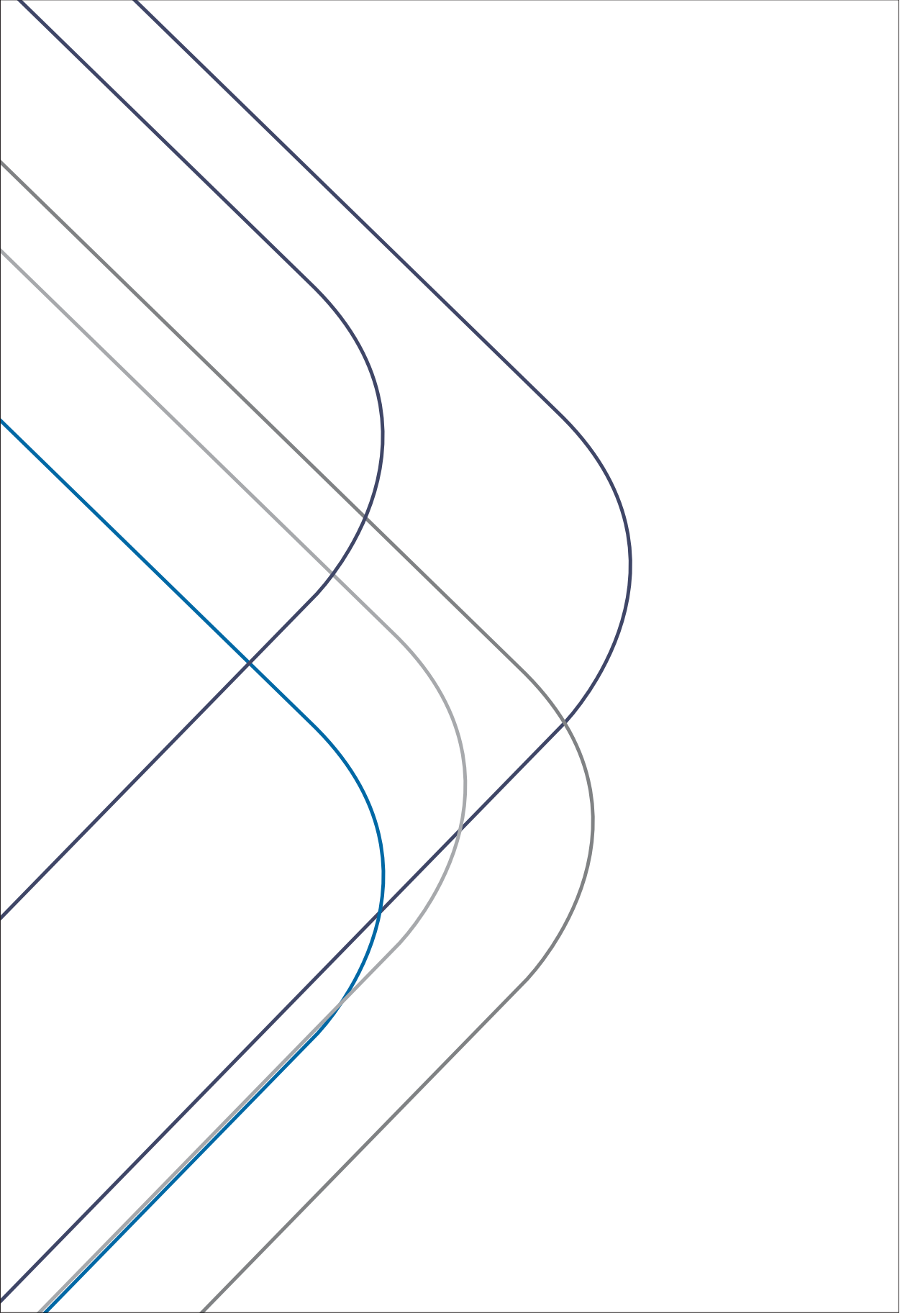


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report
march 31,
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ENVISIONING A
PROSPEROUS
FUTURE

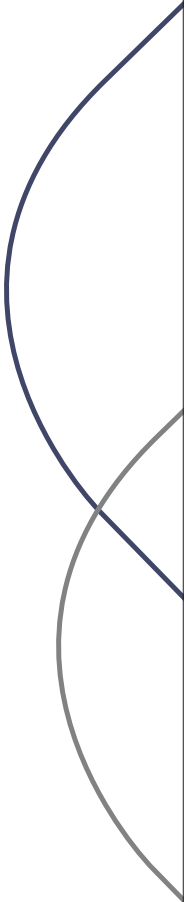




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CORPORATE INFORMATION

Board of Directors

Mr. Zafar Alam	Chairman & Independent Director
Mr. Muhammad Shahid Ali Habib	Chief Executive Officer & 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
Mr. Mohsin Madni	Non-executive Director

Audit Committee

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

Human Resource & Remuneration Committee

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

Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Credit Rating

JCR-VIS Credit Rating Company Limited

Legal Advisors

M/s. Bawaney & Partners

Management Rating

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

Bank

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

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

Islamabad Branch

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

Rawalpindi Branch:

Office No. F-15, 1st Floor, Rizwan Arcade,
 Adamjee Road, Saddar, Rawalpindi.
 Tel: +92 (51) 5120428-29,
 +92 (51) 5563476-78

Lahore Branch

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

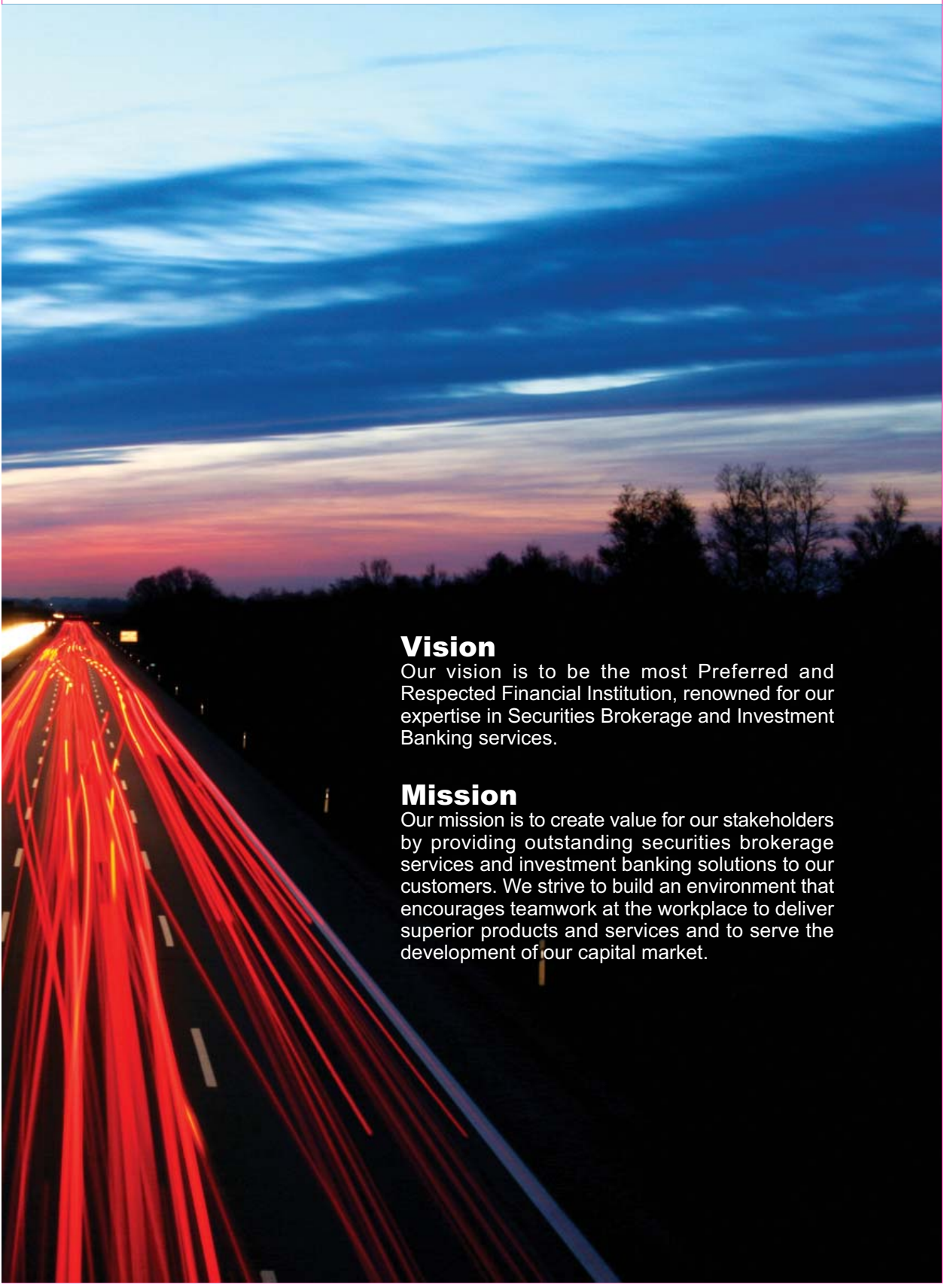
Faisalabad Branch

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

Peshawar Branch

Shops No. F13, F14, F15, F16, F17, 1st Floor,
 The Mall Tower, Peshawar Cantt.
 Tel: +92 91 5253910-13





Vision

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

Mission

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

DIRECTORS' 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 nine month and third quarter ended March 31, 2021.

Economic Review:

Notwithstanding the recent rise in COVID cases following the 'third wave', Pakistan's economic recovery continues to march ahead on the back of the supportive actions of the government and SBP. Broadly speaking, overall macroeconomic fundamentals bounced back with the SBP raising its GDP forecast to nearly 3% (previously 2 plus percent) for FY21, terming it "modest". The Large Scale Manufacturing growth recorded at 7.4% during 8MFY21. Moreover, in order to support the overall growth, SBP introduced Temporary Economic Refinance Facility (TERF) to provide long-term concessionary investment loans under which approved amount reached PKR 430bn by Mar'21 end.

On the external front, Current Account continued to show resilience posting a surplus of USD 881mn during 8MFY21 against a deficit of USD 2,741mn same period last year. This Current Account surplus was supported by: robust remittances that continued their buoyant trend, marking the 9th consecutive month of clocking in north of USD 2bn since June'20; relatively subdued domestic demand; and steady uptick in exports. Moreover, FX Reserves continued to solidify (USD 20.9bn as at 26th Mar'21) and the sentiment in the FX market remained strong, with the PKR/USD parity appreciating ~2% QoQ during 3QFY21 while appreciating 10% Fiscal Year-To-Date (as at Mar'21). With this Pak Rupee (PKR) became the world's best performing currency, almost reaching its 22 month high levels by 31-Mar-2021 at PKR 152.74 against the US Dollar (USD). The government also raised USD 2.5bn worth of Eurobonds in international markets during March, which helped SBP reserves cross USD 16bn which is the highest level since July 2017.

On the fiscal front, Pakistan's fiscal balance in the current fiscal year to date weakened over prior year, with the deficit arriving at PKR 1.14trn in 1HFY21 (2.5% of GDP) compared to PKR 995bn in 1HFY20 (2.3% of GDP), up by 14.4% YoY. With that said, the primary surplus during the period at PKR 337bn (0.7% of GDP in 1HFY21) fared better compared to a primary surplus of PKR 286bn witnessed last year (0.7% of GDP), which is slightly above the IMF's initial target at 0.6% of GDP. The support come in from FBR net tax revenue (6% up YoY) and non-tax revenue (up 17% YoY through December supported by SBP profit transfers and petroleum levy).

On the inflationary front, pressure persists with CPI clocking in at 9.1% YoY during Mar'21 while settling at 8.3% YoY during 9MFY21. While the supply-side factors have contributed to the recent uptick in CPI, the core inflation continues to appear restrained (6.7% during March), and although headline numbers have been inclining, inflation remains manageable.

Going forward, a faster economic recovery is in sight with more effective vaccine rollout expected to provide a major boost to the overall economic activity.

Stock Market Review:

During the quarter, the benchmark KSE100 index saw a 22 months high of 47k level and afterwards realized a correction of ~4500pts (-9.5% from high) and ending the quarter with a nominal increase of 2%. Technology and Refinery Sectors performed remarkably well and contributed significantly to the surge in Index. The average daily traded value (ADTV) managed a decent PKR 23.7 trn which was 188% higher YoY. During the quarter, the ADTV hit a high of PKR 50.2 trn. Similarly, traded volumes also topped with 558mn shares, which was 164% higher in comparison with similar period last year. The notable feature of the outgoing quarter was the way the Government smartly steered the Economy by maintaining status quo on monetary policy amidst inflationary tendencies and ramping up efforts to legislate for Naya Pakistan Housing Scheme.

The benchmark Index posted a nominal growth of 2% during the quarter, whereas 9MFY21 shows a surge of 30%. While Technology contributed an increase of 810pts during the quarter, Cement, Power, Refinery and Automobile sectors followed with +475pts, +188pts, +93pts and +85pts. During the same period, the laggards were Banks (-335pst), Fertilizer (-251pts), Auto Parts (-82pts), Food (-73pts) and Pharma (-66pts). Individuals and Corporate sector investors mainly absorbed the negative flows from foreign investors, Banks, Insurance, Brokers, NBFCs and Mutual Funds, by injecting US\$ 116.3mn.

During 9M-FY21, sectors contributing to the performance in Index were Technology (+2061pts), Cement (+1847pts), Banks (+1586pts), Textile (+630pts) and Power (+572pts). Among investors, Individuals, Corporate and Insurance sectors remained in the limelight with injecting US\$ 248mn, US\$ 117.8mn and US\$ 52.9mn respectively, against an outflow of US\$ 295.1 mn by Foreign investors, US\$ 90.5 mn from Banks and US\$ 35.2mn from Brokers.

Your Company's Performance

During the period under review, your Company has performed exceptionally well and achieved strong profitability during the 9MFY21. The Company has posted highest ever after-tax-profit of PKR 1,587mn for 9MFY21, which is 1039% higher than the corresponding period last year and translates into earnings per share of PKR 26.71.

During 9MFY21, the brokerage division revenue increased by 109% from the same period last year and posted a total brokerage revenue of PKR 509.87mn (9MFY20: PKR 244.51mn). The investment banking division's revenue increased significantly by 325% and resulted in a total revenue of PKR 473.50mn (9MFY20: PKR 111.41mn). We have successfully completed IPOs of Engro Polymer & Chemicals Limited (Preference Shares), TPL Trakker Pakistan Limited, TFC of Bank Alfalah Limited, Panther Tyres Limited and Agha Steel Industries Limited, later being the largest steel sector IPO and second largest private sector IPO in Pakistan. Further, we have also successfully completed numerous advisory transactions during the 9MFY21.

DIRECTORS' REPORT

The short term investment portfolio posted an exceptional performance and has recorded massive realized and unrealized gains of PKR 1,296mn (9MFY20: Loss of PK 119.65mn) resulting in an overall increase of 1183% from the same period last year.

During the period, operating expenses increased by 74% as compared to the same period last year and posted a total of PKR 424.36mn (9MFY20: PKR 244.47mn). This is due to the investment in human resource and expansion of business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. Further, some of the compensation for the brokerage and investment banking team is also linked to the revenues generated for the Company, this variable compensation has increased in view of the increase in related revenues. During the said period, our financing costs have decreased significantly due to reduction in monetary policy rates and efficient management of funds by the Company.

The equity of your Company as at the balance sheet date is PKR4.45bn (June 2020: PKR3.26bn), which translates into book value per share of PKR 74.94 (June 30, 2020: PKR54.99). The equity level increased even after accounting for PKR 148.5 mn reserves for cash dividends approved in the AGM held on September 19, 2020, which is a clear indication of the strong performance of the Company.

During the period under review, your Company has continued to be recognized by receiving accolades from international leading global financial publications. These include the "**Best Corporate and Investment Bank in Pakistan**" award by AsiaMoney. Further, AHL has received Best Corporate Finance House, Best Brokerage House - Runner-up, Best Transaction and Best Research Analyst awards by CFA Society Pakistan in their recently held 17th Excellence Awards Ceremony.

Future Prospects

With the prevailing low interest rate regime, we believe that equities continue to be the preferred asset class. Cyclical sectors such as cement, automobiles and steel are likely to post healthy corporate earnings on the back of a remarkable rebound in cyclical activity across the country. Volumes in the stock market are expected to remain upbeat while new IPOs are expected to keep coming in, as the country's capital markets continue to grow. Based on these reasons your company's financial performance is expected to remain strong.

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: April 19, 2021

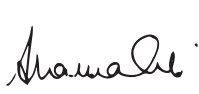


CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

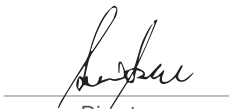
AS AT MARCH 31, 2021

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	3	74,181,877	65,052,322
Right-of-use assets	4	33,292,848	42,319,024
Intangible assets		6,672,426	6,975,504
Long term investments - unquoted	5	140,550,761	126,614,761
Investment property	6	1,807,915,232	1,678,415,232
Long-term advances and deposits		5,185,625	5,584,545
		<u>2,067,798,769</u>	<u>1,924,961,388</u>
Current assets			
Short term investments	7	2,112,953,431	3,827,444,572
Trade debts	8	200,288,486	156,938,894
Receivable against margin financing	9	279,460,877	37,754,624
Advances, deposits and prepayments	10	93,010,539	12,392,213
Loan to related party	11	-	15,000,000
Accrued markup on margin financing		6,712,860	2,712,600
Other receivables	12	224,337,126	109,276,320
Cash and bank balances	13	1,423,914,035	806,181,448
		<u>4,340,677,354</u>	<u>4,967,700,671</u>
Total assets		<u>6,408,476,123</u>	<u>6,892,662,059</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
75,000,000 (June 30, 2020: 75,000,000) ordinary shares of Rs. 10/- each		<u>750,000,000</u>	<u>750,000,000</u>
<i>Issued, subscribed and paid-up capital</i>			
59,400,000 (June 30, 2020: 59,400,000) ordinary shares of Rs. 10/each		<u>594,000,000</u>	<u>594,000,000</u>
<i>Capital reserves</i>			
Surplus on revaluation of property		15,432,500	15,432,500
(Deficit)/ surplus on re-measurement of investment in equity securities		8,356,230	483,759,375
		<u>23,788,730</u>	<u>499,191,875</u>
<i>Revenue reserves</i>			
Unappropriated profits		3,833,473,755	2,173,236,272
		<u>4,451,262,485</u>	<u>3,266,428,147</u>
Non-current liabilities			
Lease liability		12,932,157	25,108,587
Long term loan	14	-	333,320,594
		<u>12,932,157</u>	<u>358,429,181</u>
Current liabilities			
Short term borrowings	15	282,996,689	1,836,074,716
Current maturity of non-current liabilities	16	16,349,090	479,942,066
Trade and other payables	17	1,398,408,084	794,780,142
Unclaimed dividend		15,078,637	13,827,308
Payable against purchase of securities- net		28,408,844	28,513,698
Markup accrued on borrowings		9,934,957	61,636,631
Taxes payable -net	18	193,105,180	53,030,170
		<u>1,944,281,481</u>	<u>3,267,804,731</u>
Contingencies and commitments	19		
Total equity and liabilities		<u>6,408,476,123</u>	<u>6,892,662,059</u>

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

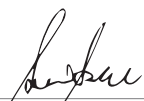
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees			
Operating revenue	20	1,015,366,129	428,100,403	436,335,791	166,096,172
Capital gain / (loss) on sale of short term investments		993,962,499	(252,152,265)	545,734,501	42,236,117
Unrealized gain on re-measurement of long term and short term investments	21	172,484,391	-	(527,990,182)	(559,248,441)
Unrealized gain on re-measurement of investment property	6	129,500,000	132,500,000	129,500,000	-
		<u>2,311,313,019</u>	<u>308,448,138</u>	<u>583,580,110</u>	<u>(350,916,152)</u>
Administrative and operating expenses	22	(424,361,888)	(244,466,530)	(162,502,132)	(87,093,185)
Finance costs	23	(103,505,199)	(300,348,878)	(20,119,183)	(74,153,746)
Other charges		(14,429,446)	(6,441,895)	3,280,681	-
	24	<u>65,846,390</u>	<u>103,339,943</u>	<u>30,142,245</u>	<u>26,220,329</u>
Profit before taxation		<u>1,834,862,876</u>	<u>(139,469,222)</u>	<u>434,381,721</u>	<u>(485,942,754)</u>
Taxation	18.1	(248,164,148)	(29,430,571)	(162,887,985)	(6,164,610)
Profit after taxation		<u>1,586,698,728</u>	<u>(168,899,793)</u>	<u>271,493,736</u>	<u>(492,107,364)</u>
Earnings per share - basic and diluted	25	<u>26.71</u>	<u>(2.80)</u>	<u>4.57</u>	<u>(8.15)</u>

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	— Rupees —			
Profit after taxation	1,586,698,728	(168,899,793)	271,493,736	(492,107,364)
Other comprehensive loss				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net change in fair value of the investment in equity securities	(253,364,390)	-	21,671,070	-
Total comprehensive income for the period classified as at fair value through other comprehensive income	1,333,334,338	(168,899,793)	293,164,806	(492,107,364)

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

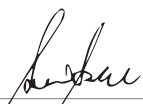
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Issued, subscribed and paid up capital	Revenue Reserve	Capital Reserves		Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of investment in equity securities		
Rupees						
Balance as at June 30, 2019	660,000,000	2,242,134,654	15,432,500	-	2,257,567,154	2,917,567,154
<i>Total comprehensive income for the nine months ended March 31, 2021</i>						
- Profit after taxation	-	(168,899,793)	-	-	(168,899,793)	(168,899,793)
- Other comprehensive income	-	-	-	-	-	-
	-	(168,899,793)	-	-	(168,899,793)	(168,899,793)
<i>Transaction with owners</i>						
- Buy back of 10% shares under tender offer	(66,000,000)	(165,000,000)	-	-	(165,000,000)	(231,000,000)
Balance as at March 31, 2020	594,000,000	1,908,234,861	15,432,500	-	1,923,667,361	2,517,667,361
Balance as at June 30, 2020	594,000,000	2,173,236,272	15,432,500	483,759,375	2,672,428,147	3,266,428,147
<i>Total comprehensive income for the nine months ended March 31, 2021</i>						
- Profit after taxation	-	1,586,698,728	-	-	1,586,698,728	1,586,698,728
- Other comprehensive loss	-	-	-	(253,364,390)	(253,364,390)	(253,364,390)
	-	1,586,698,728	-	(253,364,390)	1,333,334,338	1,333,334,338
Gain realized on disposal of investment in equity securities classified as at fair value through other comprehensive income	-	222,038,755	-	(222,038,755)	-	-
<i>Transaction with owners</i>						
- Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at March 31, 2021	594,000,000	3,833,473,755	15,432,500	8,356,230	3,857,262,485	4,451,262,485

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		March 31, 2021	March 31, 2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	Note	1,834,862,876	(139,469,222)
<i>Adjustments for:</i>			
- Impairment of investment in ordinary shares of M/s. Arif Habib 1857 (Private) Limited	5.1	-	6,441,895
- Unrealized gain on re-measurement of investment property	6	(129,500,000)	(132,500,000)
- Gain on disposal of investment property		(500,000)	(775,000)
- Capital (gain) / loss on sale of short term investments		(993,962,499)	252,152,265
- Provision for expected credit losses	8.1	14,429,446	-
- Dividend income	20	(31,992,201)	(72,183,753)
- Gain on re-measurement of long term investments	21	(13,936,000)	-
- Gain on re-measurement of short term investments	21	(158,548,391)	-
- Depreciation on property and equipment	22	9,637,435	5,382,475
- Depreciation on right-of-use assets	22	15,567,044	14,803,300
- Amortization of intangible asset	22	303,078	370,227
- Finance costs	23	103,505,199	300,348,878
		(1,184,996,889)	374,040,287
Cash generated from operating activities before working capital changes		649,865,987	234,571,065
Effect on cash flow due to working capital changes			
<i>(Increase)/decrease in current assets</i>			
- Short-term investments		2,613,637,640	(598,237,256)
- Trade debts		(57,779,038)	(48,965,903)
- Receivable against margin financing		(241,706,253)	59,857,757
- Short term loans		-	50,002
- Advances, deposits and prepayments		(80,618,326)	212,935,207
- Repayment of loan previously guaranteed to related party		15,000,000	-
- Receivable against purchase of securities- net		-	(71,034,671)
- Accrued markup on margin financing		(4,000,260)	22,705,460
- Other receivables		(176,287,806)	56,223,291
<i>Increase/(decrease) in current liabilities</i>			
- Trade and other payables		603,627,942	183,842,082
- Payable against purchase of securities- net		(104,854)	(30,970,319)
		2,671,769,045	(213,594,350)
Cash generated from operations		3,321,635,032	20,976,715
Taxes paid		(108,089,138)	(50,069,058)
Finance costs paid		(155,206,873)	(313,590,100)
Net cash generated from operating activities		3,058,339,021	(342,682,443)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(18,766,990)	(595,889)
Acquisition of intangible assets		-	(457,933)
Additions to investment property	6	(152,500,000)	-
Proceeds from disposal of investment property		153,000,000	182,880,000
Dividend received		93,219,201	46,830,128
Long-term advances and deposits received		398,920	1,927,578
Net cash (used in) / generated from investing activities		75,351,131	230,583,884
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment against lease liability		(15,643,606)	(14,505,207)
Repayment of long term loan from banking company - secured	14.1	(499,987,261)	-
Repayment of long term loan from related party - unsecured	16.1	(300,000,000)	1,100,000,000
Dividend paid		(147,248,671)	-
Buy-back of 10% shares under tender offer		-	(231,182,300)
Net cash used in financing activities		(962,879,538)	854,312,493
Net increase in cash and cash equivalents		2,170,810,614	742,213,934
Cash and cash equivalents at the beginning of the period		(1,029,893,268)	(1,281,777,368)
Cash and cash equivalents at the end of the period	26	1,140,917,346	(539,563,434)

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

- 1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2020: 69.44% shares) of the Company.
- 1.2 The Company is a holder of Trading Right Entitlement Certificate (TREC) of PSX. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.
- 1.3 The geographical location of Company's offices are as follows:
- | | | |
|--------------|------------------------------------|--|
| - Karachi | Head office
(Registered office) | Arif Habib Centre, 23 M.T. Khan Road, Karachi |
| - Lahore | Regional office | Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore |
| - Islamabad | Regional office | Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad |
| - Peshawar | Regional office | Shops No. F13, F14, F15, F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt. |
| - Faisalabad | Regional office | Office No. 04, 3rd floor at Legacy tower, Koh-e-noor city. |
| - Rawalpindi | Regional office | Shop No. F-15, 1st floor at Rizwan arcade, Adam Jee road, Saddar. |
| - Multan | Regional office | Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan |
- 1.4 The Company has following wholly owned subsidiaries:
- Arif Habib Commodities (Private) Limited
 - Arif Habib 1857 (Private) Limited

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

2.2 Basis of measurement of items in these interim financial statements

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

- (a) Long term investments in unquoted ordinary shares of M/s. ISE Tower REIT Management Limited and M/s. LSE Financial Services Limited which are carried at fair value;
- (b) Investment property which is carried at fair value;
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value; and
- (d) Lease liability which is measured at the present value of the lease payments that are not paid at the reporting date.

2.3 Functional and presentation currency

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

2.4 Judgements and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	Rupees
3. PROPERTY AND EQUIPMENT			
Owned assets	3.1	74,181,877	65,052,322

3.1 During the period ended March 31, 2021, additions made amounting to Rs. 18.77 million (June 2020: Rs. 1.5 million) which comprised of office equipment, furniture and fixtures and computer and allied items. However, no disposals were made during the period.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	Rupees
4. RIGHT-OF-USE-ASSETS			
Opening net book value/ cost		42,319,024	62,462,399
Add: Addition during the period	4.1	6,540,868	-
		48,859,892	62,462,399
Less: Depreciation charged during the period / year		(15,567,044)	(20,143,375)
Closing net book value	4.1	33,292,848	42,319,024

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)	Regional Office (Rawalpindi)	Regional Office (Multan)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood	Mr. Tahir Rizwan	Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	3rd Floor, Legacy Tower, Koh-e-Noor Society	Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan
Lease agreement date	July 01, 2019	March 01, 2019	October 5, 2020	July 1, 2020	January 28, 2021
Lease commencement date	July 01, 2019	February 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021
Initial contractual term of the lease	3 years	5 years	5 years	3 years	3 years
Availability of extension option?	Yes	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	Indefinite	5 years	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease) - Refer note 4.1.1 below)	3 years	5 years	5 years	3 years	3 years

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

4.1.1 For each lease arrangement referred to above, the lease term used in the measurement of the right-of-use asset and the related lease liability has been restricted to the aforementioned initial contractual term of the lease since the Company, after giving due consideration to the factors that might create an economic incentive for the Company to extend the leases, has concluded that, at the lease commencement date, it was not reasonably certain to exercise the said extension options.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
5. LONG TERM INVESTMENTS - unquoted		
Investment in subsidiaries - at cost less accumulated impairment	81,558,105	81,558,105
Investment in other entities - at fair value through profit or loss	58,992,656	45,056,656
	<u>140,550,761</u>	<u>126,614,761</u>

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
6. INVESTMENT PROPERTY		
Opening carrying amount	1,678,415,232	1,726,419,800
Sale during the period / year	(152,500,000)	(159,475,000)
Transfer to property and equipment during the period / year	-	(32,473,333)
Development charges paid during the period / year	-	11,943,765
	<u>152,500,000</u>	-
	1,678,415,232	1,546,415,232
Increase in fair value during the year	129,500,000	132,000,000
Closing carrying amount	<u>1,807,915,232</u>	<u>1,678,415,232</u>

Note

6.1 This represents investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited. The Naya Nazimabad Project is owned and managed by Javedan Corporation Limited (a related party of the Company).

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
7. SHORT TERM INVESTMENTS		
At fair value through profit or loss		
Quoted equity / debt securities	1,950,935,946	2,999,866,197
At fair value through other comprehensive income		
Quoted equity securities	162,017,485	827,578,375
	<u>2,112,953,431</u>	<u>3,827,444,572</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
8. TRADE DEBTS			
<i>Considered good</i>			
- Brokerage receivable		148,255,104	83,576,900
- Advisory and consultancy fee		52,033,382	73,361,994
		200,288,486	156,938,894
<i>Considered doubtful</i>			
- Brokerage receivable		869,146,841	869,146,841
- Advisory and consultancy fee		51,604,192	37,174,746
		920,751,033	906,321,587
Less: provision for expected credit losses	8.1	1,121,039,519	1,063,260,481
	8.2	(920,751,033)	(906,321,587)
		200,288,486	156,938,894
8.1 Movement in provision for expected credit losses			
Balance at the beginning of the period/ year		906,321,587	902,969,044
Add: Charged for the period/ year		14,429,446	3,822,301
Less: Reversed during the period/ year		-	(469,758)
Balance at the end of the period/ year		920,751,033	906,321,587

8.2 This includes Rs. 0.08 million (June 2020: Rs. 1.7 million) due from related parties. As of reporting date, the Company held equity securities having fair value of Rs. 40,385 million (June 2020: Rs. 38,874 million) owned by its clients, as collaterals against trade debts.

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

	(Unaudited) March 31, 2021		(Audited) June 30, 2020	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	-	-	102,727,820	-
Past due 1 day - 30 days	200,926,831	-	43,956,442	-
Past due 31 days - 180 days	25,843,137	3,084,104	15,357,392	5,102,760
Past due 181 days - 1 year	3,565,986	3,565,986	10,249,257	10,249,257
Past due more than one year	914,100,943	914,100,943	890,969,570	890,969,570
	1,144,436,897	920,751,033	1,063,260,481	906,321,587

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
9. RECEIVABLE AGAINST MARGIN FINANCING			
<i>Considered good</i>			
		279,460,877	37,754,624
<i>Considered doubtful</i>			
		1,917,749	1,917,749
	9.1	281,378,626	39,672,373
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		279,460,877	37,754,624

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

9.1 Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2020: 12.00% to 18.00%) per annum.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
<i>Advances</i>			
Advance to consultant		12,379,090	9,393,760
Advance against expenses		2,663,980	721,481
Advance against salary		413,256	334,988
Advance to Arif Habib Commodities (Private) Limited		373,930	358,992
		<u>15,830,256</u>	<u>10,809,221</u>
<i>Trade deposits</i>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.1	74,851,350	1,142,542
<i>Prepayments</i>			
Insurance		2,328,933	440,450
		<u>93,010,539</u>	<u>12,392,213</u>

10.1 This represents deposits held at the reporting date against exposure arising out of the trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

11. LOAN TO RELATED PARTY

This represents a loan provided to M/s. Arif Habib Commodities (Private) Limited, during the financial year 2017. The loan has been repaid during the period in the month of November, upon the demand raised by the Company.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
12. OTHER RECEIVABLES			
Receivable against reverse repo transactions		227,495,448	52,152,387
Dividend receivable		30,000,000	91,227,000
Others		6,553,334	5,608,589
		<u>264,048,782</u>	<u>148,987,976</u>
Less: provision for other receivables		(39,711,656)	(39,711,656)
		<u>224,337,126</u>	<u>109,276,320</u>
13. CASH AND BANK BALANCES			
Cash in hand		2,796,666	271,588
Cash at bank:			
- current accounts		34,290,184	47,166,085
- savings accounts		1,386,827,185	758,743,775
	13.1	<u>1,421,117,369</u>	<u>805,909,860</u>
		<u>1,423,914,035</u>	<u>806,181,448</u>

13.1 This includes the balances held in bank accounts designated to customers amounting to Rs. 1,287.931 million (June 30, 2020: Rs. 777.251 million).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
14. LONG TERM LOAN			
Loan from a banking company - secured		-	333,320,594
15. SHORT TERM BORROWINGS			
Running finance facilities from banking companies - secured	15.1	282,996,689	1,836,074,716
		282,996,689	1,836,074,716

15.1 Short term running finance facilities are available from commercial banks as disclosed above, under mark-up arrangements, having limit amounting to Rs. 4,750 million (June 2020: Rs. 5,000 million). These facilities have various maturity dates up to December 2021 (June 2020: May 06, 2021). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.75% to 1% and 3 month KIBOR 0.5% to 1.5% (June 2020: 1 month KIBOR + 0.75% to 1.0% and 3 month KIBOR + 0.55% to 1.5%). The markup is calculated on a daily product basis and is payable quarterly.

15.1.1 As of the reporting date, the number and fair value of the quoted equity securities pledged with banks in respect of short-term running finance facilities were as follows:

	March 31, 2021		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	113,735,000	3,371,045,500	83,400,000	2,186,712,000
House	29,709,755	277,933,480	119,315,760	2,190,184,650
		3,648,978,980		4,376,896,650

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
16. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
- Lease liability		16,349,090	13,275,399
- Long term loan from a banking company - secured		-	166,666,667
- Long term loan from a related party - unsecured		-	300,000,000
		16,349,090	479,942,066
17. TRADE AND OTHER PAYABLES			
Trade creditors	17.1	1,287,930,967	747,901,751
Commission payable to staff		59,171,156	19,605,841
Accrued expenses		13,970,576	6,820,150
Taxes payable		28,548,091	13,301,083
Advance from related party	17.2	6,000,000	2,500,000
Other liabilities		2,787,294	4,651,317
		1,398,408,084	794,780,142

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

17.1 This includes Rs. 33.69 million (June 30, 2020: Rs 3.85 million) payable to related parties of the Company.

17.2 This represents advance obtained from M/s. Arif Habib Commodities (Private) Limited against the sale of PSX offices (classified in investment property) by the Company.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Rupees	
18. TAXES PAYABLE- NET		
Provision for taxation-current year	248,164,148	69,428,732
Less: advance income tax deducted/ collected	(55,058,968)	(16,398,562)
	<u>193,105,180</u>	<u>53,030,170</u>

19. CONTINGENCY AND COMMITMENTS

19.1 Contingency

There has been no change in the status of the contingent liability as reported in note 26.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Rupees	
19.2 Commitments		
Following commitments were outstanding as at the reporting date:		
- Outstanding settlements against Margin Trading contracts	831,279,618	112,323,212
- Outstanding settlements against (purchase)/ sale of securities in regular market.	17,317,289	53,073,167
behalf of the Company	<u>750,000,000</u>	<u>250,000,000</u>

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees	
20. OPERATING REVENUE		
Brokerage revenue	509,872,664	244,506,669
Advisory and consultancy fee	473,501,264	111,409,981
Dividend income	31,992,201	72,183,753
	<u>1,015,366,129</u>	<u>428,100,403</u>

21. UNREALIZED GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS

Short term investments	172,484,391	-
	<u>172,484,391</u>	<u>-</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Note	Rupees	
22. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits	22.1	246,374,767	71,125,212
Rent, rates and taxes		1,685,120	3,747,067
Depreciation on property and equipment		9,637,434	10,232,407
Depreciation on right-of-use assets		15,567,044	10,071,688
Amortisation of intangible assets		303,079	251,907
C.D.C and clearing house charges		21,922,940	18,150,720
Building maintenance		15,126,026	14,159,817
Communication		15,056,158	11,030,980
Motor vehicle expense		19,838,526	17,685,232
Travelling expenses		1,915,249	3,385,726
Printing and stationery		2,690,293	1,322,640
Conveyance and meals		267,347	417,838
Insurance		5,823,442	4,509,576
Legal and professional charges		6,010,096	6,556,569
Repairs and maintenance		6,623,914	2,998,579
Advertisement and business promotion		4,901,554	224,125
Business representation		14,522,646	1,466,478
Audit fees		310,000	917,400
Write off of trade receivables		452,000	-
Meeting expenses		200,000	409,829
Donation		5,000,000	-
Fees and subscription		9,414,645	10,756,546
Man power services		17,100,000	3,800,000
Others		3,619,608	2,900,670
		424,361,888	196,121,006
22.1 Salaries and other benefits			
Salaries and other benefits		143,985,179	55,239,356
Commission		102,389,588	15,885,856
		246,374,767	71,125,212
		(Un-audited) March 31, 2021	(Un-audited) December 31, 2019
23. FINANCE COSTS		Rupees	
Interest on unwinding of the lease liability		4,478,847	4,514,444
Markup on long term loan from banking company		24,608,164	-
Markup on Loan From Sponsor		13,718,736	2,145,205
Markup on short term borrowings from banking companies		44,789,624	287,848,384
Guarantee charges to parent company		954,566	-
Markup on margin trading system securities		2,288,409	634,474
Bank charges and others		12,666,853	5,206,371
		103,505,199	300,348,878

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	(Un-audited) March 31, 2021	(Un-audited) December 31, 2019
	Rupees	
24. OTHER OPERATING INCOME		
Mark-up on loan to related party	610,703	-
Mark-up on margin financing	23,623,596	19,717,222
Profit on savings accounts maintained with banks	21,933,848	15,233,308
Profit on exposure deposits placed with PSX and NCCPL	4,074,462	3,489,624
Mark-up on reverse repo transactions	-	30,140,550
Gain on disposal of investment property	500,000.00	775,000
Mark-up on debt securities- short term investment	15,103,781	33,984,239
	65,846,390	103,339,943
25. EARNINGS PER SHARE		
25.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders	1,586,698,728	(168,899,793)
	Number	
Weighted average number of ordinary shares outstanding during the period	59,400,000	60,360,000
	Rupees	
Earnings per share - basic	26.71	(2.80)
25.2 Diluted earnings per share		
There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at March 31, 2021 and March 31, 2020.		
26. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows forming part of these interim financial statements reconcile to the related items in the statement of financial position as follows:		
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees	
Cash and bank balances	13 1,423,914,035	839,898,646
Short term borrowings	15 (282,996,689)	(1,379,462,080)
	1,140,917,346	(539,563,434)

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

Transaction with related parties	Nine months period ended	
	March 31, 2021	March 31, 2020
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Brokerage commission earned during the period on sale and purchase of securities	4,714,428	2,396,253
Guarantee commission paid/ payable	813,738	-
<u>SUBSIDIARY</u>		
Arif Habib Commodities (Private) Limited		
Brokerage commission earned during the period on sale and purchase of securities	188,831	13,877
Mark-up income earned on loan	469,875	102,687
<u>OTHER RELATED PARTIES</u>		
Javedan Corporation Limited		
Purchase of plots	152,500,000	-
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the Board of Directors)		
Brokerage commission earned during the period on sale and purchase of securities	687,196	-
Dividend paid during the period	91,500	-
Meeting Fee Paid	50,000	75,000
Muhammad Shahid Ali (CEO)		
Brokerage commission earned during the period on sale and purchase of securities	12,564,434	5,699,749
Dividend paid during the period	2,195	-
Muhammad Haroon (Director)		
Brokerage commission earned during the period on sale and purchase of securities	264,042	125,915
Dividend paid during the period	3,893	-
Meeting Fee Paid	50,000	75,000
Muhammad Sohail Salat (Director)		
Dividend paid during the period	1,500	-
Meeting Fee Paid	50,000	75,000
Sharmin Shahid (Director)		
Brokerage commission earned during the period on sale and purchase of securities	2,326,163	301,533
Dividend paid during the period	2,748	-
Meeting Fee Paid	50,000	75,000
Nida Ahsan (Director)		
Brokerage commission earned during the period on sale and purchase of securities	350,000	1,340,170
Dividend paid during the period	2,748	-
Meeting Fee Paid	25,000	-
Mohsin Madni (Director)		
Brokerage commission earned during the period on sale and purchase of securities	11,713	-
Dividend paid during the period	1,250	-
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of securities	4,832,575	5,942,019
Loan repaid	1,710,000,000	1,100,000,000
Loan received	1,410,000,000	-
Mark-up paid	16,745,906	-
Dividend paid during the period	8,027,520	-
Payment made under buy-back scheme	-	130,070,292
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	1,696,097	409,718
Muhammad Kashif A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	-	6,363
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
Provident fund trust - Contribution paid during the period	5,579,088	4,602,807

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	March 31, 2021	June 30, 2020
	Rupees	
<i>Balances with related parties at the end of the reporting period:</i>		
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Trade receivable	29,953	80,477
Guarantee commission payable	-	454,370
<u>SUBSIDIARY</u>		
Arif Habib Commodities (Private) Limited		
Advance against sale of investment property	6,000,000	2,500,000
Loan receivable	-	15,000,000
Advance	373,930	256,305
Trade payable	140,902	-
Markup receivable on loan	-	102,687
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the board of Directors)		
Trade payable	57,604	2,148,473
Muhammad Shahid Ali (CEO)		
Trade payable	31,217,052	3,150,901
Sharmin Shahid (Director)		
Trade receivable	-	50,302
Trade payable	1,222,342	-
Nida Ahsan (Director)		
Trade receivable	46,501	65,419
Muhammad Haroon (Director)		
Trade payable	5,605	700,697
Mohsin Madni (Director)		
Trade payable	10,172	175
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Loan payable	-	300,000,000
Trade receivable	-	42,574
Markup payable on loan	5,615,347	-
Trade payable	996,820	-
Abdus Samad A. Habib		
Trade payable	42,453	-
Trade receivable	-	1,451,078
Muhammad Kashif A. Habib		
Trade receivable	10,584	19,630
<u>OTHER RELATED PARTIES</u>		
Rotocast Engineering Company (Private) Limited		
Prepaid rent	5,747,016	5,747,016

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

28. OPERATING SEGMENT

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

All non current assets of the Company as at March 31, 2021 were located in Pakistan.

29. GENERAL

29.1 Impact of COVID-19 on these interim financial statements

The Covid-19 pandemic and resultant imposition of lock down by Federal and Provincial Governments of Pakistan forced most of the businesses to closure, suspension of international flight operations and inter-city movements and cancellation of major events and significant monetary and fiscal adjustments mainly in that affects third and fourth quarter of the financial year ended June 30, 2020. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no significant change in recoverable amounts of Company's assets at the reporting date. Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period also.

29.2 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 19, 2021.

29.3 Level of rounding

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



Chief Executive Officer



Director



Chief Financial Officer



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	3	75,093,386	65,769,260
Right-of-use assets	4	33,292,848	42,319,024
Intangible assets		10,172,426	10,475,504
Long term investments - unquoted	5	58,992,656	45,056,656
Investment property	6	1,807,915,232	1,678,415,232
Long-term advances and deposits		31,200,330	31,599,250
		<u>2,016,666,878</u>	<u>1,873,634,926</u>
Current assets			
Short term investments	7	2,136,732,740	3,851,084,572
Trade debts	8	200,288,486	156,938,894
Receivable against margin financing	9	279,460,877	37,754,624
Advances, deposits and prepayments	10	158,331,735	87,109,871
Accrued markup on margin financing		6,712,860	2,712,600
Other receivables	11	224,337,126	109,276,320
Cash and bank balances	12	1,442,143,374	814,097,234
		<u>4,448,007,198</u>	<u>5,058,974,115</u>
Total assets		<u>6,464,674,076</u>	<u>6,932,609,041</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
75,000,000 (June 30, 2020: 75,000,000) ordinary shares of Rs. 10/- each		<u>750,000,000</u>	<u>750,000,000</u>
<i>Issued, subscribed and paid-up capital</i>			
59,400,000 (June 30, 2020: 59,400,000) ordinary shares of Rs. 10/each		594,000,000	594,000,000
<i>Capital reserves</i>			
Surplus on revaluation of property		15,432,500	15,432,500
(Deficit)/ surplus on re-measurement of investment in equity securities		8,356,230	483,759,375
		23,788,730	499,191,875
<i>Revenue reserves</i>			
Unappropriated profits		3,890,852,651	2,208,771,925
		<u>4,508,641,381</u>	<u>3,301,963,800</u>
Non-current liabilities			
Lease liability		12,932,157	25,108,587
Long term loan	13	-	333,320,594
		<u>12,932,157</u>	<u>358,429,181</u>
Current liabilities			
Short term borrowings	14	282,996,689	1,836,074,716
Current maturity of non-current liabilities	15	16,349,090	479,942,066
Trade and other payables	16	1,392,704,876	794,656,576
Unclaimed dividend		15,078,637	13,827,308
Payable against purchase of securities- net		28,408,844	28,513,698
Loan from related party		3,862,500	3,862,500
Markup accrued on borrowings		9,934,957	61,636,631
Taxes payable -net	17	193,764,945	53,702,565
		<u>1,943,100,538</u>	<u>3,272,216,060</u>
Contingencies and commitments	18		
Total equity and liabilities		<u>6,464,674,076</u>	<u>6,932,609,041</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim Consolidated financial statements.



Chief Executive Officer



Director



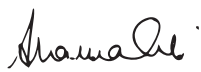
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

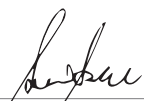
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Rupees					
Operating revenue	19	1,041,108,989	445,611,265	445,122,500	172,844,942
Capital gain / (loss) on sale of short term investments		993,962,499	(252,152,265)	545,734,501	42,236,117
Unrealized gain on re-measurement of long term and short term investments	20	172,625,293	-	(527,849,280)	(559,248,441)
Unrealized gain on remeasurement of investment property	6	129,500,000	132,500,000	129,500,000	-
		<u>2,337,196,781</u>	<u>325,959,000</u>	<u>592,507,721</u>	<u>(344,167,382)</u>
Administrative and operating expenses		(435,728,399)	(258,660,891)	(166,557,689)	(88,923,108)
Finance costs	21	(103,519,099)	(300,357,380)	(20,119,183)	(74,153,745)
Other charges		(14,429,446)	-	3,280,681	-
Other operating income		74,458,523	121,988,905	36,867,313	39,773,956
Profit before taxation		<u>1,857,978,360</u>	<u>(111,070,366)</u>	<u>445,978,843</u>	<u>(467,470,279)</u>
Taxation	17.1	(249,436,389)	(31,059,186)	(163,576,258)	(5,525,241)
Profit after taxation		<u>1,608,541,971</u>	<u>(142,129,552)</u>	<u>282,402,585</u>	<u>(472,995,520)</u>
Earnings per share - basic and diluted	22	<u>27.08</u>	<u>(2.35)</u>	<u>4.75</u>	<u>(7.84)</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim Consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees			
Profit after taxation	1,608,541,971	(142,129,553)	282,402,585	(472,995,520)
Other comprehensive loss				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net change in fair value of the investment in equity securities	(253,364,390)	-	21,671,070	-
Total comprehensive income for the period classified as at fair value through other comprehensive income	1,355,177,581	(142,129,553)	304,073,655	(472,995,520)

The annexed notes from 1 to 26 form an integral part of these condensed interim Consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

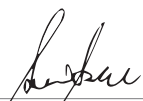
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	Revenue Reserve			Capital Reserves		Sub-total	Total
	Issued, subscribed and paid up capital	Unappropriated profits	Fair value under specially opted accounting treatment	Surplus on revaluation of property	Surplus on re-measurement of investment in equity securities		
	Rupees						
Balance as at June 30, 2019	660,000,000	2,264,332,324	-	15,432,500	-	2,279,764,824	2,939,764,824
<i>Total comprehensive income for the nine months ended March 31, 2020</i>							
- Profit after taxation	-	(142,129,553)	-	-	-	(142,129,553)	(142,129,553)
- Other comprehensive income	-	-	-	-	-	-	-
	-	(142,129,553)	-	-	-	(142,129,553)	(142,129,553)
<i>Relief from the requirements contained in IFRS 9</i>							
- Fair value under specially opted accounting treatment	-	-	(89,964,602)	-	-	(89,964,602)	(89,964,602)
<i>Transaction with owners</i>							
- Buy back of 10% shares under tender offer	(66,000,000)	(165,000,000)	-	-	-	(165,000,000)	(231,000,000)
Balance as at March 31, 2020	594,000,000	1,957,202,771	(89,964,602)	15,432,500	-	1,882,670,669	2,476,670,669
Balance as at June 30, 2020	594,000,000	2,208,771,925	-	15,432,500	483,759,375	2,707,963,800	3,301,963,800
<i>Total comprehensive income for the nine months ended March 31, 2021</i>							
- Profit after taxation	-	1,608,541,971	-	-	-	1,608,541,971	1,608,541,971
- Other comprehensive loss	-	-	-	-	(253,364,390)	(253,364,390)	(253,364,390)
	-	1,608,541,971	-	-	(253,364,390)	1,355,177,581	1,355,177,581
Gain realized on disposal of investment in equity securities classified as at fair value through other comprehensive income	-	222,038,755	222,038,755	-	(222,038,755)	-	-
<i>Transaction with owners</i>							
- Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at March 31, 2021	594,000,000	3,890,852,651	73,538,755	15,432,500	8,356,230	3,914,641,381	4,508,641,381



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

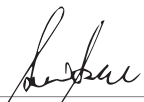
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		March 31, 2021	March 31, 2020
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,857,978,360	(111,070,367)
<i>Adjustments for:</i>			
- Impairment of investment in ordinary shares of			
- Unrealized gain on re-measurement of investment property	6	(129,500,000)	(132,500,000)
- Gain on disposal of investment property		(500,000)	(775,000)
- Capital (gain) / loss on sale of short term investments		(993,962,499)	252,152,265
- Provision for expected credit losses	8.1	14,429,446	-
- Dividend income	19	(31,992,201)	(72,183,753)
- Gain on re-measurement of long term investments	20	(13,936,000)	-
- Gain on re-measurement of short term investments	20	(158,689,293)	-
- Depreciation on property and equipment	0	9,803,362	5,548,296
- Depreciation on right-of-use assets	0	15,567,044	14,803,300
- Amortization of intangible asset	0	303,078	370,227
- Finance costs	21	103,519,099	300,357,381
		(1,184,957,964)	367,772,716
Cash generated from operating activities before working capital changes		673,020,396	256,702,349
Effect on cash flow due to working capital changes			
<i>(Increase)/decrease in current assets</i>			
- Short-term investments		2,613,639,233	(616,920,892)
- Trade debts		(57,779,038)	(48,965,903)
- Receivable against margin financing		(241,706,253)	59,857,757
- Short term loans		-	100,002
- Advances, deposits and prepayments		(71,221,864)	196,419,011
- Receivable against purchase of securities- net		-	(71,034,671)
- Accrued markup on margin financing		(4,000,260)	22,705,460
- Other receivables		(176,287,806)	56,224,038
<i>Increase/(decrease) in current liabilities</i>			
- Trade and other payables		598,048,300	187,831,393
- Payable against purchase of securities- net		(104,854)	(30,970,319)
		2,660,587,458	(244,754,124)
Cash generated from operations		3,333,607,854	11,948,225
Taxes paid		(109,374,009)	(50,625,948)
Finance costs paid		(155,220,773)	(313,598,602)
Net cash generated from operating activities		3,069,013,072	(352,276,325)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(19,127,488)	(650,889)
Acquisition of intangible assets		-	(457,933)
Additions to investment property	6	(152,500,000)	-
Proceeds from disposal of investment property		153,000,000	182,880,000
Dividend received		93,219,201	46,830,128
Long-term advances and deposits received		398,920	1,927,578
Net cash (used in) / generated from investing activities		74,990,633	230,528,884
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment against lease liability		(15,643,606)	(14,505,207)
Repayment of long term loan from banking company - secured	13.1	(499,987,261)	-
Repayment of long term loan from related party - unsecured	15.1	(300,000,000)	1,100,000,000
Dividend paid		(147,248,671)	-
Buy-back of 10% shares under tender offer		-	(231,182,300)
Net cash used in financing activities		(962,879,538)	854,312,493
Net increase in cash and cash equivalents		2,181,124,167	732,565,052
Cash and cash equivalents at the beginning of the period		(1,021,977,482)	(1,251,661,273)
Cash and cash equivalents at the end of the period	23	1,159,146,685	(519,096,221)

The annexed notes from 1 to 26 form an integral part of these condensed interim Consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2020: 69.44% shares) of the Company.

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

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

- Karachi	Head office (Registered office)	Arif Habib Centre, 23 M.T. Khan Road, Karachi
- Lahore	Regional office	Office Nos. G-05 & G-06, Ground Floor, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore
- Islamabad	Regional office	Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad
- Peshawar	Regional office	Shops No. F13, F14, F15, F16, and F17, 1st Floor, The Mall Tower, Peshawar Cantt.
- Faisalabad	Regional office	Office No. 04, 3rd floor at Legacy tower, Koh-e-noor city.
- Rawalpindi	Regional office	Shop No. F-15, 1st floor at Rizwan arcade, Adam Jee road, Saddar.
- Multan	Regional office	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan

1.4 The Company has following wholly owned subsidiaries:

- Arif Habib Commodities (Private) Limited
- Arif Habib 1857 (Private) Limited

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

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

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

2.2 Basis of measurement of items in these interim financial statements

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

- (a) Long term investments in unquoted ordinary shares of M/s. ISE Tower REIT Management Limited and M/s. LSE Financial Services Limited which are carried at fair value;
- (b) Investment property which is carried at fair value;
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value; and
- (d) Lease liability which is measured at the present value of the lease payments that are not paid at the reporting date.

2.3 Functional and presentation currency

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

2.4 Judgements and sources of estimation uncertainty

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	Rupees
3. PROPERTY AND EQUIPMENT			
Owned assets	3.1	75,093,386	65,769,260

3.1 During the period ended December 31, 2020, additions made amounting to Rs. 10.44 million (June 2020: Rs. 1.5 million) which comprised of office equipment, furniture and fixtures and computer and allied items. However, no disposals were made during the period.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	Rupees
4. RIGHT-OF-USE-ASSETS			
Opening net book value/ cost		42,319,024	62,462,399
Add: Addition during the period	4.1	6,540,868	-
		48,859,892	62,462,399
Less: Depreciation charged during the period / year		(15,567,044)	(20,143,375)
Closing net book value	4.1	33,292,848	42,319,024

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)	Regional Office (Rawalpindi)	Regional Office (Multan)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood	Mr. Tahir Rizwan	Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	3rd Floor, Legacy Tower, Koh-e-Noor Society	Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan
Lease agreement date	July 01, 2019	March 01, 2019	October 5, 2020	July 1, 2020	January 28, 2021
Lease commencement date	July 01, 2019	February 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021
Initial contractual term of the lease	3 years	5 years	5 years	3 years	3 years
Availability of extension option?	Yes	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	Indefinite	5 years	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease) - Refer note 4.1.1 below)	3 years	5 years	5 years	3 years	3 years

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

4.1.1 For each lease arrangement referred to above, the lease term used in the measurement of the right-of-use asset and the related lease liability has been restricted to the aforementioned initial contractual term of the lease since the Company, after giving due consideration to the factors that might create an economic incentive for the Company to extend the leases, has concluded that, at the lease commencement date, it was not reasonably certain to exercise the said extension options.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
5. LONG TERM INVESTMENTS - unquoted		
Investment in other entities - at fair value through profit or loss	58,992,656	45,056,656
	<u>58,992,656</u>	<u>45,056,656</u>

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
6. INVESTMENT PROPERTY		
Opening carrying amount	1,678,415,232	1,726,419,800
Sale during the period / year	(152,500,000)	(159,475,000)
Transfer to property and equipment during the period / year	-	(32,473,333)
Development charges paid during the period / year	-	11,943,765
	<u>152,500,000</u>	<u>-</u>
	1,678,415,232	1,546,415,232
Increase in fair value during the year	129,500,000	132,000,000
Closing carrying amount	<u>1,807,915,232</u>	<u>1,678,415,232</u>

Note

6.1 This represents investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited. The Naya Nazimabad Project is owned and managed by Javedan Corporation Limited (a related party of the Company).

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	————— Rupees —————	
7. SHORT TERM INVESTMENTS		
At fair value through profit or loss		
Quoted equity / debt securities	1,974,715,255	3,023,506,197
At fair value through other comprehensive income		
Quoted equity securities	162,017,485	827,578,375
	<u>2,136,732,740</u>	<u>3,851,084,572</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
8. TRADE DEBTS			
<i>Considered good</i>			
- Brokerage receivable		148,255,104	83,576,900
- Advisory and consultancy fee		52,033,382	73,361,994
		200,288,486	156,938,894
<i>Considered doubtful</i>			
- Brokerage receivable		869,146,841	869,146,841
- Advisory and consultancy fee		51,604,192	37,174,746
		920,751,033	906,321,587
		1,121,039,519	1,063,260,481
Less: provision for expected credit losses	8.1	(920,751,033)	(906,321,587)
	8.2	200,288,486	156,938,894
8.1 Movement in provision for expected credit losses			
Balance at the beginning of the period/ year		906,321,587	902,969,044
Add: Charged for the period/ year		14,429,446	3,822,301
Less: Reversed during the period/ year		-	(469,758)
Balance at the end of the period/ year		920,751,033	906,321,587

8.2 This includes Rs. 0.08 million (June 2020: Rs. 1.7 million) due from related parties. As of reporting date, the Company held equity securities having fair value of Rs. 40,385 million (June 2020: Rs. 38,874 million) owned by its clients, as collaterals against trade debts.

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

	(Unaudited) March 31, 2021		(Audited) June 30, 2020	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	-	-	102,727,820	-
Past due 1 day - 30 days	200,926,831	-	43,956,442	-
Past due 31 days - 180 days	25,843,137	3,084,104	15,357,392	5,102,760
Past due 181 days - 1 year	3,565,986	3,565,986	10,249,257	10,249,257
Past due more than one year	914,100,943	914,100,943	890,969,570	890,969,570
	1,144,436,897	920,751,033	1,063,260,481	906,321,587

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
9. RECEIVABLE AGAINST MARGIN FINANCING			
Considered good		279,460,877	37,754,624
Considered doubtful		1,917,749	1,917,749
	9.1	281,378,626	39,672,373
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		279,460,877	37,754,624

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

9.1 Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2020: 12.00% to 18.00%) per annum.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances			
Advance to consultant		12,379,090	9,393,760
Advance against expenses		3,085,298	2,081,149
Advance against salary		4,427,234	4,362,988
		<u>19,891,622</u>	<u>15,837,897</u>
Trade deposits			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.1	75,972,820	2,264,012
Exposure deposit with NECL		59,820,180	68,393,709
Prepayments			
Insurance		2,647,113	614,253
		<u>158,331,735</u>	<u>87,109,871</u>

10.1 This represents deposits held at the reporting date against exposure arising out of the trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
11. OTHER RECEIVABLES			
Receivable against reverse repo transactions		227,495,448	52,152,387
Dividend receivable		30,000,000	91,227,000
Others		6,553,334	5,608,589
		<u>264,048,782</u>	<u>148,987,976</u>
Less: provision for other receivables		(39,711,656)	(39,711,656)
		<u>224,337,126</u>	<u>109,276,320</u>
12. CASH AND BANK BALANCES			
Cash in hand		2,796,666	271,588
Cash at bank:			
- current accounts		42,241,506	47,229,518
- savings accounts		1,397,105,202	766,596,128
	12.1	<u>1,439,346,708</u>	<u>813,825,646</u>
		<u>1,442,143,374</u>	<u>814,097,234</u>

12.1 This includes the balances held in bank accounts designated to customers amounting to Rs. 1,287.931 million (June 30, 2020: Rs. 777.251 million).

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
13. LONG TERM LOAN			
Loan from a banking company - secured		-	333,320,594
14. SHORT TERM BORROWINGS			
Running finance facilities from banking companies - secured	14.1	282,996,689	1,836,074,716
		282,996,689	1,836,074,716

14.1 Short term running finance facilities are available from commercial banks as disclosed above, under mark-up arrangements, having limit amounting to Rs. 4,750 million (June 2020: Rs. 5,000 million). These facilities have various maturity dates up to December 2021 (June 2020: May 06, 2021). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.75% to 1% and 3 month KIBOR 0.5% to 1.5% (June 2020: 1 month KIBOR + 0.75% to 1.0% and 3 month KIBOR + 0.55% to 1.5%). The markup is calculated on a daily product basis and is payable quarterly.

14.1.1 As of the reporting date, the number and fair value of the quoted equity securities pledged with banks in respect of short-term running finance facilities were as follows:

	March 31, 2021		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	113,735,000	3,371,045,500	83,400,000	2,186,712,000
House	29,709,755	277,933,480	119,315,760	2,190,184,650
		3,648,978,980		4,376,896,650

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	Rupees	
15. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
- Lease liability		16,349,090	13,275,399
- Long term loan from a banking company - secured		-	166,666,667
- Long term loan from a related party - unsecured		-	300,000,000
		16,349,090	479,942,066
16. TRADE AND OTHER PAYABLES			
Trade creditors	16.1	1,287,790,065	747,901,751
Commission payable to staff		59,171,156	19,605,841
Accrued expenses		14,361,464	91,96,584
Taxes payable		28,712,522	13,301,083
Other liabilities		2,669,669	4,651,317
		1,392,704,876	794,656,576

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

16.1 This includes Rs. 33.55 million (June 30, 2020: Rs 3.85 million) payable to related parties of the Company.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Rupees	
17. TAXES PAYABLE- NET		
Provision for taxation-current year	249,436,389	70,533,136
Less: advance income tax deducted/ collected	(55,671,444)	(16,830,571)
	<u>193,764,945</u>	<u>53,702,565</u>

18. CONTINGENCY AND COMMITMENTS

18.1 Contingency

There has been no change in the status of the contingent liability as reported in note 26.1 to the annual consolidated financial statements of the Company for the year ended June 30, 2020.

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Rupees	
18.2 Commitments		
Following commitments were outstanding as at the reporting date:		
- Outstanding settlements against Margin Trading contracts	831,279,618	112,323,212
- Outstanding settlements against (purchase)/ sale of securities in regular market.	17,317,289	53,073,167
- Financial guarantees given by a commercial banks on behalf of the Company	750,000,000	250,000,000

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	Rupees	
19. OPERATING REVENUE		
Brokerage revenue	535,608,039	262,017,531
Advisory and consultancy fee	473,508,749	111,409,981
Dividend income	31,992,201	72,183,753
	<u>1,041,108,989</u>	<u>445,611,265</u>

20. UNREALIZED GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS

Short term investments	172,484,391	-
	<u>172,484,391</u>	<u>-</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	(Un-audited) March 31, 2021	(Un-audited) December 31, 2019
	————— Rupees —————	
21. FINANCE COSTS		
Interest on unwinding of the lease liability	4,478,847	4,514,444
Markup on long term loan from banking company	24,608,164	-
Markup on Loan From Sponsor	13,718,736	2,145,205
Markup on short term borrowings from banking companies	44,789,624	287,848,384
Guarantee charges to parent company	954,566	-
Markup on margin trading system securities	2,288,409	634,474
Bank charges and others	12,680,753	5,214,874
	<u>103,519,099</u>	<u>300,357,381</u>

22. EARNINGS PER SHARE

22.1 Basic earnings per share

Profit after taxation attributable to ordinary shareholders	<u>1,608,541,971</u>	<u>(142,129,553)</u>
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————— Number —————

Weighted average number of ordinary shares outstanding during the period	<u>59,400,000</u>	<u>60,360,000</u>
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————— Rupees —————

Earnings per share - basic	<u>27.08</u>	<u>(2.35)</u>
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22.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at March 31, 2021 and March 31, 2020.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows forming part of these interim financial statements reconcile to the related items in the statement of financial position as follows:

		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		————— Rupees —————	
Cash and bank balances	12	1,442,143,374	860,365,859
Short term borrowings	14	(282,996,689)	(1,379,462,080)
		<u>1,159,146,685</u>	<u>(519,096,221)</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

Transaction with related parties	Nine months period ended	
	March 31, 2021	March 31, 2020
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Brokerage commission earned during the period on sale and purchase of securities	4,714,428	2,396,253
Guarantee commission paid/ payable	813,738	-
<u>OTHER RELATED PARTIES</u>		
Javedan Corporation Limited		
Purchase of plots	152,500,000	-
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the Board of Directors)		
Brokerage commission earned during the period on sale and purchase of securities	687,196	-
Dividend paid during the period	91,500	-
Meeting Fee Paid	50,000	75,000
Muhammad Shahid Ali (CEO)		
Brokerage commission earned during the period on sale and purchase of securities	12,564,434	5,699,749
Dividend paid during the period	2,195	-
Muhammad Haroon (Director)		
Brokerage commission earned during the period on sale and purchase of securities	264,042	125,915
Dividend paid during the period	3,893	-
Meeting Fee Paid	50,000	75,000
Muhammad Sohail Salat (Director)		
Dividend paid during the period	1,500	-
Meeting Fee Paid	50,000	75,000
Sharmin Shahid (Director)		
Brokerage commission earned during the period on sale and purchase of securities	2,326,163	301,533
Dividend paid during the period	2,748	-
Meeting Fee Paid	50,000	75,000
Nida Ahsan (Director)		
Brokerage commission earned during the period on sale and purchase of securities	350,000	1,340,170
Dividend paid during the period	2,748	-
Meeting Fee Paid	25,000	-
Mohsin Madni (Director)		
Brokerage commission earned during the period on sale and purchase of securities	11,713	-
Dividend paid during the period	1,250	-
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of securities	4,832,575	5,942,019
Loan repaid	1,710,000,000	1,100,000,000
Loan received	1,410,000,000	-
Mark-up paid	16,745,906	-
Dividend paid during the period	8,027,520	-
Payment made under buy-back scheme	-	130,070,292
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	1,696,097	409,718
Muhammad Kashif A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	-	6,363
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
Provident fund trust - Contribution paid during the period	5,579,088	4,602,807

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

	March 31, 2021	June 30, 2020
	Rupees	
<i>Balances with related parties at the end of the reporting period:</i>		
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Trade receivable	29,953	80,477
Guarantee commission payable	-	454,370
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the board of Directors)		
Trade payable	57,604	2,148,473
Muhammad Shahid Ali (CEO)		
Trade payable	31,217,052	3,150,901
Sharmin Shahid (Director)		
Trade receivable	-	50,302
Trade payable	1,222,342	-
Nida Ahsan (Director)		
Trade receivable	46,501	65,419
Muhammad Haroon (Director)		
Trade payable	5,605	700,697
Mohsin Madni (Director)		
Trade payable	10,172	175
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Loan payable	-	300,000,000
Trade receivable	-	42,574
Markup payable on loan	5,615,347	-
Trade payable	996,820	-
Abdus Samad A. Habib		
Trade payable	42,453	-
Trade receivable	-	1,451,078
Muhammad Kashif A. Habib		
Trade receivable	10,584	19,630
<u>OTHER RELATED PARTIES</u>		
Rotocast Engineering Company (Private) Limited		
Prepaid rent	5,747,016	5,747,016

25. OPERATING SEGMENT

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

All non current assets of the Company as at March 31, 2021 were located in Pakistan.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021 (UNAUDITED)

26. GENERAL

26.1 Impact of COVID-19 on these interim financial statements

The Covid-19 pandemic and resultant imposition of lock down by Federal and Provincial Governments of Pakistan forced most of the businesses to closure, suspension of international flight operations and inter-city movements and cancellation of major events and significant monetary and fiscal adjustments mainly in that affects third and fourth quarter of the financial year ended June 30, 2020. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no significant change in recoverable amounts of Company's assets at the reporting date. Further, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period also.

26.2 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 19, 2021.

26.3 Level of rounding

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



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS OF MARCH 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUHAMMAD HAROON	1	1,557	-
NIDA AHSAN	1	1,099	-
SHARMIN SHAHID	1	1,099	-
MOHSIN MADNI	1	500	-
MUHAMMAD SHAHID ALI	1	878	-
ZAFAR ALAM	1	41,600	0.07
MUHAMMAD SOHAIL SALAT	1	600	-
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	2	41,245,884	69.44
ARIF HABIB	1	4,595,508	7.74
NIT & ICP			
	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.			
	1	54	-
Insurance Companies			
	3	271,920	0.46
Modarabas and Mutual Funds			
CDC - TRUSTEE ABL STOCK FUND	1	500	-
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	3,500	0.01
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	500	-
General Public			
a. Local	2,819	12,059,077	20.30
b. Foreign	3	14,000	0.02
Foreign Companies			
	-	-	-
Others			
	41	1,161,724	1.96
Totals	2,880	59,400,000	100.00

Share holders holding 10% or more	Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED	41,245,884	69.44

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