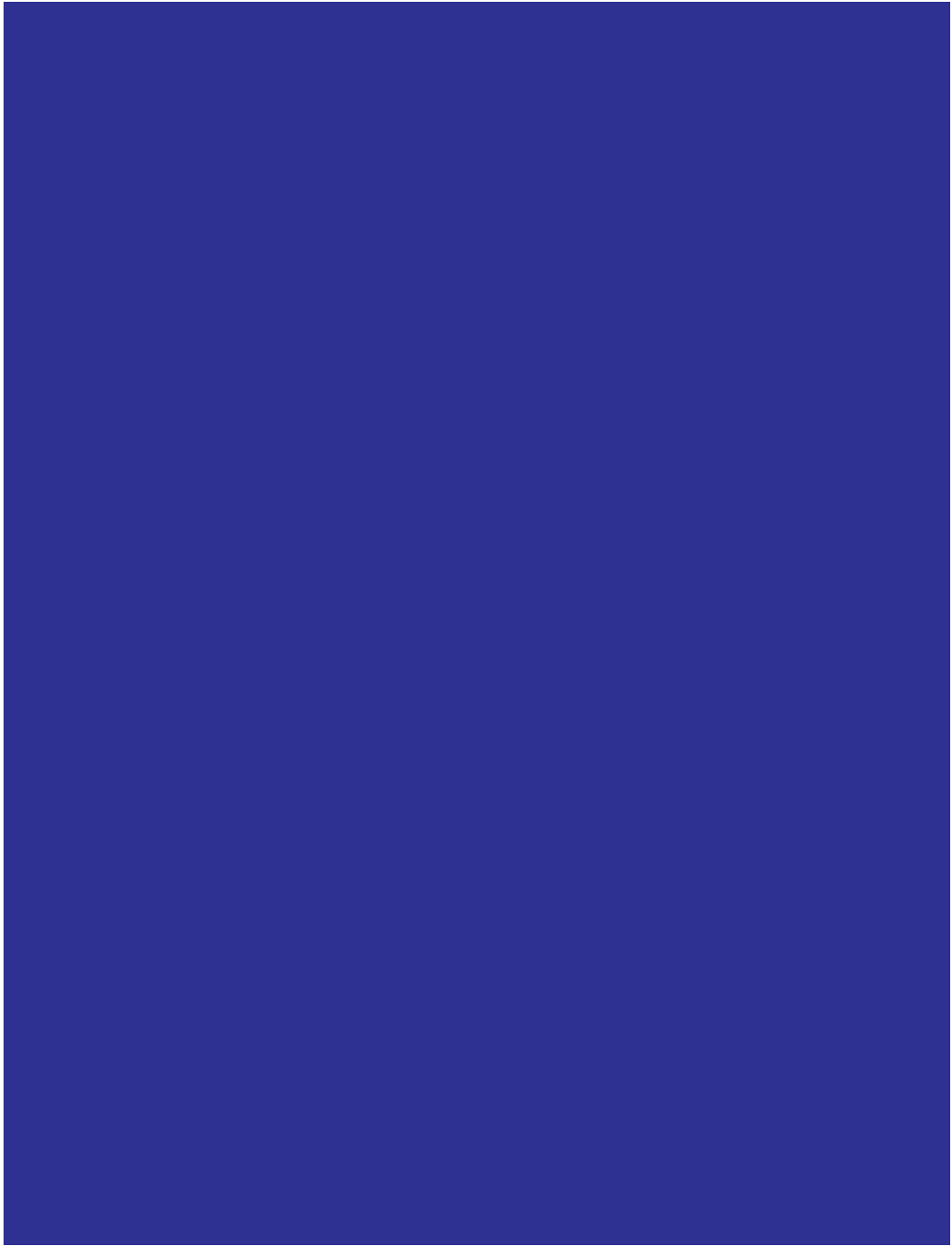


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