

# synergy

**Half Yearly Report**  
**December 31, 2015**

# synergy

At Arif Habib Limited, we strive to deliver premium products and services to our wide spectrum of stakeholders. The cornerstone to achieving this is developing close SYNERGY, which we build in to our approach.

**SYNERGY** is much more than just a word to us, it is a firm commitments in how we conduct ourselves. Each letter that makes up this word represents an element, which when combined sets us on a path towards development.

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# Corporate Information

## Board of Directors

Mr. Zafar Alam  
Mr. Muhammad Shahid Ali Habib  
Ms. Sharmin Shahid  
Mr. Ali Murtaza Kazmi  
Mr. Haroon Usman  
Ms. Nida Ahsan  
Mr. Zeshan Afzal

Chairman & Non-executive Director  
Chief Executive Officer & Executive Director  
Non-executive Director  
Independent Director  
Non-executive Director  
Non-executive Director  
Executive Director

## Audit Committee

Mr. Ali Murtaza Kazmi  
Mr. Haroon Usman  
Ms. Nida Ahsan

Chairman  
Member  
Member

## Human Resource & Remuneration Committee

Mr. Haroon Usman  
Mr. Muhammad Shahid Ali Habib  
Ms. Nida Ahsan

Chairman  
Member  
Member

## Company Secretary & CFO

Mr. Faisal Mehmood Shaikh, ACA

**Bankers**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
Meezan 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

**Auditors**

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

**Credit Rating**

JCR-VIS Credit Rating Company

**Legal Advisors**

M/s. Bawaney & Partners

**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 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  
website : www.arifhabibltd.com  
www.ahletrade.com



## Directors' Report

**Dear Fellow Shareholders of Arif Habib Limited,**

On behalf of the Board of Directors of Arif Habib Limited (AHL), I am pleased to present the Half Yearly and Second Quarter Report of the Company for the year 2015-16 together with the financial statements of the half year and quarter as per the accounting, regulatory and legal standards/requirements.

## Business Environment

The ongoing oil slump remained the key economic driver with crude oil diving down another 50% in the 1st Half Financial Year 2016 (1HFY16). In addition, US Fed rate hike and concerns over China's economic slowdown kept international markets dampened. Pakistan, being a net importer of crude oil and petroleum products, continued to reap benefits of cheap imports. Lower commodity prices coupled with cheaper oil imports kept the month on month inflationary pressures in check bringing Consumer Price Index (CPI) inflation average to a record low of 2.2% YoY during 1HFY16 as opposed to 6.1% Year on Year (YoY) in the SPLY. The State Bank of Pakistan (SBP) took this opportunity to maintain its Policy Rate at a multi-decade low of 6% in its Nov/15 Monetary Policy Statement (MPS), adding impetus to the market.

The relentless decline in oil prices also allowed the country to improve on the external account front, pulling down the current account deficit to USD 1,267mn in 1HFY16 (-0.9% of GDP) compared to USD 2,463mn (-1.8% of GDP) in the corresponding period last year. Although the Country's exports continued to remain lacklustre, down 11% YoY, contraction in imports of 10% YoY, mainly due to falling oil prices, helped decrease the trade deficit to USD 9,074mn in 1HFY16, compared to USD 9,938mn in 1HFY15. A higher inflow of remittances (USD 9.7bn, up 6.3% YoY), coupled with falling trade deficit allowed accumulation of FX reserves, up to USD 20.8bn in 2nd Quarter Financial Year 2016 (2QFY16), compared to USD 20.1bn end of 1st Quarter Financial Year 2016 (1QFY16). Continued support from the IMF, World Bank and Asian Development Bank also helped strengthen FX reserves. With that said, the local currency has only incurred nominal depreciation of 2.8% during 1HFY16.

## Stock Market

The local bourse shed 1,583pts (PKR based return of -4.6%) during 1HFY16 to close at 32,816. While some might assume the equities sell-off to have persisted longer than the norm of previous periods, eroding much of the preceding gains, a closer look at international markets demonstrates a similar trajectory. Several externalities such as decelerating global economic growth aided by China, sliding oil prices and uncertainty surrounding the OPEC / FED meetings in Dec-15 all took a toll on the performance of the KSE-100 index and global markets alike. With this, the market remained largely distant from the many positives including steady fundamentals, improved current account position, low inflationary pressures, record low interest rates and largely improving political environment. Amid extreme volatility in the international equities market, selling from overseas investors clocked-in at USD 241mn in contrast to net inflows of USD 113mn in 1HFY15, while average daily traded value dipped by 10% YoY to USD 101mn. Despite international sell off witnessed in the period under consideration, some sectors managed to generate alpha returns including Pharmaceuticals, Power and Insurance while major laggards remained E&P, Cements, Food and Personal Care products.

It may be noted that as of January 11, 2016 the three bourses have been integrated into one bourse namely the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Ltd.)

## Your Company's Performance

By the grace of Almighty Allah, your Company has posted after tax profit of PKR 257.22mn during 1HFY16 (PKR 478.52 mn in 1HFY15) which translates into an EPS of PKR 4.68 (PKR 8.70).

The second quarter of 1HFY16 witnessed a major decline of 48% in volumes and of 30% in traded values compared to first quarter. However the brokerage business managed to perform well with a mere discount of 7% YoY and 20%

QoQ. During the period under review, your company posted a total brokerage revenue of PKR 128.59 mn compared to PKR 139.51 mn last year. The Corporate Finance division continues to perform well with revenues standing at PKR 72.31 mn (PKR 68.37 mn) from the same period last year. The Company's investment portfolio has yielded realized and unrealized revenue of PKR 216.87mn (PKR 528.90 mn).

Your Company has done well in expense management with administrative and operating expenses increasing by a mere 7% as compared to the same period last year. The increase is due to the fact that the Company has invested in its human resources and recurring cost of infrastructure development, resulting in better returns and client satisfaction offered that has generated prosperous results. Our finance cost for the period has decreased massively by 40% and posted a total of PKR 75.72 mn (PKR 125.11 mn). The decrease is due to rate cut on borrowing and effective management of funds by the Company.

The equity of the Company as at the balance sheet date is PKR 2.54 bn (June 2015: PKR 2.68bn) which translates into book value per share of PKR 46.14 (June 30, 2015: PKR 48.75). The equity level decreased due to the release of PKR 385mn reserves for cash dividends approved in the AGM held on September 19, 2015.

## Future Prospects

The future prospects of your Company look outstanding on account of our rising market share in various business segments. We are targeting to generate better volumes from our existing as well as potential foreign and domestic clients on account of improving relationship with foreign and domestic institutional investors as well as key broker dealers through value-added services. This includes, but not limited to, offering new products and services through enhancing our Research over our peers. We are also eyeing increased activity on account of new equity and debt listings and secondary offerings for which our Corporate Finance Division is well poised. We are confident that the Company's investment portfolio will also keep delivering better results going forward, as the market is still offering lucrative investment opportunities. We are also taking steps to provide excellent Research services to both our local and foreign clients to sustain and improve our business and strengthen our client relationships.

## Acknowledgement

We are grateful to the Company's shareholders for their increased confidence and patronage. We record our appreciation and thanks to all Stakeholders and the Parent Company, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and the Management of Pakistan Stock Exchange Limited (previously, Karachi, Lahore and Islamabad Stock Exchanges) for their continuing support and guidance without which we would not have been able to pursue our strategy and such business performance.

We acknowledge and appreciate the hard work put in by the Employees of the Company during the period. We also appreciate 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 28, 2016

## CONDENSED INTERIM FINANCIAL INFORMATION



## 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, 2015 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, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### Scope of Review

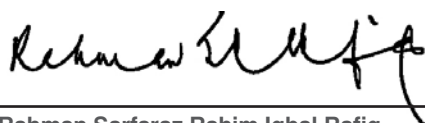
We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi.

Dated: **January 28, 2016**



**Rahman Sarfaraz Rahim Iqbal Rafiq**  
**Chartered Accountants**

Engagement Partner: **Muhammad Rafiq Dosani**

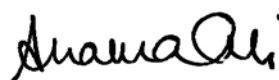
# CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

	Un audited December 31, 2015	Audited June 30, 2015
<b>ASSETS</b>		
<b>NON- CURRENT ASSETS</b>		
Property, plant and equipment	5 46,555,428	48,446,729
Intangible assets	17,414,848	17,861,178
Long term investments	209,342,551	209,342,551
Investment property	6 520,519,974	511,639,974
Long-term deposits	15,395,346	14,886,171
Deferred tax asset	19,858,041	20,258,431
	<b>829,086,188</b>	<b>822,435,034</b>
<b>CURRENT ASSETS</b>		
Short term investments	3,196,219,968	1,500,910,603
Trade debts - considered good	565,679,675	537,407,441
Short term loans - secured	1,606,620	3,732,139
Trade deposits and prepayments	202,367,101	407,051,166
Other receivables	241,360,249	267,522,705
Cash and bank balances	264,528,366	495,624,281
	<b>4,471,761,979</b>	<b>3,212,248,335</b>
<b>TOTAL ASSETS</b>	<b>5,300,848,167</b>	<b>4,034,683,369</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>Authorized Capital</b>		
75,000,000 (June 2015: 75,000,000) ordinary of Rs.10/- each	750,000,000	750,000,000
Issued, subscribed and paid-up capital	550,000,000	550,000,000
Unappropriated profits	1,988,296,235	2,115,595,052
	<b>2,538,296,235</b>	<b>2,665,595,052</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	2,179,616	1,660,874
<b>CURRENT LIABILITIES</b>		
Short term borrowings- secured	2,156,294,783	573,669,027
Current portion of liability subject to finance lease	687,187	500,013
Trade and other payables	414,243,005	524,978,669
Payable against purchase of securities- net	67,156,450	44,558,395
Markup accrued	16,887,351	43,753,713
Taxes payable -net	89,671,040	164,535,126
	<b>2,744,939,816</b>	<b>1,351,994,943</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,300,848,167</b>	<b>4,034,683,369</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 AND QUARTER ENDED DECEMBER 31, 2015 (Unaudited)

	Half year ended		Second Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Rupees				
Operating revenue	236,407,608	248,894,609	83,199,395	123,507,978
Capital gain on sale of short term investments	62,126,388	632,917,073	22,477,387	274,156,846
Unrealized gain/(loss) on re-measurement of short term investments	119,192,738	(145,028,391)	96,988,988	100,312,639
	<u>417,726,734</u>	<u>736,783,291</u>	<u>202,665,770</u>	<u>497,977,463</u>
Administrative and operating expenses	(120,340,205)	(129,973,837)	(56,975,999)	(68,941,830)
Finance costs	(75,721,861)	(125,104,446)	(46,044,061)	(58,216,911)
Other operating income	89,408,955	95,831,851	45,606,717	38,898,998
Other charges	(6,271,902)	(11,548,095)	(2,955,478)	(8,185,102)
<b>Profit before taxation</b>	<u>304,801,721</u>	<u>565,988,764</u>	<u>142,296,949</u>	<u>401,532,618</u>
Taxation	(47,100,538)	(87,472,248)	(17,298,504)	(36,943,609)
<b>Profit after taxation</b>	<u>257,701,183</u>	<u>478,516,516</u>	<u>124,998,445</u>	<u>364,589,009</u>
<b>Earning per share - basic and diluted</b>	<u>4.69</u>	<u>8.70</u>	<u>2.27</u>	<u>6.63</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 AND QUARTER ENDED DECEMBER 31, 2015 (Unaudited)**

	Half year ended		Second Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees			
Profit after taxation	257,701,183	478,516,516	124,998,445	364,589,009
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>257,701,183</u>	<u>478,516,516</u>	<u>124,998,445</u>	<u>364,589,009</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, 2015 (Unaudited)

	Issued, subscribed & paid up capital	Unappropriated profits	Total
	Rupees		
Balance as at July 1, 2014	550,000,000	1,462,060,100	2,012,060,100
Cash dividend paid @ 50% for the year ended June 30, 2014	-	(275,000,000)	(275,000,000)
Comprehensive income for the half year ended December 31, 2014	-	478,516,516	478,516,516
Balance as at December 31, 2014	<u>550,000,000</u>	<u>1,665,576,616</u>	<u>2,215,576,616</u>
Balance as at January 1, 2015	550,000,000	1,665,576,616	2,215,576,616
Comprehensive income for the half year ended June 30, 2015	-	450,018,436	450,018,436
Balance as at June 30, 2015	<u>550,000,000</u>	<u>2,115,595,052</u>	<u>2,665,595,052</u>
<b>Balance as at July 1, 2015</b>	<b>550,000,000</b>	<b>2,115,595,052</b>	<b>2,665,595,052</b>
Cash dividend paid @ 70% for the year ended June 30, 2015	-	(385,000,000)	(385,000,000)
Comprehensive income for the half year ended December 31, 2015	-	257,701,183	257,701,183
<b>Balance as at December 31, 2015</b>	<b><u>550,000,000</u></b>	<b><u>1,988,296,235</u></b>	<b><u>2,538,296,235</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, 2015 (Unaudited)

	Half year ended	
	December 31, 2015	December 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>Rupees</b>
Profit before taxation		304,801,721      565,988,764
Adjustments for:		
Depreciation		4,384,322      4,313,271
Amortization of intangible asset		446,330      449,442
Loss on disposal of property, plant and equipment		51,459      12,814
(Gain) / loss on re-measurement of short term investments		(119,192,738)      145,028,391
(Gain) on short term investment		(62,126,388)      (632,917,073)
Dividend income		(35,508,723)      (41,004,051)
Recovery of provision against doubtful debts		(603,680)      (398,880)
Finance costs		75,721,861      125,104,446
		<u>(136,827,557)</u> <u>(399,411,640)</u>
<b>Cash generated from operating activities before working capital changes</b>		<b>167,974,164      166,577,124</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net		(1,513,990,239)      115,741,639
Trade debts - consider good		(27,668,554)      (592,245,408)
Receivable against sale of securities-net		-      558,256,775
Short term loans		2,125,519      (878,193)
Deposits and short-term prepayments		204,684,065      (50,178,670)
Other receivables		26,162,456      (76,297,513)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables		(110,735,664)      (70,085,862)
Payable against purchase of securities- net		22,598,055      -
		<u>(1,396,824,362)</u> <u>(115,687,232)</u>
<b>Cash (used in) / generated from operations</b>		<b>(1,228,850,198)      50,889,892</b>
Taxes paid		(121,564,234)      (32,368,336)
Finance costs paid		(102,588,223)      (120,595,422)
<b>Net cash used in operating activities</b>		<b>(1,453,002,655)      (102,073,866)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and investment property		(2,223,636)      (1,142,869)
Proceeds from disposal of property, plant and equipment		718,156      272,054
Acquisition of intangible assets		-      (135,000)
Expenditure on investment property		(8,880,000)      (8,540,000)
Share subscription of subsidiary		-      (50,000,000)
Dividends received		35,508,723      41,004,051
Long term deposits		(509,175)      (5,274,384)
<b>Net cash generated from / (used in) investing activities</b>		<b>24,614,068      (23,816,148)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of finance lease liability		(333,084)      (302,782)
Dividend paid		(385,000,000)      (275,000,000)
<b>Net cash used in financing activities</b>		<b>(385,333,084)      (275,302,782)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(1,813,721,671)      (401,192,796)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(78,044,746)      (2,212,098,718)</b>
<b>Cash and cash equivalents at the end of the year</b>	11	<b>(1,891,766,417)      (2,613,291,514)</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, 2015 (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 Karachi and Lahore Stock Exchanges of Pakistan (With effect from 1st January 2016 it is Pakistan 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 at Stock Exchange as on January 31, 2007.

The Company is holder of Trading Right Entitlement Certificate (TRE) Holder of Stock Exchanges. The principal activities of the Company are Investments in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions, 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 holds 73.29% shares of the Company.
- 1.3 The Securities and Exchange Commission of Pakistan vide its letter No. EMD/233/683/2007-146 dated September 09, 2015 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. 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.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statement of the Company for the half year ended December 31, 2015 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 are required under section 245 of the companies Ordinance, 1984 and the listing regulation of the Stock Exchanges of Pakistan where the company is listed.

These Condensed interim financial statements comprise of the balance sheet as at December 31, 2015 and 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 which have been subjected to review but not audit.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2015 has been extracted from the audited financial statements of the company for the year ended June 30, 2015, whereas the 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, 2014 which have been subjected to review but not audit.

## 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, 2015.

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, 2015.

## CONDENSED INTERIM SELECTED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (Unaudited)

### 5 PROPERTY, PLANT & EQUIPMENT

During the Half year ended December 31, 2015, addition made amounting to Rs. 3,262 thousands (June 2015: 17,120 thousands) which comprised of computer & allied and lease hold vehicles. Further, assets having WDV of Rs. 769 thousands were sold for Rs. 718 thousands (June 2015: WDV of Rs. 1,875 thousands were sold of Rs. 2,272 thousands).

	December 31, 2015	June 30, 2015
<b>6 INVESTMENT PROPERTY</b>	Rupees	
Carrying Value	<b>511,639,974</b>	328,146,600
Transfer during the period	-	60,500,000
Development charges	<b>8,880,000</b>	21,010,000
	<b>520,519,974</b>	409,656,600
Increase in fair value - net	-	101,983,374
	<b>520,519,974</b>	<b>511,639,974</b>

### 7 TAXES PAYABLE -NET

The Company has filled a constitutional petition against the newly introduced clause 4B " Super Tax" in the Income Tax Ordinance, 2001 through Finance Act, 2015 in the High Court of Sindh, requiring the Companies to pay tax on the income over 500 million for the Tax year 2015. The Company is of the view that the same is imposed against the merit of law and accordingly filed constitutional petition and stay has been granted. Payment amounting to PKR 55 million required under the section has not been made along with the tax return filed for the year 2015. The Company's legal council is of the view that the company has a favorable case on merit. However, provision made on prudent in financial statements for the year ended June 30, 2015 has not been reversed.

### 8 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, 2015.

	December 31, 2015	June 30, 2015
<b>COMMITMENTS</b>	Rupees	

Following commitments are outstanding as at the year end.

- Outstanding Settlements against Marginal Trading	1,718,684,725	1,286,119,630
- Outstanding Settlements against (purchase) / sale of	199,629,325	87,182,861
-Guarantee given by a commercial bank on behalf of the Company	100,000,000	100,000,000

	December 31, 2015	December 31, 2014
<b>9 RELATED PARTY DISCLOSURE</b>	Rupees	

Brokerage commission and other services to:		
Parent	5,534,090	4,661,910
Group companies	2,304,772	360,443
Key management personnel	579,965	197,130
Other Related Party	3,286,407	1,084,993
Rent paid associated company	10,467,120	10,467,120
Markup Expense on advance from parent company	41,819,635	-
Markup income on advance to related parties	637,177	785,951
Remuneration to Chief Executive Officer	5,152,588	8,984,802
Remuneration to other directors	6,374,695	3,484,155
Contribution to staff provident fund	1,872,578	1,257,548



## CONDENSED INTERIM SELECTED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (Unaudited)

	<b>December 31, 2015</b>	<b>June 30, 2015</b>
	<b>Rupees</b>	
Balances with related parties at the end of the period are as follows:		
Receivable from related parties		
Parent	<b>423,153</b>	96,525
Group Companies	<b>37,388</b>	77,619,052
Key management personnel	<b>487,618</b>	5,152,736
Other related parties	<b>8,389,786</b>	5,906,484
Advance to group companies	<b>26,100,000</b>	-
Investment in related parties	<b>1,472,015,600</b>	800,585,632
Subsidiary	<b>88,000,000</b>	88,000,000
Payable to related parties:		
Group Companies	<b>390,908</b>	3,124,400
Key management personnel	<b>8,248,532</b>	-
Other related parties	<b>41,403,101</b>	60,746,281

### 10 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, 2015.

### 11 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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<b>Rupees</b>	
Cash and bank balances	<b>264,528,366</b>	210,195,456
Short term borrowings	<b>(2,156,294,783)</b>	(2,823,486,970)
	<b><u>(1,891,766,417)</u></b>	<b><u>(2,613,291,514)</u></b>

### 12 DATE OF AUTHORIZATION FOR ISSUE

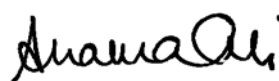
These financial statements were authorized for issue by the Board of Directors in meeting held on January 28, 2016.

### 13 GENERAL

Figures have been rounded off to the nearest rupee.



**Chairman**



**Chief Executive Officer**

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



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


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