

UAN (92-21) 111-245-111 - [www.arifhabibltd.com](http://www.arifhabibltd.com)



**ARIF HABIB CENTRE**

23, M. T. Khan Road, Karachi - 74000  
Fax No (92-21) 32416072; 32429653  
Tel (92 42) 35871730  
Group Website [www.arifhabib.com.pk](http://www.arifhabib.com.pk)



# Passion for **Performance**

Quarterly Report September 30, 2021





**Best Broker in Pakistan**  
FinanceAsia Country  
Awards 2020



**Roshan Digital Account**  
Largest market share in  
Equities (38%)



**Leader**  
in Gender diversity among  
Stock Broking Firms



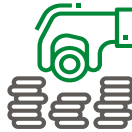
**50% growth**  
in new clientele



**100%**  
market share in  
Debt listing



**Best Corporate & Ins. Adviser**  
The Asset Triple A  
Country/Regional Awards '20



**Highest ever**  
Brokerage, Inv Banking  
Revenue & profitability



**Best Corporate  
Finance House**  
CFA Society Pakistan



**Best Equity Adviser**  
The Asset Triple A  
Country/Regional Awards '20



**PKR 17 billion**  
Equity (IPOs) raising  
85% market share



**Best Brokerage House**  
Runners up  
CFA Society Pakistan



**Best Bond Adviser**  
The Asset Triple A  
Country/Regional Awards '20



**Best  
Equity Analyst**  
CFA Society Pakistan



**Best Transaction  
Interloop Ltd.**  
CFA Society Pakistan

# Contents

Corporate Information	04
Vision & Mission	06
Director's Report	08
Condensed Interim Unconsolidated Statement of Profit & Loss Account	10
Condensed Interim Unconsolidated Statement of Other Comprehensive Income	12
Condensed Interim Unconsolidated Statement of changes in Equity	13
Condensed Interim Unconsolidated Statement Cash Flows	14
Condensed Interim Selected Notes to the Unconsolidated Financial Statements	15
Condensed Interim Consolidated Statement of Financial Position	16
Condensed Interim Consolidated Statement of Profit & Loss Account	18
Condensed Interim Consolidated Statement of Other Comprehensive Income	19
Condensed Interim Consolidated Statement of changes in Equity	20
Condensed Interim Consolidated Statement Cash Flows	21
Condensed Interim Selected Notes to the Consolidated Financial Statements	22
Pattern of Shareholding	23

# iform

## Corporate

### **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

### **Management Rating & Broker Fiduciary Rating**

The Pakistan Credit Rating Agency

### **Legal Advisors**

Muhammad Zubair  
Advocate High Court

# nation

## **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  
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  
Meezan Bank Limited

## **Registrar & Share Transfer Office**

Share Registrar Department  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400  
Tel: Customer Support Services:  
0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## **Registered Office**

Arif Habib Centre  
23, M.T. Khan Road Karachi-74000  
UAN: (92-21) 111-245-111  
Fax No: (92-21) 32416072; 32429653  
E-mail: info@arifhabibltd.com  
Company website: www.arifhabibltd.com  
Online Trade: www.ahletrade.com  
Branch Reg. No: BOA-050/01

## **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

## **Islamabad Branch**

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

## **Peshawar Branch**

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

## **Rawalpindi Branch**

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

## **Faisalabad Branch**

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

## **Multan Branch**

Office No.16-18,1st Floor, Khan Center, Abdali Road,  
Near SP Chowk, Multan  
Tel: +92 61 4514413  
+ 92 61 4514412



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

# Vision

# 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.

# Director's Report

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the first quarter ended September 30, 2021.

## Economic Review:

The economic recovery solidified during the first quarter of the current fiscal year as the aggregate demand growth turned out to be higher than expectation. This was on the back of robust growth in the high-frequency indicators such as sales of automobiles, POL (petroleum, oil and lubricants) sales, cement offtake and electricity generation. The Large Scale Manufacturing displayed some seasonal movement during the period; registering a moderate growth initially to consolidating at 7.3%YoY in first two months of FY22.

On the external front, pressure was evident given strong domestic demand and high global commodity prices resulting in higher current account deficit which rose to USD 3.4 billion against a surplus of USD 865mn recorded same period last year. While the growth in remittances was noteworthy (+13% YoY) and exports too performed well (+33% YoY), the impact was offset by imports (+59% YoY). As a result, the Pak Rupee depreciated by 8.3% since the beginning of the current fiscal year. Notwithstanding the pressure on parity, FX Reserves remained resilient closing the first quarter at USD 25.9 billion, after touching all-time high in August 2021 (USD 27 billion). Moreover, Pakistan raised USD 1 billion Eurobond in July 2021 through a tap issue under the Global Medium-Term Note (MTN) program which it entered back in April 2021. In addition, Pakistan also received USD 2.8 billion worth Special Drawing Rights (SDRs) from International Monetary Fund as a part of their support-plan to help economies manage liquidity during the pandemic.

Supportive fiscal and monetary measures remained crucial for the overall revival. As a result, during the first two months of the on-going fiscal year, the government was able to meet budgetary targets such as FBR revenues which grew by 38% YoY while release of PSDP funds arrived at an all-time high for this period (up by 44% of budgeted amount). However, inflation remained a concern for the authorities as high food prices soared during the period taking the average headline Consumer Price Index to 8.4%. These inflationary concerns as well as external account pressures resulted in State Bank of Pakistan (SBP) resuming monetary tightening by hiking the benchmark policy rate by 25bps to 7.25%. To recall, interest rate had been fixed at 7% since last cut in June 2020 primarily due to COVID-19 outbreak. The State Bank of Pakistan kept the inflation target unchanged in its last monetary policy at 7-9% for FY22, reiterating its stance of partaking in gradual tapering of the monetary stimulus, as and when required.

## Stock Market Performance

For most of 1QFY22, KSE100 index traded range bound with the quarter commencing at 47,356pts and till September 13, 2021 maintained similar level at 47,270pts. Post announcement of Federal Budget FY22 in mid-June 2021, Investors were still contemplating if the measures announced in the budget would sustain the growth trajectory achieved in FY21. The last 15 sessions (including 2 sessions on Friday), saw market tumbling by 2,370pts (5%), due to concerns over a host of factors including Pakistan's reclassification from MSCI EM index to MSCI Frontier markets, the rise in CAD, depreciating PKR parity against USD, pending 6th review of IMF program and resummptions thereof and Taliban's taking over of Afghanistan.

Performance at the bourse proved dismal in 1QFY22 with reference to Average traded value, which declined by 48% QoQ from US\$ 86.2mn to US\$ 45mn (-43% YoY). Similarly, Average traded volume also declined in 1QFY22 by 40% QoQ from 236mn shares to 141.3mn shares (-53% YoY). As a result of Pakistan's reclassification from MSCI Emerging Markets Index to MSCI Frontier Markets Index, foreign investors resorted to net selling to the tune of PKR 13.8bn (US\$ 83mn). These outflows were largely matched by Individuals (30%), Banks (20%), Companies (11%) and Government backed Pension Fund (25%). During 1QFY22, Investors preferred Banks, Miscellaneous, and Technology Sectors, each contributing +269pts, +263pts and +233pts respectively to the Index. On the other hand, Cement, E&P, Refinery, O&GMCs and Fertilizer contributed negatively to the Index, by contributing -1016pts, -305pts, -289pts, -218pts and -210pts respectively.



## Your Company's Performance

During the period under review, your Company has performed well and achieved an after-tax-profit of PKR 249 million which translates into basic earnings per share of PKR 4.19 and diluted EPS of PKR 3.81. Diluted Earnings per share has been calculated taking into account the effect of Bonus Shares (as approved in the AGM of the Company held on September 25, 2021) to be issued subsequent to the quarter ended September 30, 2021.

During the three months ended September 30, 2021, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 264.12 million (1QFY21: PKR 178.44 million). We have successfully completed some M&A advisory transaction during the period.

Our Investment property and Equities Portfolio managed to perform well and posted a total realized and unrealized gains of PKR 155.95 million.

During the period, operating expenses increased by 16% as compared to the same period last year and posted a total of PKR 120.90 million (1QFY21: PKR 104.44 million), as your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. During the said period, our financing costs have decreased significantly due to considerable efforts made management in effectively & efficiently managing the Company's liquidity.

The equity of your Company as at the balance sheet date is PKR 4.60 billion (June 2021: PKR 4.99 billion), which translates into book value per share of PKR 77.40 (June 30, 2021: PKR 84.10). The equity level decreased mainly after the accounting for PKR 594 million reserves for cash dividends approved in the AGM held on September 25, 2021, 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 Most Outstanding Company in Pakistan – Financial Sector 2021 award by AsiaMoney. Further, AHL has received Best Bond Adviser, Best Corporate & Institutional Adviser – Domestic and Best Equity Adviser – Pakistan for 2019 award by The Asset.

## Future Prospects

The future prospects of your Company are encouraging on account of our efforts in increasing the Company's market share, through wider participation in all its business segments and our expectations of positive market performance in this quarter. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities. Further, we are expecting IPO's in the next threequarters, which will increase our Investment Banking revenue and overall profitability of your Company.

## Acknowledgement

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

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

For and on behalf of the Board of Directors,



**Muhammad Shahid Ali Habib**  
Chief Executive Officer and Director



**Zafar Alam**  
Chairman

## Karachi.

Dated: October 25, 2021



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

Un audited  
September 30,  
2021

Audited  
June 30,  
2021

	Note	Rupees	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	5	78,130,286	76,101,492
Right-of-use assets		27,153,209	27,657,325
Intangible assets		6,499,699	6,583,336
Long term investments		136,312,876	136,312,876
Investment property	6	2,250,300,000	1,968,800,000
Long-term deposits		6,623,800	6,103,800
		<b>2,505,019,870</b>	<b>2,221,558,829</b>
<b>CURRENT ASSETS</b>			
Short term investments		3,394,263,222	2,746,710,495
Trade debts	8	323,079,530	240,318,884
Receivable against margin financing		214,630,009	245,655,746
Advances, deposits and prepayments		53,469,136	60,858,054
Accrued markup		12,143,937	7,650,726
Other receivables		280,947,149	274,650,955
Cash and bank balances	9	1,189,068,957	2,674,098,470
		<b>5,467,601,940</b>	<b>6,249,943,330</b>
		<b>7,972,621,810</b>	<b>8,471,502,159</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (June 2020: 75,000,000) ordinary shares of PKR10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		594,000,000	594,000,000
Capital reserves			
Surplus on revaluation of property		15,432,500	15,432,500
Surplus on re-measurement of equity securities at FVOCI		(24,685,175)	27,944,785
		(9,252,675)	43,377,285
Revenue reserves			
Unappropriated profits		4,013,003,579	4,358,006,085
<b>Total equity</b>		<b>4,597,750,904</b>	<b>4,995,383,370</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		4,773,936	3,525,415
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured		1,308,366,698	1,369,369,349
Current portion of lease liability		23,618,232	26,696,871
Trade and other payables		1,165,504,300	1,789,995,004
Dividend Payable		594,000,000	-
Unclaimed dividend		14,920,012	14,920,013
Payable against purchase of securities- net		13,950,541	53,758,623
Markup accrued		19,670,008	18,639,958
Taxes payable -net	11	230,067,179	199,213,556
		<b>3,370,096,970</b>	<b>3,472,593,374</b>
		<b>7,972,621,810</b>	<b>8,471,502,159</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

		September 30, 2021	September 30, 2020
	Note	Rupees	
Operating revenue	13	264,120,728	178,437,637
Capital gain on sale of short term investments		53,988,442	337,779,933
Unrealized (loss) / gain on re-measurement of short term investments		(179,541,930)	376,517,936
Unrealized gain on re-measurement of investment property		281,500,000	-
		<u>420,067,240</u>	<u>892,735,506</u>
Administrative and operating expenses		(120,900,296)	(104,437,555)
Finance costs		(22,239,002)	(50,753,563)
Other operating income		22,057,177	19,892,315
<b>Profit before taxation</b>		<u>298,985,119</u>	<u>757,436,703</u>
Taxation		(49,987,625)	(18,572,992)
<b>Profit after taxation</b>		<u>248,997,494</u>	<u>738,863,711</u>
<b>Earning per share - basic</b>	18	<u>4.19</u>	<u>12.44</u>
<b>Earning per share - diluted</b>	19	<u>3.81</u>	<u>11.31</u>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

September 30, 2021      September 30, 2020

	Rupees	
Profit after taxation	248,997,494	738,863,711
Other comprehensive income for the period <i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Investment in Equity securities at FVOCI - net change in fair value	(52,629,960)	(195,988,406)
Total comprehensive income for the period	<u>196,367,534</u>	<u>542,875,305</u>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Issued, subscribed & paid up capital	Unappropriated profits	Reserves		Sub-total	Total
			Surplus on revaluation of property	Surplus on re-measurement of equity securities at FVOCI		
Rupees						
Balance as at July 1, 2020	594,000,000	2,238,562,577	15,432,500	423,338,700	2,677,333,777	3,271,333,777
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(195,988,406)	(195,988,406)	(195,988,406)
Gain realized on disposal of equity securities at FVOCI	-	199,997,985	-	(199,997,985)	-	-
Comprehensive income for the three months ended September 30, 2020	-	738,863,711	-	-	738,863,711	738,863,711
<b>Balance as at September 30, 2020</b>	<b>594,000,000</b>	<b>3,028,924,273</b>	<b>15,432,500</b>	<b>27,352,309</b>	<b>3,071,709,082</b>	<b>3,665,709,082</b>
Balance as at October 1, 2020	594,000,000	3,028,924,273	15,432,500	27,352,309	3,071,709,082	3,665,709,082
Profit for the period October 2020 - June 2021	-	1,345,141,482	-	-	1,345,141,482	1,345,141,482
Other Comprehensive income for the year ended June 30, 2021	-	-	-	(15,467,194)	(15,467,194)	(15,467,194)
Total Comprehensive income for the year ended June 30, 2021	-	1,345,141,482	-	(15,467,194)	1,329,674,288	1,329,674,288
Gain realized on disposal of equity securities at FVOCI	-	(16,059,670)	-	16,059,670	-	-
Balance as at June 30, 2021	594,000,000	4,358,006,085	15,432,500	27,944,785	4,401,383,370	4,995,383,370
<b>Balance as at July 1, 2021</b>	<b>594,000,000</b>	<b>4,358,006,085</b>	<b>15,432,500</b>	<b>27,944,785</b>	<b>4,401,383,370</b>	<b>4,995,383,370</b>
<b>Comprehensive Income for the three months ended September 30, 2021</b>	<b>-</b>	<b>248,997,494</b>	<b>-</b>	<b>-</b>	<b>248,997,494</b>	<b>248,997,494</b>
<b>Unrealized gain on remeasurement of equity securities at FVOCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,629,960)</b>	<b>(52,629,960)</b>	<b>(52,629,960)</b>
<b>Cash dividend paid @ 100% for the year ended June 30, 2021</b>	<b>-</b>	<b>(594,000,000)</b>	<b>-</b>	<b>-</b>	<b>(594,000,000)</b>	<b>(594,000,000)</b>
<b>Balance as at September 30, 2021</b>	<b>594,000,000</b>	<b>4,013,003,579</b>	<b>15,432,500</b>	<b>(24,685,175)</b>	<b>4,003,750,904</b>	<b>4,597,750,904</b>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer


# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)


September 30, 2021      September 30, 2020

Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	298,985,119	757,436,703
Adjustments for:		
Depreciation on property and equipment	3,853,737	3,005,667
Depreciation on right-of-use-asset	5,471,701	5,035,844
Amortization of intangible asset	83,637	107,640
Loss / (Gain) on re-measurement of short term investments	179,541,930	(376,517,936)
Gain on short term investment	(53,988,442)	(337,779,933)
Unrealized gain on re-measurement of investment property	(281,500,000)	-
Finance costs	22,239,002	50,753,563
	(124,298,435)	(655,395,155)
<b>Cash generated from operating activities before working capital changes</b>	<b>174,686,684</b>	<b>102,041,548</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net	(825,736,175)	2,001,442,812
Trade debts - consider good	(82,760,646)	17,641,643
Receivable against margin financing	31,025,737	(61,568,305)
Deposits and short-term prepayments	7,388,918	(317,873,079)
Accrued markup on margin financing	(4,493,211)	(16,093)
Other receivables	(6,296,194)	477,121
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(624,490,704)	160,252,931
Payable against purchase of securities- net	(39,808,082)	(22,169,318)
	(1,545,170,358)	1,778,187,712
<b>Cash used in operations</b>	<b>(1,370,483,674)</b>	<b>1,880,229,260</b>
Taxes paid	(19,134,002)	(21,023,742)
Finance costs paid	(21,208,952)	(72,052,296)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,410,826,628)</b>	<b>1,787,153,222</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(5,882,531)	(4,862,863)
Expenditure on investment property - net	-	(152,500,000)
Dividends received	-	91,227,000
Long term deposits - net	(520,000)	(6,821,688)
<b>Net cash used in investing activities</b>	<b>(6,402,531)</b>	<b>(72,957,551)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment against finance lease liability	(6,797,703)	(5,999,757)
Repayment of Subordinated Loan	-	(300,000,000)
<b>Net cash used in financing activities</b>	<b>(6,797,703)</b>	<b>(305,999,757)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,424,026,862)</b>	<b>1,408,195,914</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,304,729,121</b>	<b>(1,029,893,268)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(119,297,741)</b>	<b>378,302,646</b>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# CONDENSED INTERIM SELECTED NOTES TO THE **UNCONSOLIDATED FINANCIAL STATEMENTS** FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## **1 STATUS AND NATURE OF BUSINESS**

- 1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007.

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

## **1.2 The Parent Company holds 69.44% shares of the Company.**

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed interim unconsolidated financial statement of the Company for the quarter ended September 30, 2021 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim unconsolidated financial statements comprise of the statement of financial position as at September 30, 2021 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2021.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2021 has been extracted from the audited financial statements of the company for the year ended June 30, 2021, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2020.

These condensed interim unconsolidated financial statements are presented in Pakistan Rupee which is the functional currency of the Company and rounded off to the nearest rupee.

These condensed interim unconsolidated financial statements has been prepared on the basis of a single reportable segment.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2021.

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 unconsolidated 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 unconsolidated financial statements of the Company as at and for the year ended June 30, 2021.

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## 5 PROPERTY & EQUIPMENT

During the period ended September 30, 2021, additions made amounting to PKR 5.88 million (June 2021: PKR 24.47 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

	September 30, 2021	June 30, 2021
Note	Rupees	
<b>6 INVESTMENT PROPERTY</b>		
Carrying Value	1,968,800,000	1,678,415,232
Sale during the period	-	(152,500,000)
Development charges / additions during the year	-	152,500,000
	<b>1,968,800,000</b>	1,678,415,232
Increase in fair value - net	<b>281,500,000</b>	290,384,768
	<b>2,250,300,000</b>	1,968,800,000

## 7 SHORT TERM INVESTMENTS

Equity securities at FVTPL	7.1 1,820,647,489	2,394,124,599
Corporate debt securities - at FVTPL	202,809,774	145,677,916
	<b>2,023,457,263</b>	2,539,802,515
Equity securities at FVOCI	320,853,960	206,907,980
	<b>2,344,311,223</b>	2,746,710,495

### Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL

Cost of investment	1,826,840,819	2,506,460,957
Unrealised (loss) gain:		
Balance as at July 01	33,341,558	(179,901,492)
Unrealized Loss transferred from long term investment	-	-
Unrealised gain / (loss) for the year	<b>163,274,886</b>	213,243,050
	<b>196,616,444</b>	33,341,558
Balance as at June 30	<b>2,023,457,263</b>	2,539,802,515

## 8 TRADE DEBTS

### 8.1 Treatment of amount receivable from customers

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

8.2 The Company holds equity securities having fair value of PKR 43,264 million (June 2021: PKR 59,277 million) owned by its clients, as collaterals against trade debts.

	September-21		June-21	
	Gross	Impairment	Gross	Impairment
Not past due	6,367,601	-	4,562,014	-
Past due 1 day - 30 days	253,751,376	-	182,731,378	-
Past due 31 days - 180 days	42,816,215	-	33,791,562	5,904,661
Past due 181 days - 1 year	27,910,842	7,766,504	9,521,312	2,465,878
More than one year	914,506,379	914,506,379	931,985,501	913,902,344
Rupees	<b>1,245,352,413</b>	<b>922,272,883</b>	1,162,591,766	922,272,883

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	September 30, 2021	June 30, 2021
Note	Rupees	
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	577,559	650,596
Cash at Bank		
in current accounts	40,854,317	157,186,618
in savings accounts	1,147,637,081	2,516,261,256
	9.1	
	<u>1,188,491,398</u>	<u>716,988,104</u>
	<u>1,189,068,957</u>	<u>717,638,700</u>
9.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 1,076.229 million (June 2021: PKR 1,563 million).		
<b>10 SHORT TERM BORROWINGS - SECURED</b>		
10.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks.		
10.2 Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:		

	September 30, 2021		June 30, 2021	
	Number of Securities	Amount (Rupees)	Number of Securities	Amount (Rupees)
Client	120,350,000	3,575,598,500	140,335,000	4,086,425,400
House	57,842,255	1,257,340,625	66,582,755	1,554,857,660
<b>Total</b>	<u>178,192,255</u>	<u>4,832,939,125</u>	<u>206,917,755</u>	<u>5,641,283,060</u>

## 11 TAXES PAYABLE -NET

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

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2022 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

## 12 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2021.

September 30,  
2021

June 30,  
2021

Rupees

### COMMITMENTS

Following commitments are outstanding as at the year end.

- Outstanding Settlements against Marginal Trading contracts	500,526,153	788,579,531
- Outstanding Settlements against (purchase) / sale of securities in regular market.	31,927,014	34,264,836
- Guarantee given by a commercial bank on behalf of the Company	750,000,000	750,000,000

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	September 30, 2021	June 30, 2021
	————— Rupees —————	
<b>13 OPERATING REVENUE</b>		
Brokerage and operating revenue	135,467,531	159,836,796
Advisory and consultancy fee	128,653,197	18,600,841
	<u>264,120,728</u>	<u>178,437,637</u>

## 14 RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party, relationship with company & Nature of Transaction

Period Ended  
September 30, September 30,  
2021 2020  
————— Rupees —————

### PARENT COMPANY

#### **Arif Habib Corporation Limited**

Brokerage Commission earned during the period on sale and purchase of Securities  
Guarantee Commission

1,853,981  
-

3,312,200  
478,104

### SUBSIDIARY

#### **Arif Habib Commodities (Private) Limited**

Brokerage Commission earned during the period on sale and purchase of Securities

119,955

72,415

### GROUP COMPANIES

#### **Javedan Corporation Limited**

Purchase of plots  
Brokerage Commission earned during the period on sale and purchase of Securities

-

151,426,800

322,500

-

#### **Arif Habib Dolmen REIT Management Ltd.**

Brokerage Commission earned during the period on sale and purchase of Securities

516,000

-

#### **Arif Habib Equity (Pvt) Ltd.**

Brokerage Commission earned during the period on sale and purchase of Securities

21,425

-

#### **Rotocast Engineering Co. (Pvt) Limited**

Brokerage Commission earned during the period on sale and purchase of Securities

90,845

-

### KEY MANAGEMENT PERSONNEL

#### **Zafar Alam (Chairman)**

Brokerage Commission earned during the period on sale and purchase of Securities

156,294

49,359

#### **Muhammad Shahid Ali (CEO)**

Brokerage Commission earned during the period on sale and purchase of Securities

1,944,662

3,896,135

#### **Muhammad Haroon (Director)**

Brokerage Commission earned during the period on sale and purchase of Securities

147,840

43,935

#### **Sharmin Shahid (Director)**

Brokerage Commission earned during the period on sale and purchase of Securities

-

1,510,320

#### **Nida Ahsan (Director)**

Brokerage Commission earned during the period on sale and purchase of Securities

118,975

125,000

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	September 30, 2021	June 30, 2021
	Rupees	
<b>Mohsin Madni (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	4,764	5,853
<b><u>CLOSE FAMILY MEMBERS</u></b>		
<b>Arif Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	305,757	2,345,510
Loan repaid	-	300,000,000
Mark-up Paid	-	16,745,906
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	95,705	409,718
<b>Muhammad Kashif A. Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	-	6,363
<b><u>POST EMPLOYMENT BENEFIT PLAN</u></b>		
Provident fund trust - Contribution paid during the period	2,362,915	1,738,456

	September 30, 2021	June 30, 2021
	Rupees	
<b>Balances with related parties at the end of the period are as follows:</b>		
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Balance Receivable at period end	38,167	33,093
Guarantee Commission Payable	488,659	464,883
Mark-up Payable	-	4,447,132
<b><u>SUBSIDIARY</u></b>		
<b>Arif Habib Commodities (Private) Limited</b>		
Advance against sale of investment property	8,500,000	7,000,000
Advance against equity	2,000,000	2,000,000
Trade payable at year end	824,401	1,801,990
Advances	256,305	256,305
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Trade payable at year end	64,749	1,104,484
<b>Muhammad Shahid Ali (CEO)</b>		
Balance payable at period end	74,763,643	112,754,445
<b>Sharmin Shahid (Director)</b>		
Balance receivable at period end	-	8,340
Balance payable at period end	11,694	-
<b>Nida Ahsan (Director)</b>		
Balance payable at period end	1,691,491	9,346,762
<b>Muhammad Haroon (Director)</b>		
Balance payable at period end	-	29,147
Balance receivable at period end	14,469	-
<b>Muhammad Sohail Salat (Director)</b>		
Trade receivable at year end	599	599

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

<b>Mohsin Madni (Director)</b>		
Balance payable at period end	-	191,512
Balance receivable at period end	6,948	-
<b>CLOSE FAMILY MEMBERS</b>		
<b>Arif Habib</b>		
Trade receivable at year end	108,664	49,556
<b>Abdus Samad A. Habib</b>		
Balance payable at period end	302,850	872,251
<b>Muhammad Kashif A. Habib</b>		
Balance receivable at period end	11,866	4,075,266
<b>OTHER RELATED PARTIES</b>		
Rotucast Engineering Co. (Pvt) Limited		
Balance receivable at period end	4,188	31,083
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Balance receivable at period end	-	156,484
Balance payable at period end	5,780,172	-
<b>Javedan Corporation Limited</b>		
Balance receivable at period end	40,000	-
<b>Arif Habib Dolmen REIT Management Ltd.</b>		
Balance receivable at period end	3,556	-

## 15 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, 2021.

## 16 CASH AND CASH EQUIVALENTS

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

	September 30, 2021	June 30, 2021
	Rupees	
Cash and bank balances	1,189,068,957	1,118,053,892
Short term borrowings	<u>(1,308,366,698)</u>	<u>(739,751,246)</u>
	<u>(119,297,741)</u>	<u>378,302,646</u>

## 17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 25, 2021.

	September 30, 2021	June 30, 2021
	Rupees	
(Loss) / Profit after taxation attributable to ordinary shareholders	248,997,494	738,863,711
Weighted average number of ordinary shares outstanding at	59,400,000	59,400,000
(Loss) / Earnings per share	<u>4.19</u>	<u>12.44</u>

# CONDENSED INTERIM SELECTED NOTES TO THE **UNCONSOLIDATED FINANCIAL STATEMENTS** FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## **19 APPROPRIATION FOR DIVIDEND**

Shareholders in their annual general meeting held on September 25, 2021 have approved final cash dividend of PKR 10/- per share amounting to PKR 594 million and bonus shares in the proportion of 1 ordinary share per 10 ordinary shares held amounting to PKR 59.4 million. This condensed interim financial information includes the effect of theaforementioned appropriation.

Subsequent to the balance sheet date, bonus shares are to be allotted / issued to those shareholders whose name were appearing on the Members' Register as on the close of business on September 17, 2021.

## **20 GENERAL**

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer





# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

Un audited  
September 30,  
2021

Audited  
June 30,  
2021

	Note	Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	78,896,446	76,921,622
Right-of-use assets		27,153,209	27,657,325
Intangible assets		9,999,699	10,083,336
Long term investments		54,754,771	54,754,771
Investment property	6	2,250,300,000	1,968,800,000
Long-term deposits		32,638,505	32,118,136
		<u>2,453,742,630</u>	<u>2,170,335,190</u>
<b>CURRENT ASSETS</b>			
Short term investments		3,448,780,664	2,799,662,594
Trade debts	8	317,952,796	240,318,884
Receivable against margin financing		214,630,009	245,655,746
Advances, deposits and prepayments		103,898,205	116,097,069
Accrued markup		12,143,937	7,650,726
Other receivables		290,075,912	278,650,955
Cash and bank balances	9	1,200,759,312	2,679,062,673
		<u>5,588,240,835</u>	<u>6,367,098,647</u>
		<u>8,041,983,465</u>	<u>8,537,433,837</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (June 2020: 75,000,000) ordinary shares of PKR10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		594,000,000	594,000,000
<b>Capital reserves</b>			
Surplus on revaluation of property		15,432,500	15,432,500
Surplus on re-measurement of equity securities at FVOCI		(24,685,175)	27,944,785
		(9,252,675)	43,377,285
Revenue reserves			
Unappropriated profits		4,073,541,580	4,413,860,019
<b>Total equity</b>		<u>4,658,288,905</u>	<u>5,051,237,304</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		4,773,936	3,525,415
		<u>4,773,936</u>	<u>3,525,415</u>
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured		1,308,366,698	1,369,369,349
Current portion of lease liability		23,618,232	26,696,871
Trade and other payables		1,170,104,529	1,794,251,304
Dividend Payable		594,000,000	-
Unclaimed dividend		14,920,012	14,920,013
Loan from related party		3,862,500	3,862,500
Payable against purchase of securities- net		13,950,541	53,758,623
Markup accrued		19,670,008	18,639,958
Taxes payable-net	11	230,428,104	201,172,500
		<u>3,378,920,624</u>	<u>3,482,671,118</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
		<u>8,041,983,465</u>	<u>8,537,433,837</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONDENSED INTERIM CONSOLIDATED **PROFIT AND LOSS ACCOUNT** FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

		September 30, 2021	September 30, 2020
	Note	Rupees	
Operating revenue	13	271,872,970	186,522,197
Capital gain on sale of short term investments		53,988,442	337,779,933
Unrealized (loss) / gain on re-measurement of short term investments		(179,541,930)	376,518,236
Unrealized gain on re-measurement of investment property		281,500,000	-
		427,819,482	900,820,366
Administrative and operating expenses		(125,543,831)	(108,376,272)
Finance costs		(22,239,002)	(50,753,563)
Other operating income		24,050,265	22,571,304
<b>Profit / (loss) before taxation</b>		<b>304,086,914</b>	764,261,835
Taxation		(50,405,353)	(18,903,499)
<b>Profit / (loss) after taxation</b>		<b>253,681,561</b>	745,358,336
<b>Earning per share - basic</b>	18	<b>4.27</b>	12.55
<b>Earning per share - diluted</b>	19	<b>3.88</b>	11.41

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

September 30, September 30,  
2021 2020

	Rupees	
Profit after taxation	253,681,561	745,358,336
Other comprehensive income for the period		
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>		
Investment in Equity securities at FVOCI - net change in fair value	(52,629,960)	(195,988,406)
Total comprehensive income for the period	<u>201,051,601</u>	<u>549,369,930</u>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Issued, subscribed & paid up capital	Unappropriated profits	Reserves		Sub-total	Total
			Surplus on revaluation of property	Surplus on re-measurement of equity securities at FVOCI		
Rupees						
Balance as at July 1, 2020	594,000,000	2,274,098,230	15,432,500	423,338,700	2,712,869,430	3,306,869,430
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(195,988,406)	(195,988,406)	(195,988,406)
Gain realized on disposal of equity securities at FVOCI	-	199,997,985	-	(199,997,985)	-	-
Comprehensive income for the three months ended September 30, 2020	-	745,358,336	-	-	745,358,336	745,358,336
Balance as at September 30, 2020	<u>594,000,000</u>	<u>3,070,954,551</u>	<u>15,432,500</u>	<u>27,352,309</u>	<u>3,113,739,360</u>	<u>3,707,739,360</u>
Balance as at October 1, 2020	594,000,000	3,070,954,551	15,432,500	27,352,309	3,113,739,360	3,707,739,360
Profit for the period October 2020 - June 2021	-	1,358,965,138	-	-	1,358,965,138	1,358,965,138
Other Comprehensive income for the year Total Comprehensive income for the year ended June 30, 2021	-	-	-	(15,467,194)	(15,467,194)	(15,467,194)
Gain realized on disposal of equity securities at FVOCI	-	1,358,965,138	-	(15,467,194)	1,343,497,944	1,343,497,944
	-	(16,059,670)	-	16,059,670	-	-
Balance as at June 30, 2021	<u>594,000,000</u>	<u>4,413,860,019</u>	<u>15,432,500</u>	<u>27,944,785</u>	<u>4,457,237,304</u>	<u>5,051,237,304</u>
<b>Balance as at July 1, 2021</b>	<b>594,000,000</b>	<b>4,413,860,019</b>	<b>15,432,500</b>	<b>27,944,785</b>	<b>4,457,237,304</b>	<b>5,051,237,304</b>
<b>Comprehensive Income for the three months ended</b>						
<b>September 30, 2021</b>	-	253,681,561	-	-	253,681,561	253,681,561
<b>Unrealized gain on remeasurement of equity securities at FVOCI</b>	-	-	-	(52,629,960)	(52,629,960)	(52,629,960)
<b>Cash dividend paid @ 25% for the year ended June 30, 2021</b>	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
<b>Balance as at September 30, 2021</b>	<u>594,000,000</u>	<u>4,073,541,580</u>	<u>15,432,500</u>	<u>(24,685,175)</u>	<u>4,064,288,905</u>	<u>4,658,288,905</u>

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

September 30, 2021 September 30, 2020

Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	304,086,914	764,261,835
Adjustments for:		
Depreciation on property and equipment	3,907,707	3,053,078
Depreciation on right-of-use-asset	5,471,701	5,035,844
Amortization of intangible asset	83,637	107,640
Loss / (Gain) on re-measurement of short term investments	179,541,930	(376,518,236)
Gain on short term investment	(53,988,442)	(337,779,933)
Unrealized gain on re-measurement of investment property	(281,500,000)	-
Finance costs	22,239,002	50,753,563
	<b>(124,244,465)</b>	<b>(655,348,044)</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>179,842,449</b>	<b>108,913,791</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net	(827,301,518)	1,947,677,194
Trade debts - consider good	(77,633,912)	17,641,643
Receivable against margin financing	31,025,737	(61,568,305)
Deposits and short-term prepayments	12,198,864	(253,989,713)
Accrued markup on margin financing	(4,493,211)	(16,093)
Other receivables	(11,424,957)	477,121
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(624,146,775)	158,758,190
Payable against purchase of securities- net	(39,808,082)	(22,169,318)
	<b>(1,541,583,855)</b>	<b>1,786,810,719</b>
<b>Cash (used in) / generated from operations</b>	<b>(1,361,741,406)</b>	<b>1,895,724,510</b>
Taxes paid	(21,149,749)	(21,163,096)
Finance costs paid	(21,208,952)	(72,052,296)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,404,100,107)</b>	<b>1,802,509,118</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(5,882,531)	(4,941,563)
Expenditure on investment property - net	-	(152,500,000)
Dividends received	-	91,227,000
Long term deposits - net	(520,369)	(6,821,688)
<b>Net cash used in investing activities</b>	<b>(6,402,900)</b>	<b>(73,036,251)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment against finance lease liability	(6,797,703)	(5,999,757)
Repayment of Subordinated Loan	-	(300,000,000)
<b>Net cash used in financing activities</b>	<b>(6,797,703)</b>	<b>(305,999,757)</b>
<b>Net(decrease) / increase in cash and cash equivalents</b>	<b>(1,417,300,710)</b>	<b>1,423,473,110</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,309,693,324</b>	<b>(1,021,977,482)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(107,607,386)</b>	<b>401,495,628</b>

16

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM SELECTED NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## **1 STATUS AND NATURE OF BUSINESS**

- 1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007.

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

- 1.2 The Parent Company holds 69.44% shares of the Company.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed interim consolidated financial statement of the Company for the quarter ended September 30, 2021 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim consolidated financial statements comprise of the statement of financial position as at September 30, 2021 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2021.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2021 has been extracted from the audited financial statements of the company for the year ended June 30, 2021, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2020.

These condensed interim consolidated financial statements are presented in Pakistan Rupee which is the functional currency of the Company and rounded off to the nearest rupee.

These condensed interim consolidated financial statements has been prepared on the basis of a single reportable segment.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2021.

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 consolidated 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 consolidated financial statements of the Company as at and for the year ended June 30, 2021.

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## 5 PROPERTY & EQUIPMENT

During the period ended September 30, 2021, additions made amounting to PKR 5.88 million (June 2021: PKR 24.47 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

	September 30, 2021	June 30, 2021
	Rupees	
<b>6 INVESTMENT PROPERTY</b>		
Carrying Value	1,968,800,000	1,678,415,232
Sale during the period	-	(152,500,000)
Development charges / additions during the year	-	152,500,000
	<b>1,968,800,000</b>	1,678,415,232
Increase in fair value - net	<b>281,500,000</b>	290,384,768
	<b>2,250,300,000</b>	1,968,800,000

## 7 SHORT TERM INVESTMENTS

Equity securities at FVTPL	3,092,391,174	2,423,489,146
Investment in MTS	30,929,890	-
Corporate debt securities - at FVTPL	171,181,580	169,265,468
	<b>3,294,502,644</b>	2,592,754,614
Equity securities at FVOCI	154,278,020	206,907,980
	<b>3,448,780,664</b>	2,799,662,594

### Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL

Cost of investment	3,441,744,356	2,560,454,396
Unrealised (loss) gain:		
Balance as at July 01	32,300,218	(180,890,384)
Unrealized Loss transferred from long term investment	-	-
Unrealised gain / (loss) for the year	(179,541,930)	213,190,602
	<b>(147,241,712)</b>	32,300,218
Balance as at June 30	<b>3,294,502,644</b>	2,592,754,614

## 8 TRADE DEBTS

### 8.1 Treatment of amount receivable from customers

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

8.2 The Company holds equity securities having fair value of PKR 43,264 million (June 2021: PKR 59,277 million) owned by its clients, as collaterals against trade debts.

	September-21		June-21	
	Gross	Impairment	Gross	Impairment
Not past due	6,367,601	-	4,562,014	-
Past due 1 day - 30 days	253,751,376	-	182,731,378	-
Past due 31 days - 180 days	42,816,215	-	33,791,562	5,904,661
Past due 181 days - 1 year	27,910,842	7,766,504	9,521,312	2,465,878
More than one year	914,506,379	914,506,379	931,985,501	913,902,344
Rupees	<b>1,245,352,413</b>	<b>922,272,883</b>	1,162,591,766	922,272,883



# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

9	CASH AND BANK BALANCES	Note	September 30,	June 30,
			2021	2021
			————— Rupees —————	
	Cash in hand		577,559	650,596
	Cash at Bank			
	in current accounts		40,957,461	157,244,101
	in savings accounts		1,159,224,292	2,521,167,976
		9.1	1,200,181,753	716,988,104
			<u>1,200,759,312</u>	<u>717,638,700</u>

9.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 1,076.229 million (June 2021: PKR 1,563 million).

## 10 SHORT TERM BORROWINGS - SECURED

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

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

	September 30, 2021		June 30, 2021	
	Number of Securities	Amount (Rupees)	Number of Securities	Amount (Rupees)
Client	120,350,000	3,575,598,500	140,335,000	4,086,425,400
House	57,842,255	1,257,340,625	66,582,755	1,554,857,660
Total	<u>178,192,255</u>	<u>4,832,939,125</u>	<u>206,917,755</u>	<u>5,641,283,060</u>

## 11 TAXES PAYABLE -NET

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

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2022 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed consolidated interim financial information.

## 12 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2021.

COMMITMENTS	September 30,	June 30,
	2021	2021
	————— Rupees —————	
Following commitments are outstanding as at the year end.		
- Outstanding Settlements against Marginal Trading contracts	500,526,153	788,579,531
- Outstanding Settlements against (purchase) / sale of securities in regular market.	31,927,014	34,264,836
- Guarantee given by a commercial bank on behalf of the Company	<u>750,000,000</u>	<u>750,000,000</u>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	September 30, 2021	June 30, 2021
<b>13 OPERATING REVENUE</b>	————— Rupees —————	
Brokerage and operating revenue	143,219,058	167,921,356
Advisory and consultancy fee	128,653,912	18,600,841
	<u>271,872,970</u>	<u>186,522,197</u>
<b>14 RELATED PARTY TRANSACTIONS AND BALANCES</b>	Period Ended	
	September 30, 2021	September 30, 2020
Name of the related party, relationship with company & Nature of Transaction	————— Rupees —————	
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	1,853,981	3,312,200
Guarantee Commission	488,659	478,104
Mark-up Payable	-	4,447,132
<b><u>GROUP COMPANIES</u></b>		
<b>Javedan Corporation Limited</b>		
Purchase of plots	-	151,426,000
Brokerage Commission earned during the period on sale and purchase of Securities	322,500	-
<b>Arif Habib Dolmen REIT Management Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	516,000	-
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	21,425	-
<b>Rotocast Engineering Co. (Pvt) Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	90,845	-
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	156,294	49,359
<b>Muhammad Shahid Ali (CEO)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	1,944,662	3,896,135
<b>Muhammad Haroon (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	147,840	43,935
<b>Sharmin Shahid (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	1,510,320
<b>Nida Ahsan (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	118,975	125,000

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	Period Ended	
	September 30, 2021	September 30, 2020
	Rupees	
<b>Mohsin Madni (Director)</b> Brokerage Commission earned during the period on sale and purchase of Securities	4,764	5,853
<b>CLOSE FAMILY MEMBERS</b>		
<b>Arif Habib</b> Brokerage commission earned during the period on sale and purchase of Securities	305,757	2,345,510
Loan repaid	-	300,000,000
<b>Mark-up Paid</b>	-	16,745,906
<b>Abdus Samad A. Habib</b> Brokerage commission earned during the period on sale and purchase of Securities	95,705	409,718
<b>Muhammad Kashif A. Habib</b> Brokerage commission earned during the period on sale and purchase of Securities	-	6,363
<b>POST EMPLOYMENT BENEFIT PLAN</b>		
Provident fund trust - Contribution paid during the period	2,362,915	1,738,456

	September 30, 2021	September 30, 2020
	Rupees	

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

## **PARENT COMPANY**

<b>Arif Habib Corporation Limited</b> Balance Receivable at period end	38,167	33,093
Guarantee Commission Payable	488,659	464,883
Mark-up Payable	-	4,447,132

## **KEY MANAGEMENT PERSONNEL**

<b>Zafar Alam (Chairman)</b> Balance payable at period end	64,749	1,104,484
<b>Muhammad Shahid Ali (CEO)</b> Balance payable at period end	74,763,643	112,754,445
<b>Sharmin Shahid (Director)</b> Balance receivable at period end	-	8,340
Balance payable at period end	11,694	-
<b>Nida Ahsan (Director)</b> Balance payable at period end	1,691,491	9,346,762
<b>Muhammad Haroon (Director)</b> Balance payable at period end	14,469	29,147
<b>Muhammad Sohail Salat (Director)</b> Trade receivable at year end	599	599
<b>Mohsin Madni (Director)</b> Balance payable at period end	6,948	191,512
<b>Ahsan Mehanti (Director of the Subsidiary Company - Arif Habib Commodities (Private) Limited)</b> Loan payable	3,862,500	3,862,500

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

	September 30, 2021	September 30, 2020
	————— Rupees —————	
<b><u>CLOSE FAMILY MEMBERS</u></b>		
<b>Arif Habib</b> Trade receivable at year end	108,664	49,556
<b>Abdus Samad A. Habib</b> Balance payable at period end	302,850	872,251
<b>Muhammad Kashif A. Habib</b> Balance receivable at period end	11,866	4,075,266
<b>OTHER RELATED PARTIES</b>		
<b>Rotucast Engineering Co. (Pvt) Limited</b> Trade receivable at year end	4,188	31,083
<b>Arif Habib Equity (Private) Ltd.</b> Trade receivable at year end	-	156,484
Balance payable at period end	5,780,172	-
<b>Javedan Corporation Limited</b> Balance receivable at period end	40,000	-
<b>Arif Habib Dolmen REIT Management Ltd.</b> Balance receivable at period end	3,556	-

## 15 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, 2021.

## 16 CASH AND CASH EQUIVALENTS

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

	September 30, 2021	September 30, 2020
	————— Rupees —————	
Cash and bank balances	1,200,759,312	1,141,246,874
Short term borrowings	(1,308,366,698)	(739,751,246)
	<u>(107,607,386)</u>	<u>401,495,628</u>

## 17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 25, 2021.

## 18 EARNINGS / (LOSS) PER SHARE

	September 30, 2021	September 30, 2020
	————— Rupees —————	
(Loss) / Profit after taxation attributable to ordinary shareholders	253,681,561	745,358,336
Weighted average number of ordinary shares outstanding at	59,400,000	59,400,000
(Loss) / Earnings per share	<u>4.27</u>	<u>12.55</u>

# CONDENSED INTERIM SELECTED NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UN-AUDITED)

## **19 APPROPRIATION FOR DIVIDEND**

Shareholders in their annual general meeting held on September 25, 2021 have approved final cash dividend of PKR 10/- per share amounting to PKR 594 million and bonus shares in the proportion of 1 ordinary share per 10 ordinary shares held amounting to PKR 59.4 million. This condensed interim financial information includes the effect of the aforementioned appropriation.

Subsequent to the balance sheet date, bonus shares are to be allotted / issued to those shareholders whose name were appearing on the Members' Register as on the close of business on September 17, 2021.

## **20 GENERAL**

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

# PATTERN OF SHAREHOLDING

As of September 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,557	0.00
NIDA AHSAN	1	1,099	0.00
SHARMIN SHAHID	1	1,099	0.00
MOHSIN MADNI	1	500	0.00
MUHAMMAD SHAHID ALI	1	878	0.00
ZAFAR ALAM	1	65,100	0.11
MUHAMMAD SOHAIL SALAT	1	600	0.00
<b>Associated Companies, undertakings and related parties</b>	<b>3</b>	<b>43,056,384</b>	<b>72.49</b>
<b>NIT &amp; ICP</b>	-	-	-
<b><u>Banks Development Financial Institutions, Non Banking Financial Institutions,</u></b>	-	-	-
<b><u>Insurance Companies</u></b>	<b>3</b>	<b>155,474</b>	<b>0.26</b>
<b><u>Modarabas and Mutual Funds</u></b>	<b>1</b>	<b>3,500</b>	<b>0.01</b>
<b>General Public</b>			
a. Local	3,487	14,898,154	25.08
b. Foreign	30	68,035	0.11
<b>Foreign Companies</b>	-	-	-
<b>Others</b>	<b>49</b>	<b>1,147,620</b>	<b>1.93</b>
<b>Totals</b>	<b>3,580</b>	<b>59,400,000</b>	<b>100.00</b>
<b>Shareholders holding 10% or more</b>			
		<b>Shares Held</b>	<b>Percentage</b>
M/S. ARIF HABIB CORPORATION LIMITED		41,245,884	69.44

