

Annual Report 2022





WE ARE

ARIF HABIB LIMITED

Arif Habib Group has been serving the investors for over four decades. Over the years the firm has constantly evolved and adapted to changing times. As a premium brokerage and financial services firm, AHL strives to build an environment that promotes teamwork, leadership and resilience, in order to better serve the ever-growing capital market.

During testing economic conditions, AHL has always endeavored to deliver consistent results to its trusting family of investors. It is only through consistency that we are able to maintain high levels of client satisfaction and have achieved industry wide recognition for our work. Being steadfast, determined and persistent are characteristics that strongly resonate with AHL's code of conduct.



**Best Securities House
in Pakistan for 2022**
Asiamoney



Roshan Digital Account
Largest market share in
Equities (27%)



Best Investment Bank 2022
Asiamoney



**Most Outstanding
Company in Pakistan**
Financial Sector 2021
Asiamoney



Best Investment Bank 2022
Domestic 2022 - Finance Asia
Awards 2022



Best Bond Advisor
The Asset Triple A
Country/Regional Awards 2021



Best Equity Advisor
The Asset Triple A Country &
Regional Awards 2021



**Best Corporate and
Institutional Advisor**
The Asset Triple A Country
& Regional Awards 2021



**Best Corporate
Finance House of the Year 2020**
CFA Society Pakistan



**Best Equity Brokerage
House of the Year 2021**
CFA Society Pakistan



**Best Economic Research
House of the Year 2021**
CFA Society Pakistan



**Best Equity Analyst
of the Year 2021**
CFA Society Pakistan



**Best Money Market Broker
(Islamic)**
Financial Market
Association of Pakistan



**Top Brokerage
House for Opening
Roshan Digital Accounts**
Central Depository Company

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COMPANY INFORMATION

Board of Directors

Mr. Zafar Alam	Chairman & Independent Director
Mr. Muhammad Shahid Ali Habib	Chief Executive Officer & Executive Director
Dr. Muhammad Sohail Salat	Independent Director
Mr. Haroon Usman	Non-executive Director
Mr. Mohsin Madni	Non-executive Director
Ms. Sharmin Shahid	Non-executive Director
Ms. Nida Ahsan	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

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

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. 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

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

OUR MISSION

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.



A full-page background image showing a person standing on the peak of a rugged, rocky mountain. The sky is filled with dramatic, colorful clouds in shades of orange, yellow, and blue, suggesting a sunset or sunrise. The mountain's surface is uneven and rocky, with some sparse vegetation at the base.

CODE OF CONDUCT

Arif Habib Limited strongly believes in running its business progressively without compromising on the best ethical standards as guided by the

“Code of Ethics and Business Practices”.

OUR VALUES



> **INTERGRITY**

We conduct ourselves with uncompromising integrity and honesty as individuals, as teams, and as a Company



> **EFFICIENCY**

We pride ourselves on our efficiency which plays a major role in identifying and capitalizing opportunities in all aspects of our businesses and operations



> **SOCIAL RESPONSIBILITY**

We hold sound governance values and a responsible approach to social and environmental risks which begins with our people and communities



> **CREDIBILITY**

We strive to earn enduring credibility which we believe is essential to long-term business relationships

An aerial photograph of rolling hills at sunset. The hills are covered in green grass and are separated by dark, straight lines, likely roads or ditches. The sky is a warm, golden-orange color, and the sun is low on the horizon, creating a long, soft shadow across the landscape.

CORPORATE STRATEGY

- Strive continuously to maximize value for our clients and stakeholders.
- Control credit, market and operational risks to mitigate overall risk.
- Provide proactive and effective services to our clients.
- Expand the range of our products and services.
- Continue exercising high level of ethical standards.



CORPORATE SUSTAINABILITY REPORT

Arif Habib Limited (AHL) is a firm believer in sustainable development. At AHL, we pride ourselves in contributing to the betterment of the lives of our communities and the people of Pakistan. Corporate philanthropy and development are means to this, which allows us to give back to the people around us.

As a responsible member of the business society, we are actively working with local bodies and authorities to find ways in which we can help with various social programs and development projects.



SOCIAL DEVELOPMENT

Million Smiles Foundation: Is a not-for-profit organization which aims to end poverty in all its forms everywhere, pledges to end hunger, achieve food security, improve nutrition and promote sustainable agriculture, aims to ensure good health and wellbeing, aims to ensure inclusive and equitable education, gender equality, clean water and sanitation supports. Foundation also focuses on taking action to combat climate change and its impacts.

A full-page background image showing a person standing on the peak of a dark mountain, arms raised in a 'V' shape. The sky is filled with soft, orange and pink clouds, suggesting a sunset or sunrise. The overall tone is warm and inspirational.

CORPORATE DEVELOPMENT

PKR 1,030,928: 18th Annual Excellence Awards

Ceremony: Organized by CFA Association of Pakistan, the event recognized the excellence achieved by financial institutions and professionals in different categories.

**THE COMPANY HAS ALSO
CONTRIBUTED TO THE
EXCHEQUER BY PAYING AN
AMOUNT OF PKR 245,188,097 IN
TERMS OF DIRECT AND INDIRECT
TAXES DURING THE YEAR.**

DIRECTORS' PROFILES

Zafar Alam

Chairman & Independent Director

With decades of experience in financial markets, Zafar Alam brings a unique blend of global leadership, innovative vision and in-depth financial knowledge. As a business leader in investment banking encompassing Origination, Trading, Sales and Asset Management he has lead teams of over 400 people and delivered revenues of over a billion dollars. He has been a key member of the Top Executive Group - TEG at ABN AMRO and RBS Bank.



Holding a master's degree in Nuclear Physics, Zafar joined ABN AMRO as Investment Manager in Dubai. In 1988 he moved to Hong Kong as Head of ABN AMRO Securities & Finance Co., focusing on fixed income trading and sales. In 1990 he started the brokerage and origination business for Asian equities.

In 1995, he was asked by the bank's senior leadership to move to Singapore, to lead and build the local markets business, as Head of Local Markets and Credit Trading.

As a passionate innovator, Zafar Alam had the vision to enter into Fixed Income and Derivatives markets. The bank was only active in FX sphere however his input gave the direction to add Fixed Income and Derivatives as the market was set to take off in the aftermath of the Asian crisis. The activities included origination, trading and sales in thirteen Asian countries.

In 2002, he was appointed Managing Director and moved to London as Global Head of Emerging Markets responsible for origination, trading and sales, before taking on his new role in Equities.

As Global Head of Equity Derivatives Sales in the enlarged RBS Global Banking & Markets Group. In this role Zafar was responsible for combining the successful Private Investor Products (PIP) and Institutional/Corporate business of ABN AMRO and RBS. He was responsible for developing, manufacturing and distributing structured products consisting of multi-assets. In one year, he turned a USD 150 million business into a USD 1 billion business.

In 2010, he became Head of Equities and Structured Retail Sales for Middle East and Africa, based in Dubai focused on building an Equities platform. He also managed the Structured Equities Solution team which provided equity

financing with an overlay of derivative solutions.

Zafar Alam has always had a strong belief in technology and been a visionary for a digital future. Zafar Alam is a chairman and founder of ELIGIBLE.ai, an award winning Fin-Tech company in the UK loan servicing market. Eligible is a digital servicing solution using behavioral segmentation to personalize every consumer's journey. Allowing financial institutions to instantly educate, empower and retain their customer base. The Fin-Tech services over GBP 15 billion in mortgages making it the 5th largest consumer database in the UK.

With the combination of his extensive experience across sectors and markets, Zafar Alam has also been entrusted as a Partner at Silver Tree HK LTD., an asset management fund based in Hong Kong with over USD 250 million assets under management (AUM).



Muhammad Shahid Ali Habib

Chief Executive Officer & Executive Director

Shahid has a proven track record of establishing successful business organizations and turning around ventures into vibrant units. He has over 24 years of experience in the fields of Securities Brokerage, Banking, Corporate Finance and Investment Banking.

He joined AHL in 2013, as Chief Executive, responsible for all investment banking and Securities brokerage activities. Shahid has worked on over 50 transactions and raised more than PKR 350 billion across equity, structured equity and bonds for both corporate and sovereign clients. He was the Domestic Team Leader of Pakistan's largest equity market transaction, "The HBL Secondary offering" worth PKR 107 bn and others significant transactions including UBL secondary offering of PKR 41 bn and Engro Fertilizers offering of PKR 20 bn. He has also originated several M&A transactions over the years.

During his tenure, AHL was awarded 'Best Equity Brokerage House' multiple times by the CFA Association of Pakistan (CFAP) and Best Investment Banking House by Asiamoney and The Asset. The company also has the distinction of being awarded Best Investment Banking House for 8 consecutive years by CFAP and multiple times by Asiamoney, FinanceAsia and The Asset during Shahid's tenure as CEO. The growth and progress made under his guidance has also been acknowledged by Pakistan Stock Exchange (PSX) with AHL the only brokerage house to be a multiple recipient of the 'Top 25 listed companies award'.

Shahid has previously served as Executive Director and Chairman of a few local equity brokerage and financial services institutions and also worked at leading banks in Saudi Arabia and Canada. He regular serves as member of various committees at the PSX including Development and Trading Affairs Committee, New Product Committee, Companies Affairs and Corporate Governance Committee.

He holds an MBA in Finance from the Institute of Business & Administration (IBA) and has a Certification in Finance from London School of Economics (LSE) as well as a Bachelor's degree in Computer Science from FAST ICS.



Haroon Usman

Non - executive Director

Mr. Haroon Usman is a Commerce Graduate and a Fellow Member of the Institute of Cost and Management Accountants of Pakistan. He has over 50 years' experience in the fields of commerce, finance and industry. He has served a number of local and foreign organizations of repute in different executive positions related to accounts, finance, general management and consultancy, both in Pakistan and abroad.

Haroon serves as member of the Human Resource & Remuneration Committee and as a member of the Audit Committee of the Company.



Muhammad Sohail Salat

Independent Director

Dr. Muhammad Sohail Salat is a qualified and highly reputed Pediatrician and Neonatologist who has a Bachelor of Medicine and Bachelor of Surgery from Dow Medical College Karachi. He has a certification in General Pediatrics from United States of America and Fellowship in Neonatology, holding a Foreign Medical Graduate Examination in Medicine from the US and is licensed from Pakistan Medical and Dental College. He completed his Residency in Pediatrics from Maimonides Medical Center and Interfaith Medical Center, Downstate University of New York and Fellowship in Neonatal Perinatal Medicine from Westchester Medical Center, New York Medical College, USA.

Sohail is associated with the Pakistan's top medical health care services provider, The Aga Khan University Hospital (AKUH) Karachi (Department of Pediatrics and Child Health) and is currently working as an Associate Professor. He holds director post in education, clinical areas and also chaired various administration posts in AKUH. He was previously associated with Ziauddin Medical University, Karachi.

S

ohail is regarded as an expert in the fields of Pediatrics, Child Health and Neonatal Perinatal Medicine and has had numerous publications on those subjects and presented his work at various leading local and international conferences. He is actively involved in Pakistan Pediatric Association (PPA) a non-political organization for the better care of Pediatric patients in Pakistan. He is currently associated with PPA including Advisor to Neonatology group of PPA and currently holds the post of Treasurer of Pakistan Pediatrics Association (Center) and general secretary Pakistan Society of Inherited Metabolic disorders (PSIMD).



Mohsin Madni

Non - executive Director

Mr. Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from finance and taxation. Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Master's Degree in Economics & Finance. He is a member of Pakistan Institute of Public Finance Accountants (PIPFA) and Institute for Internal Controls, USA. Mr. Madni completed his Articleship from KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.

Sharmin Shahid

Non - executive Director

Ms. Sharmin Shahid has over 21 years of experience in the field of Securities Brokerage and Portfolio Management. She was awarded the top position in her Bachelor's Degree in Commerce and has also participated in the Directors' Training Program. She has been awarded the Top 25 Companies Award on behalf of AHL for several years.

Sharmin actively participates in welfare activities and remains one of the trustees of Memon Health and Education Foundation (MHEF). Under her patronage & direction AHL has continued to excel and become a leading name in the industry.

Nida Ahsan

Non - Executive Director

Ms. Nida Ahsan is a Commerce Graduate. She represents the Arif Habib family who are the majority owners of the Arif Habib Group and have made significant contributions in the development of Securities Market in Pakistan.

She has over 18 years' experience of investing in listed securities including a number of first and second tier stocks.



CHAIRMAN'S REVIEW

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

The Board of Directors ("the Board") of Arif Habib Limited ("AHL") has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the repealed Companies Act 2017 and the Code of Corporate Governance ("the Code") contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2022 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the five directors on the Board have already taken certification under the Directors Training Program (DTP) and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial

statement of the Company and the content of the director's report are in accordance with the requirement of applicable laws and regulation;

- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- The board continues to explore opportunities to deploy innovative technologies into the financial markets. Emerging Fintechs will allow us to reduce the cost/income ratios of our products and services – particularly in retail markets. Mirroring the innovation seen around the world; Pakistan can provide greater accessibility for retail investors - while the self-serve nature of these journeys provides attractive unit economics for the product and service providers.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of AHL has played a key role in ensuring that the Company objectives' are not only achieved, but exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



Zafar Alam
Chairman
August 31, 2022

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th, 2022 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

Economic Performance:

On the economic front, FY22 marked the beginning of global economic slowdown as the world economies began to experience the effects of the commodity super-cycle with prices surging owing to a combination of supply side pressures and rising energy prices. Pakistan was no exception as it faced mounting inflationary pressures with CPI rising to 21.32% in June 2022 averaging 12.15% in FY22 against 8.90% recorded in the prior year. However, despite the tough global economic backdrop, Pakistan's economy continued its growth momentum, reflected by 5.97% GDP growth contributed by supportive macroeconomic policies which bolstered aggregate demand. Growth was broad based led by the manufacturing sector which posted healthy numbers (11.70% in FY22 vs 11.24% last year) on the back of robust activity across all cyclical sectors. Agriculture growth also accelerated during the outgoing year to 4.40% compared to 3.48% recorded a year earlier while the services sector posted a healthy growth of 6.19% (FY21: 6.00%). Tax revenues also remained robust rising 28% YoY to PKR 6.76trn with FBR revenues of PKR 6.14trn (+29% YoY) exceeding the revised target of PKR 6.1trn.

The accelerating GDP growth led by higher aggregate demand amid accommodative monetary and fiscal policies together with the ramification of the Russia-Ukraine conflict on global commodity prices, however led to a burgeoning current account deficit which ballooned to US\$ 17.3bn (FY21: US\$ 2.8bn). As a result, forex reserves fell to US\$ 9.8bn as of June 30, 2022 with PKR depreciating 23.1% against the US\$ during the outgoing fiscal year. The high current account deficit together with rising inflationary pressures forced the central bank to change policy direction with a cumulative 675 bps of monetary tightening to 13.75% during FY22. A similar approach was adopted on the fiscal front as the new government aggressively reduced energy subsidies and also adopted tariff and non-tariff measures to curtail imports.

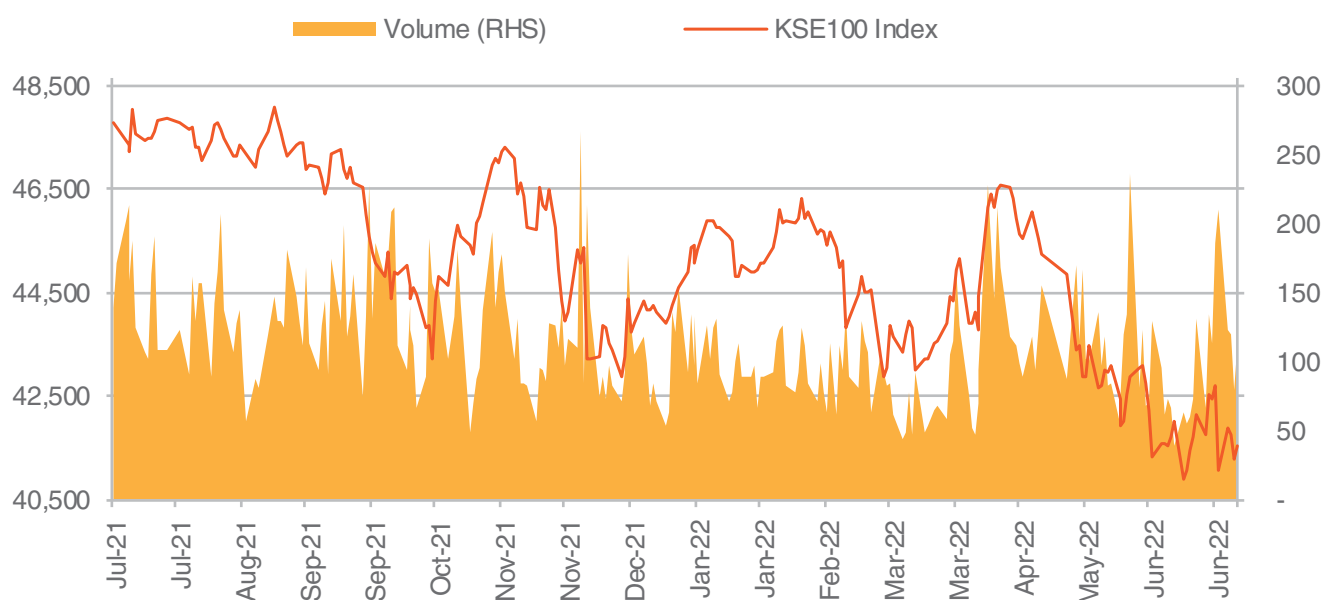


A silver lining despite all these macro vulnerabilities was resumption of the IMF Extended Fund Facility (EFF) program paving the way for the release of the 6th tranche of US\$ 1 billion (cumulative funding of US\$ 3 billion) While the program talks were suspended again in March 2022 following the previous government's decision to back track on some performance benchmarks particularly energy subsidies, the program is now back on track with the signing of the Staff Level Agreement in July and IMF executive Board approval on 29th August for the release of US\$ 1.16 billion (7th and 8th tranche).

In another positive development, the FATF plenary committee acknowledged the progress made by the country against money laundering and terrorist financing (AML/CFT) in the past few months and declared Pakistan compliant on all 34 action points. It also highlighted that Pakistan will be taken off the FATF grey list if the on-site visit due in September remains successful.

Stock Market Performance:

Contrary to the performance witnessed in FY21, the outgoing FY22 remained a challenging year for local equities. Domestic stocks suffered during the year amid a burgeoning external account deficit, rising inflationary pressures exacerbated by the commodity super cycle, increased political noise and change in political leadership. Delays in approval of IMF's sixth and seventh review and reclassification from the MSCI Emerging Markets to Frontier Markets further weakened market sentiment.

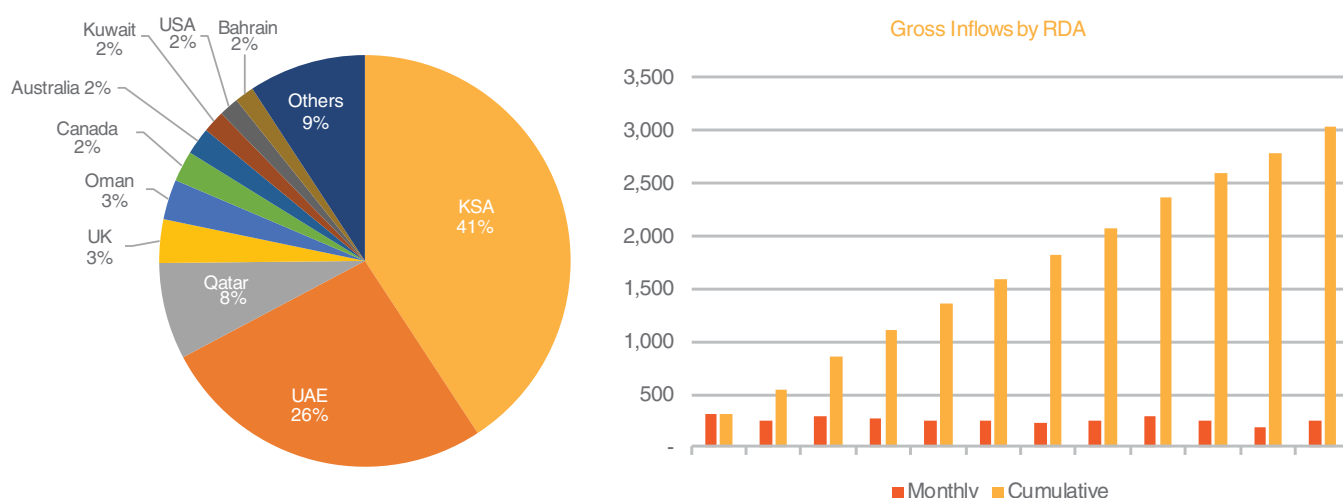


The benchmark KSE-100 index closed FY22 at 41,541 points, down 12.28% / 5,815 points YoY. The steep PKR depreciation took the US\$ based return to a negative 32.54%, the worst performance since FY19 (-38.60%). As various exogenous and macroeconomic indicators turned south, market participation remained lackluster with average volumes down 44.76% YoY to 291 million shares while average traded value declined 54.69% to US\$ 55 million. Technology (-48% YoY), Refinery (-47% YoY) Cements (-44% YoY), Engineering (-40% YoY), Textiles (-30% YoY), Paper and Board (-28% YoY), Tobacco (-27% YoY) Pharmaceuticals (-24% YoY), and Oil marketing (-18% YoY) etc. were major underperformers during FY22. In contrast, Chemicals (+37% YoY), Autos (+11% YoY), Fertilizers (+10% YoY), Oil and gas exploration (+0.1% YoY) and Commercial Banks (-6% YoY) etc. remained noticeable outperformers. Foreign investors remained net sellers for the seventh consecutive year with a net outflow of US\$ 298 million (FY21: US\$ 387 million) mainly concentrated in i) Commercial banks (US\$ 204 million), ii) Cements (US\$ 61 million) and iii) Fertilizers (US\$ 52 million). In contrast, foreigners were net buyers in i) Technology (US\$ 55 million), ii) Power generation (US\$ 11 million) and iii) Textiles (US\$ 4 million).

Highest Participation in Roshan Digital Account

Roshan Digital Account has proven to be a successful avenue to attract investment from overseas Pakistanis. More than just attracting remittances for FX building, this initiative enables Pakistani expatriates to participate in Pakistan's recovery through investments in various asset classes. Previously such funds would not come through formal channels and were mainly invested in real estate, however, the government has now offered new avenues such as Naya Pakistan Certificate and investment in the stock market besides traditional real estate investment vehicles. As this channel matures, the SBP is making efforts through commercial banks to offer additional financial products such as auto purchases through RDA.

AHL is proud to be at the forefront of this initiative led by the Government and the State Bank of Pakistan. A total of 429,364 RDAs have been set up (till June end) and contributed USD 4.6 billion in gross inflows to Pakistan. The bulk of RDAs are focused on Naya Pakistan Certificates with 9,712 RDAs opting for equity investments with a total gross inflow of USD 40 million. AHL has set up a dedicated help desk to provide customer support to RDA clients and is increasing its headcount to enhance the RDA clientele. By the grace of the Almighty, your company has achieved the highest market share of 27% for Roshan Digital Accounts. This feat was duly acknowledged by the Central Depository Company of Pakistan which awarded Arif Habib Limited "Top Brokerage House" for opening RDA accounts.



Financial Performance

We are pleased to share with you that the financial performance of AHL for FY22 has been strong across the board despite multiple headwinds. Your company achieved brokerage revenue of Rs. 517.08 million and investment banking revenue of Rs. 408.34 million. The operating revenue from brokerage and investment banking & advisory was recorded at Rs. 977.38 million in FY22 as against Rs. 1,409.39 million in FY21, a 31% decline YoY. The performance is commendable in the backdrop of a 54% decline in traded value and no equity IPO on the mainboard in the outgoing financial year amid low market valuations and higher volatility.

The short-term investment portfolio also took a hit due to deteriorating market conditions, however, this was partially offset by realized and unrealized gains on our real estate investment portfolio resulting in a total revenue of Rs. 679.62 million.

AHL is continuously working to improve its services and has invested in technology and workforce to better serve its customers. This has resulted in higher fixed cost and limited the decline in operating expenses to 10.11% YoY. Finance cost of the company increased by 49.69% due to higher interest rates amid aggressive monetary tightening by the central bank as well as increased utilization of borrowing lines for diversification of company's investment in better opportunities.

Brokerage Operations

Broking operations posted a total revenue of Rs. 517 million in FY22, which is 27% lower when compared with FY21 although traded values witnessed a decline of 54% YoY. We made conscious efforts to increase our market share through higher penetration in the growing retail and online market. Further, we have added traders to better service institutional and HNWI clients resulting in increasing our market share.

Our IT department has also played a key role in ensuring a robust and seamless working environment for our trading and settlement desks and consistently working diligently to upgrade our back-office software solutions. The Sales team and Retail/Online teams have also performed exceptionally well in keeping the momentum of new accounts. We are very proud to open the highest number of RDA accounts for non-resident Pakistanis and keeping them engaged with capital market opportunities. We will also like to give credit to our compliance team who are diligently working on KYC/AML amid increasing number of account openings. We also acknowledge the untiring efforts of our settlement department for their swiftly handling the settlements without any delay whatsoever.

Our money market desk was a shining light recording brokerage revenues of Rs 95 million (+9% YoY), which is also the highest ever revenue performance for the department since its inception in 2013. We have added more traders in our money market and FX departments which has led to substantial market share gains.

By the grace of the Almighty, AHL once again won numerous accolades from the most prestigious Global and local institutions. Some of the major awards won by AHL in FY22 included the 'Best Equity Brokerage House' award by CFA Society, 'Best Securities House' by Asiamoney, 'Best Broker in Pakistan' by FinanceAsia and 'Best Money Market Broker (Islamic)' by Financial Market Association of Pakistan.

Growing Footprint – the digital way forward

National Clearing Company Pakistan Limited (NCCPL) declared 279,522 Unique Identification Numbers (UINs) as of June 30, 2022, which is a drop in the ocean when compared with Pakistan's total population. AHL believes the number of UINs can be increased in multiples for which technology will play an important role. AHL is constantly working to expand its customer outreach and we have opened 4,286 new accounts which are 9% higher than last year with nearly 98% of those online. In addition, we have developed a new mobile application for clients which is a major upgrade from the previous one and scores high on customer satisfaction, user-friendliness and access to information.

Investment Banking Operations

Our investment banking operations posted a total revenue of Rs. 408 million, which is a decline of 39% against FY21. The primary reason for the decline is the completely dry IPO activity at the main board. To recall, AHL executed 8 out of 10 IPOs in FY21. Investment banking revenues in FY22 included advisory on privately placed TFCs and Sukuks as well as Mergers & Acquisitions advisory and underwriting of equity raising through Right shares. We are pleased to share with you that your company remained the market leader in a challenging environment. The resumption of the IMF program and economic stabilization measures undertaken by the current government offers optimism for a rebound in the business activity in FY23. We foresee scores of new listings at the bourse and are confident that AHL will maintain its market leadership position and bring more IPOs to market.

Our consistent performance in the area of investment banking division was recognized by international institutions such as Asiamoney, Finance Asia and The Asset. AHL was awarded "Best Investment Bank 2022" by Asiamoney, while FinanceAsia Country Awards 2022 recognized AHL as the "Best Investment Bank – Domestic 2022" Your company has also created history by winning "Best Corporate Finance House (Equities)" for the 8th consecutive year (2014-2021) from CFA Society Pakistan.

The management foresees increased activity on account of new equity/debt listings and in the areas of Mergers and Acquisitions and private equity investments. We are also confident on expanding our market share further by providing excellent services to our valued clients.

Awards and Recognition

We take immense pride in announcing that the company's performance has been recognized by internationally renowned organizations such as Asiamoney, FinanceAsia and The Asset as well as the highly respected CFA Society Pakistan in FY22. This year AHL won the following awards:

1. Best Securities House in Pakistan for 2022- **Asiamoney**
2. Best Investment Bank 2022 - **Asiamoney**
3. Most Outstanding Company in Pakistan – Financial Sector 2021- **Asiamoney**
4. Best Investment Bank – Domestic 2022 - **FinanceAsia Country Awards 2022**
5. Best Bond Advisor - **The Asset Triple A Country & Regional Awards 2021**
6. Best Equity Advisor - **The Asset Triple A Country & Regional Awards 2021**
7. Best Corporate and Institutional Advisor - **The Asset Triple A Country & Regional Awards 2021**
8. Best Corporate Finance House of the Year 2020 - **CFA Society Pakistan**
9. Best Equity Brokerage House of the Year 2021 - **CFA Society Pakistan**
10. Best Economic Research House of the Year 2021 - **CFA Society Pakistan**
11. Best Equity Analyst of the Year 2021 – **CFA Society Pakistan**
12. Best Money Market Broker (Islamic) – **Financial Market Association of Pakistan**
13. Top Brokerage House for Opening Roshan Digital Accounts – **Central Depository Company**

Credit Rating

The Company has been re-assigned entity ratings of 'AA-/A-1' (Double A Minus/A-One) by JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. This certification has further underscored the management's vision for continuous growth and is expected to provide further confidence to the company's clientele with regards to the credibility and stability of the brand "Arif Habib".

Management Rating

The Company has been assigned a management rating of BMR1 by the Pakistan Credit Rating Agency Limited (PACRA). The outlook on the assigned ratings is 'Stable'. This certification has endorsed the Company's capability in upholding robust control and governance framework, continuing update of client servicing tools and careful monitoring of risks mainly liquidity and conflict of interest emanating from investment activities.

Risk Management

Risks are unavoidable in our business and include liquidity, market, credit, operational, legal, regulatory, and reputational risks. AHL's risk management governance starts with our Board, which plays an integral role in reviewing and approving risk management policies and practices.

Our risk management framework and systems are longstanding, standardized, and very robust. We believe that effective risk management is of primary importance to the success of the Company. Accordingly, we have initiated comprehensive risk management processes through which we monitor, evaluate and manage the risks we assume in conducting our activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses, and markets in which we deal. This includes setting credit and market risk limits at a variety of levels and monitoring these limits regularly.

Corporate Social Responsibility

Your Company continued its contribution to society and the business community as a socially responsible organization through numerous philanthropic activities. AHL is committed to the fulfilment of its Corporate Social Responsibility and continues its involvement in projects focusing on healthcare, education, environment, and community welfare. We aim to continue our involvement and contribution to such noble causes in the future as well.

The details of the contribution made by the Company are presented on Page No. 13.

Code of Corporate Governance

The Board and Management of the Company are committed to ensuring that requirements of the Code of Corporate Governance are fully met. The Company has adopted strong Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Directors are pleased to report that:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There are no significant doubts upon the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- i. There are no transactions entered into by the broker during the year which are fraudulent, illegal or in violation of any securities market laws;
- j. The Company has paid amount of Rs. 10,530,815 in the Provident Fund of the employees of the Company and the Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

Changes in the Board

During the year under review, there was no change in structure of the Board.

Board and Audit Committee Meetings and Attendance

During the year under review, four meetings of the Board of Directors and four meetings of the Audit Committee were held from July 01, 2021 to June 30, 2022. The attendance of the Board and Audit Committee members was as follows:

Name of Director	Board Meeting	Audit Committee Meeting
Mr. Zafar Alam	4	N/ A
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	4	N/A
Mr. Muhammad Haroon	3	3
Mr. Mohsin Madni	4	4
Mr. Muhammad Shahid Ali	4	N/A
Mr. Muhammad Sohail Salat	4	4

Leave of absence was granted to members who did not attend the Board and Committee meetings.

Trading in Shares of the Company by Directors and Executives

During the year following trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children:

Name of Director	Designation	Shares Bought	Shares Sold	Remarks
Mr. Zafar Alam	Chairman	7,500	-	-
Mr. Muhammad Sohail Salat	Director	-	-	-
Ms. Sharmin Shahid	Director	-	-	-
Mr. Mohsin Madni	Director	-	-	-
Mr. Muhammad Haroon	Director	-	-	-
Ms. Nida Ahsan	Director	-	-	-
Mr. Muhammad Shahid Ali	Chief Executive Officer	-	-	-
Mr. Muhammad Taha Siddiqui	Chief Financial Officer & Company Secretary	-	-	-
Spouses	-	-	-	-
Minor Children	-	-	-	-

Audit Committee

The Audit Committee of the Board continued to perform its duties and responsibilities in an effective manner as per its terms of reference duly approved by the Board. The committee composition has also been attached with this report.

Corporate and Secretarial Compliance

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Act, 2017, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

Ethics and Business Practices

As per the Corporate Governance guidelines, the Company has circulated a “Code of Ethics” for compliance. It has been signed by all directors and employees of the Company acknowledging their understanding and acceptance of the Code.

Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at June 30, 2022, as required under the listing regulations, have been appended to this Annual Report.

Information to Stakeholders

Key operating and financial data of previous years has been summarized and is presented on page No. 32.

Post Balance Sheet Date Event / Dividend

The Board of Directors has proposed a final cash dividend of Rs. 6/- per share amounting to Rs. 392,040,000 million at its meeting held on July 30, 2022 for the approval of the members at the annual general meeting to be held on October 15, 2022. These unconsolidated financial statements do not reflect the said appropriation.

Related party transaction

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all related party transactions have been provided in note 34 & 35 of the annexed audited financial statements.

Auditors

The retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves for reappointment. The Board recommends their reappointment and a resolution proposing the appointment of M/s. Rehman Sarfaraz Rahim Iqbal Rafiq as auditors of the Company for the financial year 2022-23 will be submitted at the forthcoming Annual General Meeting for approval.

Future Prospects

The Future prospects of your Company are promising on account of the Management's efforts towards expanding the Company's market share and through wider participation in all its business segments particularly the online and retail division through digital onboarding. The Company is striving to yield better volumes from its existing clientele as well as prospective domestic and foreign clients, by growing relationships with them through the Company's premium suite of services. This includes offering novel products and services through augmenting the Company's high-quality Research.

The Management also foresees increased activity on account of new equity and debt listings, Mergers & Acquisitions, privately placed TFCs and Sukuks as well as advisory & underwriting of equity raising through Right shares for which the Investment Banking Division is well equipped.

The Management feels that the value of equity securities is currently at an extremely attractive level and coupled with the recent approval of the IMF program, the market is only set to stabilize; contributing to a better equity return. This will also help in the growth of Company's core income from financial services.

The Company plans to convert its real estate investment to REIT mode which is likely to yield good returns in the medium term. On overall basis Company is on sound footing.

Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our sincere appreciation to all Stakeholders, 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 all the team members 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
Chief Executive Officer and Executive Director

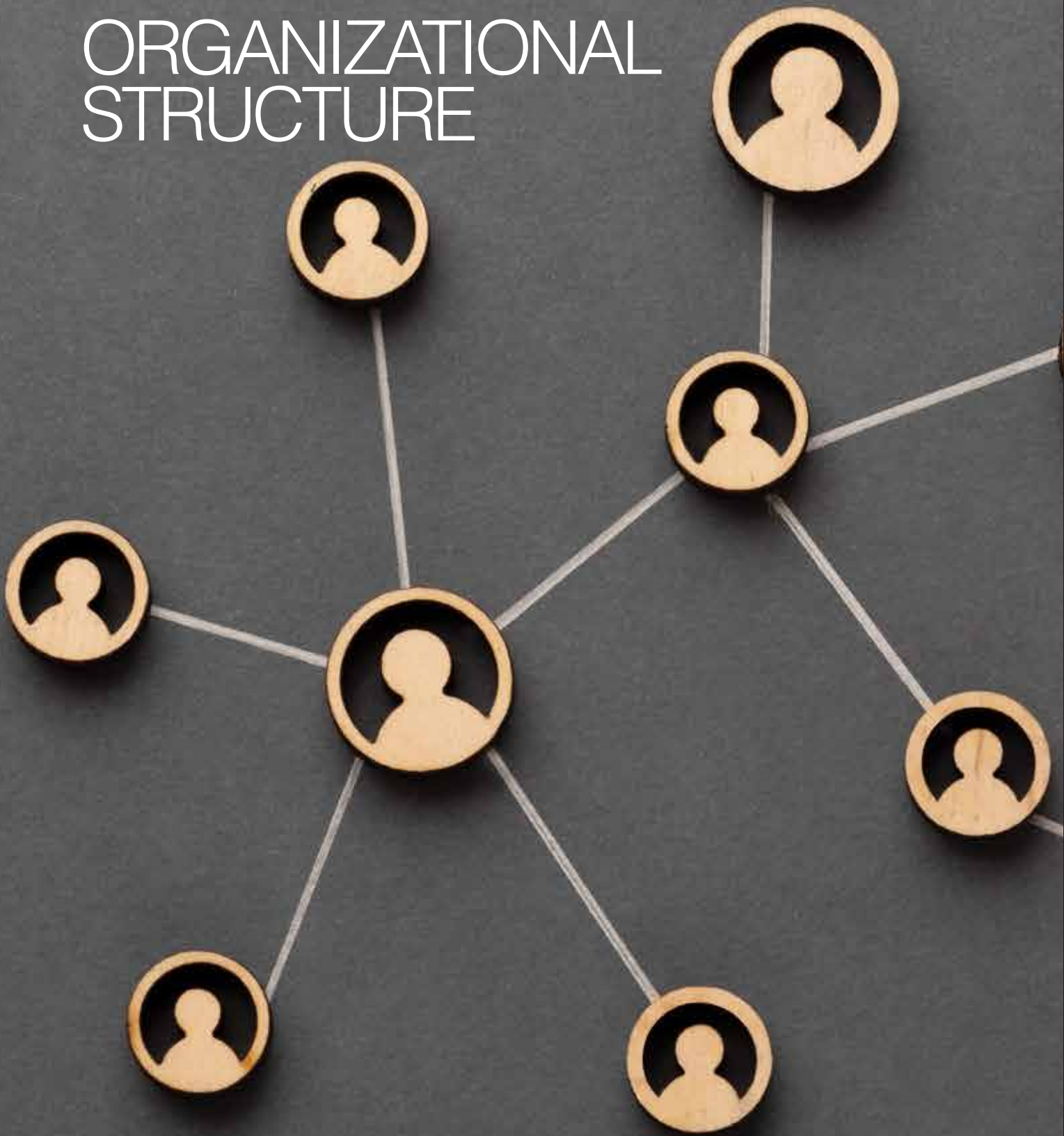


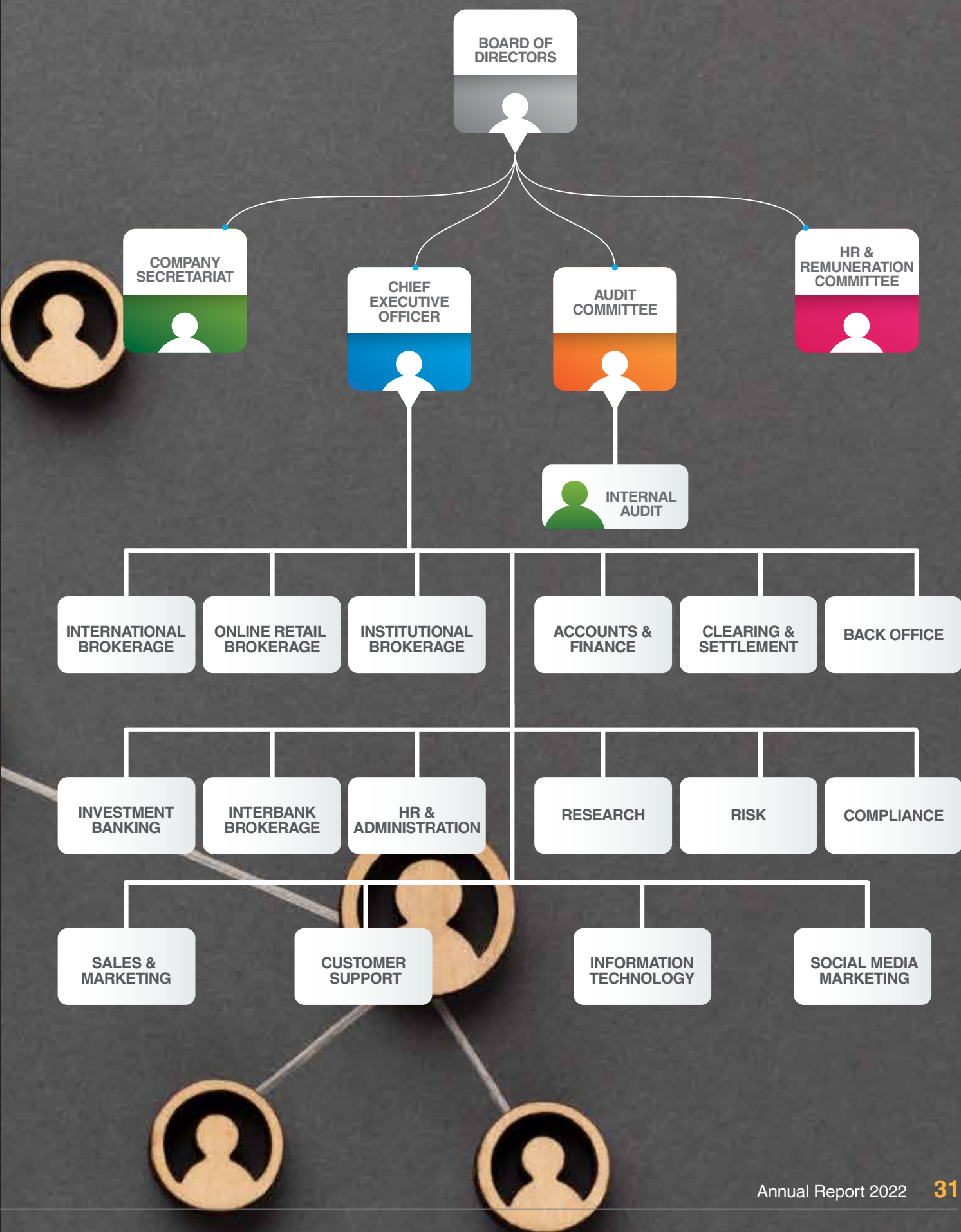
Zafar Alam
Chairman

Karachi.

Dated: August 31, 2022

ORGANIZATIONAL STRUCTURE





FINANCIAL & BUSINESS HIGHLIGHTS

Year ended 30 June

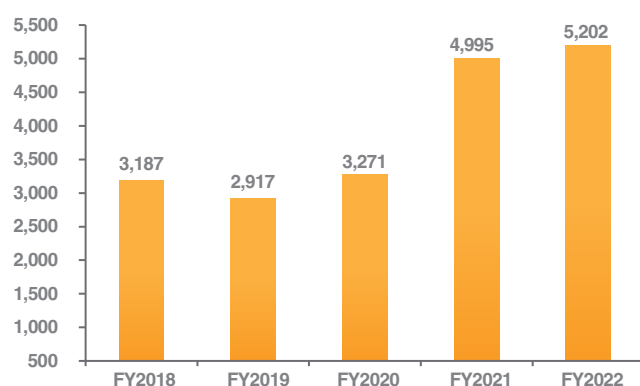
		Rupees in million			
	2022	2021	2020	2019	2018
Profit and Loss Account					
Operating Revenue	1,132	1,544	645	767	656
Investment gains - net	(473)	1,276	(70)	(657)	10
Other	88	71	140	154	167
Total turnover	1,758	3,181	847	634	1,219
Operating & administrative expenses	(591)	(656)	(344)	(396)	(324)
Finance Cost	(197)	(132)	(362)	(218)	(185)
Profit / (loss) before taxation	970	2,393	129	12	653
Profit / (loss) after taxation	827	2,084	60	(62)	536
EBITDA	1,209	2,560	519	239	846
Balance Sheet					
Share Capital	653	594	594	660	550
Reserves	4,533	4,386	2,662	2,242	2,622
Share holders equity	5,202	4,995	3,271	2,917	3,187
Long term investment	81	136	127	154	160
Investment property	1,726	1,726	1,726	1,726	1,373
Current assets	7,119	6,250	4,944	3,711	3,878
Current liabilities	3,754	3,473	3,239	2,725	2,286
Total assets	8,986	8,472	6,869	5,642	5,473
Total liability	3,784	3,477	3,598	2,725	2,286

	2022	2021	2020	2019	2018
RATIOS					
Performance					
Profit before tax (%)	55	75	15	2	54
Expense / income (%)	34	21	41	63	27
Return on Equity (%)	16	50	2	-2	17
Return on capital Employed (%)	19	55	4	0	20
Leverage					
Debt to assets (%)	27.06	16.16	26.73	33.84	26.91
Debt to Equity (%)	47	27	56	65	46
Interest cover ratio (x)	4.92	18.17	0.36	0.06	3.53
Liquidity					
Current ratio (x)	1.80	1.90	1.53	1.36	1.70
Quick / acid test (x)	1.63	1.73	1.45	1.13	1.48
Valuation					
EPS(PKR)	12.65	31.89	1.00	(0.94)	9.75
Price earning ratio (x)	3.51	2.54	32.60	(33.51)	6.26
Price to book ration(x)	0.56	0.96	0.59	0.72	1.05
Dividend Yield Ratio (%)	14	12	8	0	5
Dividend Payout Ratio (%)	47	31	251	0	31
Cash dividend per share (PKR)	6.00	10.00	2.50	0.00	3.00
Stock Dividend Per Share (%)	0	10	0	0	20
Market Value at the end of Each Year (PKR)	44.39	81.12	32.53	31.63	61.00
High (during the year) (PKR)	88.99	85.53	64.12	70.13	87.99
Low (during the year) (PKR)	38.48	32.60	23.05	26.40	36.40

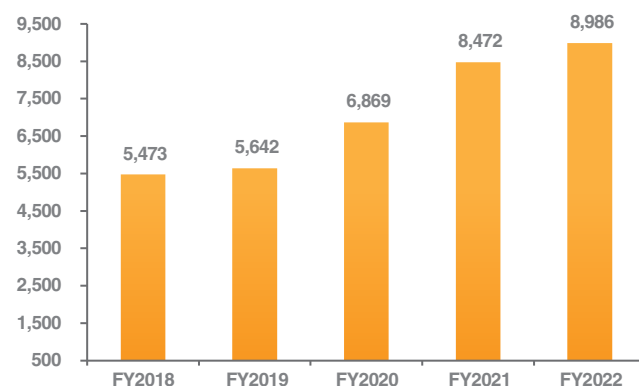


GRAPHICAL REPRESENTATION

SHARE HOLDERS EQUITY
RUPEES IN MILLION

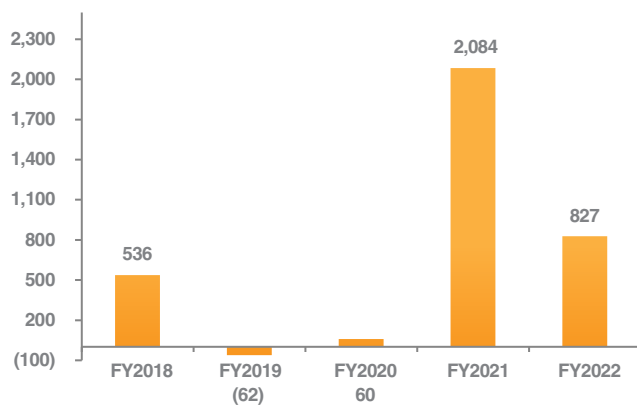


TOTAL ASSETS
RUPEES IN MILLION

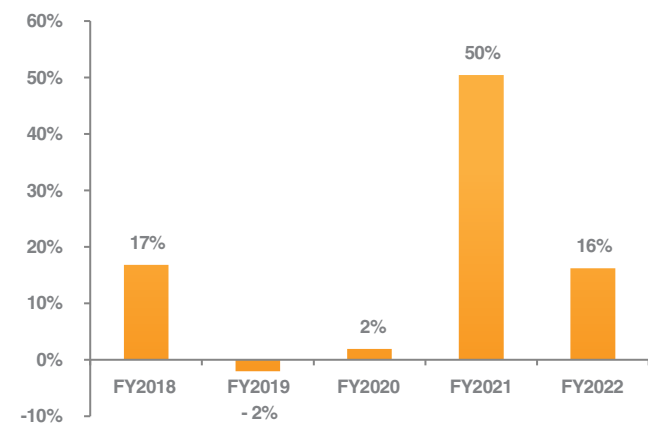




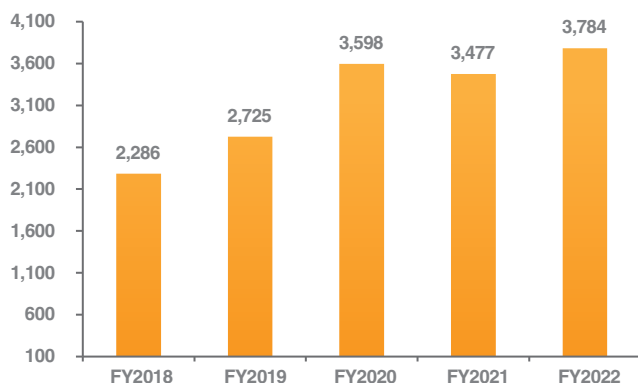
PROFIT AFTER TAX RUPEES IN MILLION



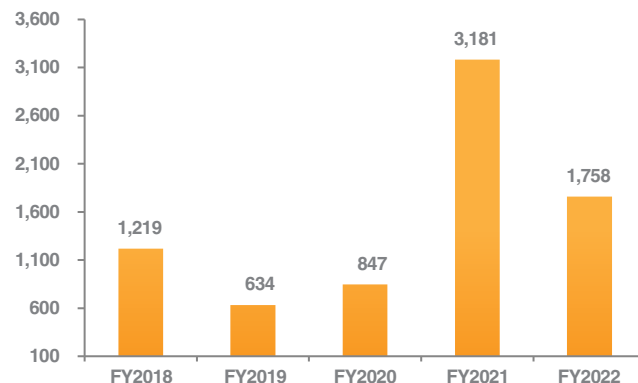
RETURN ON EQUITY RUPEES IN MILLION



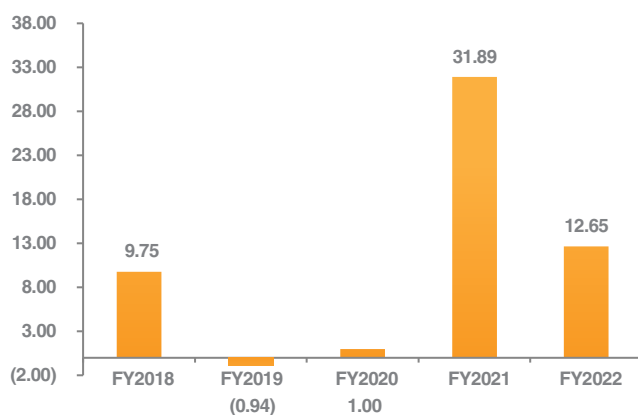
TOTAL LIABILITIES RUPEES IN MILLION



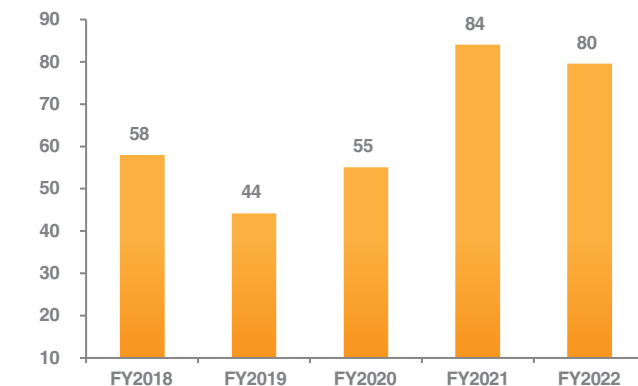
TOTAL REVENUE RUPEES IN MILLION



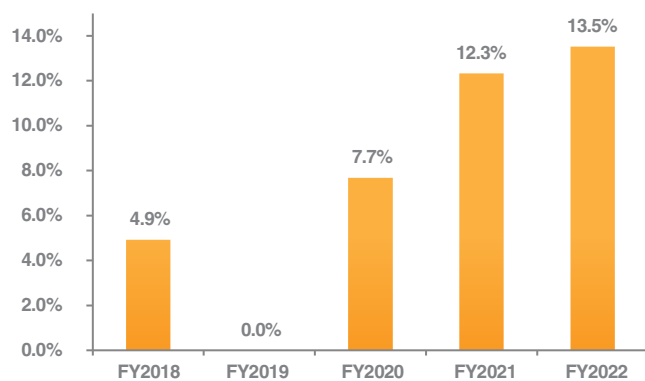
EARNINGS PER SHARE IN RUPEES



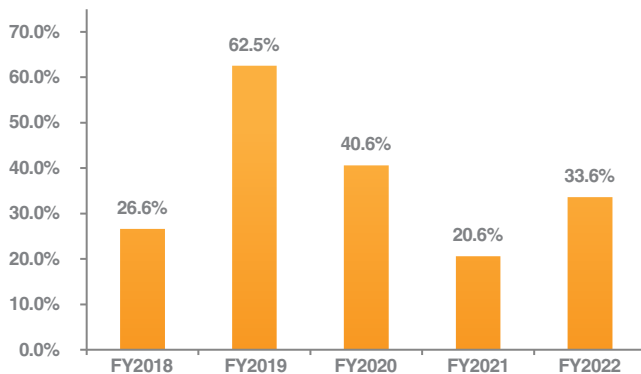
TOTAL REVENUE IN RUPEES



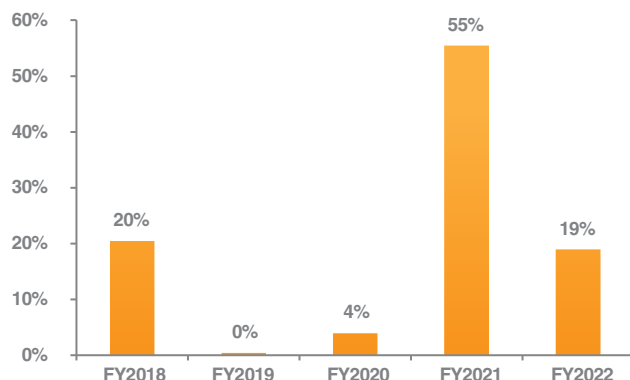
DIVIDEND YIELD RUPEES IN MILLION



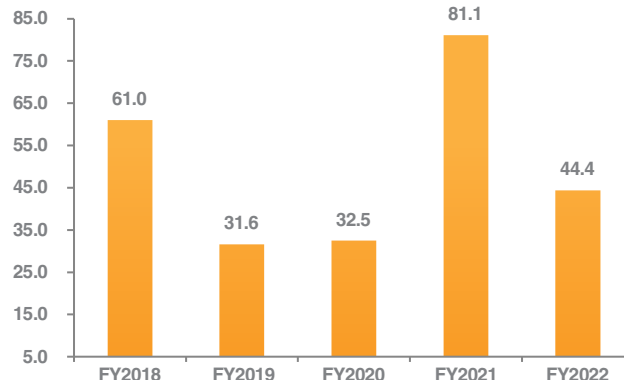
COST TO INCOME RATIO RUPEES IN MILLION



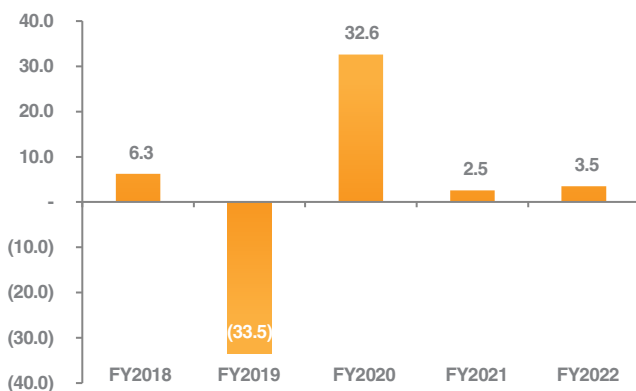
RETURN ON CAPITAL EMPLOYED RUPEES IN MILLION



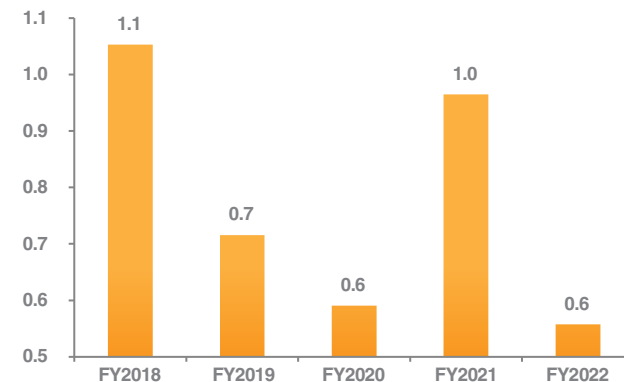
MARKET VALUE RUPEES IN MILLION



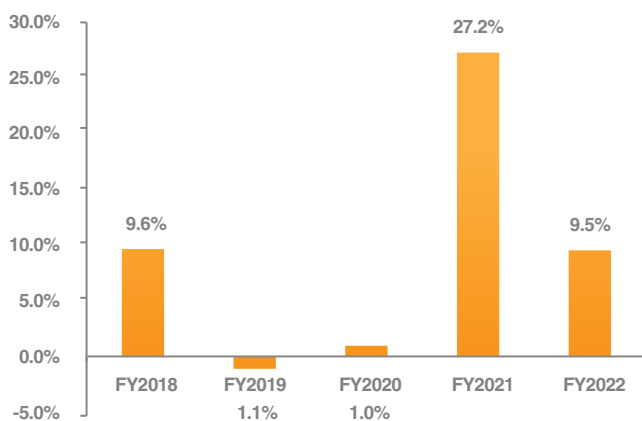
PRICE TO EARNING RUPEES IN MILLION



PRICE TO BOOK RUPEES IN MILLION



RETURN ON ASSEST RUPEES IN MILLION



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

Year ended 30 June

	2022		2021		2020	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity and minority interest	5,202	58	4,995	59	3,271	48
Total non-current liabilities	30	0	5	0	358	5
Total current liabilities	3,754	42	3,473	41	3,239	47
Total equity and liabilities	<u>8,986</u>	<u>100</u>	<u>8,473</u>	<u>100</u>	<u>6,869</u>	<u>100</u>
Total non-current assets	2,736	30	2,222	26	1,901	28
Total current assets	6,250	70	6,250	74	4,968	72
Total assets	<u>8,986</u>	<u>100</u>	<u>8,472</u>	<u>100</u>	<u>6,869</u>	<u>100</u>
Profit and Loss Accounts						
Net operating revenue	1,758	100	3,181	100	847	100
Operating and administrative expenses	(579)	(33)	(637)	(20)	(344)	(41)
Operating profit / (loss)	<u>1,179</u>	<u>67</u>	<u>2,544</u>	<u>80</u>	<u>503</u>	<u>59</u>
Other income / (charges) - net	(12)	(1)	(19)	(1)	(12)	(1)
	<u>1,167</u>	<u>66</u>	<u>2,525</u>	<u>79</u>	<u>491</u>	<u>58</u>
Finance cost	(197)	(11)	(132)	(4)	(362)	(43)
Profit / (loss) before tax	<u>970</u>	<u>55</u>	<u>2,393</u>	<u>75</u>	<u>129</u>	<u>15</u>
Taxation	(144)	(8)	(309)	(10)	(69)	(8)
(Loss) / profit after tax	<u>826</u>	<u>47</u>	<u>2,084</u>	<u>66</u>	<u>60</u>	<u>7</u>

	2019		2018	
	Rupees in million	%	Rupees in million	%
Balance Sheet				
Total equity and minority interest	2,917	52	3,187	58
Total non-current liabilities	-	-	-	-
Total current liabilities	2,725	48	2,286	42
Total equity and liabilities	<u>5,642</u>	<u>100</u>	<u>5,473</u>	<u>100</u>
Total non-current assets	1,891	34	1,595	29
Total current assets	3,751	66	3,878	71
Total assets	<u>5,642</u>	<u>100</u>	<u>5,473</u>	<u>100</u>
Profit and Loss Accounts				
Net operating revenue	634	100	1,219	100
Operating and administrative expenses	(396)	(62)	(324)	(27)
Operating profit / (loss)	<u>238</u>	<u>38</u>	<u>895</u>	<u>73</u>
Other income / (charges) - net	<u>(7)</u>	<u>(1)</u>	<u>(57)</u>	<u>(5)</u>
Finance cost	(218)	(34)	(185)	(15)
Profit / (loss) before tax	<u>13</u>	<u>2</u>	<u>653</u>	<u>54</u>
Taxation	(75)	(12)	(117)	(10)
(Loss) / profit after tax	<u>(61)</u>	<u>(10)</u>	<u>536</u>	<u>44</u>

HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

Year ended 30 June

	2022		2021		2020	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity and minority interest	5,202	4	4,995	53	3,271	12
Total non-current liabilities	30	571	5	(99)	358	100
Total current liabilities	3,754	8	3,473	7	3,239	19
Total equity and liabilities	8,986	6	8,473	23	6,869	22
Total non-current assets	2,736	23	2,222	17	1,901	1
Total current assets	6,250	-	6,250	26	4,968	32
Total assets	8,986	6	8,472	23	6,869	22
Profit and Loss Accounts						
Net operating revenue	1,758	(45)	3,181	276	847	34
Operating and administrative expenses	(579)	(9)	(637)	85	(344)	(13)
Operating profit / (loss)	1,179	(54)	2,544	406	503	111
Other income / (charges) - net	(12)	(34)	(19)	55	(12)	82
	1,167	(54)	2,525	414	491	112
Finance cost	(197)	49	(132)	(64)	(362)	66
Profit / (loss) before tax	970	(59)	2,393	1,755	129	863
Taxation	(144)	(54)	(309)	348	(69)	(8)
Profit / (loss) after tax	826	(60)	2,084	3,374	60	(198)

	2019		2018	
	Rupees in million	%	Rupees in million	%
Balance Sheet				
Total equity and minority interest	2,917	(8)	3,187	(0)
Total non-current liabilities	-	-	-	-
Total current liabilities	2,725	19	2,286	(8)
Total equity and liabilities	<u>5,642</u>	<u>3</u>	<u>5,473</u>	<u>(4)</u>
Total non-current assets	1,891	19	1,595	161
Total current assets	3,751	(3)	3,878	(24)
Total assets	<u>5,642</u>	<u>3</u>	<u>5,473</u>	<u>(4)</u>
Profit and Loss Accounts				
Net operating revenue	634	(48)	1,219	(27)
Operating and administrative expenses	(396)	22	(324)	(16)
Operating profit / (loss)	<u>238</u>	<u>(73)</u>	<u>895</u>	<u>(30)</u>
Other income / (charges) - net	(7)	(88)	(57)	613
	<u>231</u>	<u>(72)</u>	<u>838</u>	<u>(34)</u>
Finance cost	(218)	18	(185)	34
Profit / (loss) before tax	<u>13</u>	<u>(55)</u>	<u>653</u>	<u>(0)</u>
Taxation	(75)	(36)	(117)	(55)
Profit / (loss) after tax	<u>(61)</u>	<u>(111)</u>	<u>536</u>	<u>(39)</u>

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

M/s. Arif Habib Limited ("the company") has complied with the requirements of listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') in the following manner:

1. The total number of directors are 7 as per the following:

- a. Male: 5 members
- b. Female: 2 members

2. The composition of the Board of Directors ('the Board') is as follows:

Category	Names
a) Independent Directors:	Mr. Zafar Alam Dr. Muhammad Sohail Salat
b) Non-Executive Directors:	Mr. Muhammad Haroon Mr. Mohsin Madni Ms. Sharmin Shahid Ms. Nida Ahsan
c) Executive Director:	Mr. Muhammad Shahid Ali Habib
d) Female Directors:	Ms. Sharmin Shahid Ms. Nida Ahsan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates of approval or updation / amendment is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 ('the Act') and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and the Regulations.
9. Company stands complied with the requirement of having all the directors of the board Director's Training Program (DTP) certified as prescribed under the sub clause 1(iii) of regulation no. 19 of the Regulations as out of total seven (7) directors, the total number of certified directors of the Company stands six (6) and one (1) director meets the exemption requirement of the DTP.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

- | | |
|----------------------------------|--|
| a) Audit Committee | Four quarterly meetings were held during the financial year ended June 30, 2022. |
| b) HR and Remuneration Committee | Three meetings were held during the financial year ended June 30, 2022. |

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; Explanation as required under the regulations is mentioned below;

Company, currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; however, the Company intends to elect another independent director in the next election of directors which are due to be held in September 2023.

19. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief Financial Officer and Company Secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that the current CFO & Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost effective measure that is in the better interest of the shareholders of the Company, therefore hiring a separate person for both position is not feasible. However, the Company shall create a separate position of a Secretary as soon as such a demand appears in our operations.

On behalf of the Board of Directors



Zafar Alam
Chairman

August 31, 2022
Karachi

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

To the members of M/s. Arif Habib Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Arif Habib Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Karachi.

Date: September 21, 2022

UDIN: CR202210213RI2T1QrZx



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Arif Habib Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Valuation of open plots of land situated at Naya Nazimabad (investment property) carried at fair value</p> <p>As disclosed in note 8.1 to the unconsolidated financial statements, as at June 30, 2022, the Company had an investment in open plots of land / offices amounting, in aggregate, to Rs. 1,592 million. This mainly includes the investment in residential and commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party).</p> <p>In relation to the above, during the year, the Company recognized a realized gain on sale of investment property amounting to Rs. 940 million (which, as per note 26.1 to the unconsolidated financial statements, includes an unrealized gain previously recognized as at June 30, 2021 amounting to Rs. 575 million). In addition to this, as at June 30, 2022, the Company recognized an unrealized gain on investment property held as of that date, amounting to Rs. 646.213 million (as disclosed in note 26 to the unconsolidated financial statements).</p> <p>It is the Company's policy to state the Investment Property at Fair value determined by an independent external valuation expert.</p> <p>Due to the significance of the estimate and the basis of assessment for valuation made by the valuer and the amount of gain realized on disposal, we considered this as the key audit matter.</p>	<p>To address this significant risk, we, amongst others, carried out the following key audit procedures</p> <ul style="list-style-type: none"> • We assessed the competence, capability and objectivity of the external valuation expert engaged by the management; • We read the property valuation report issued by the management's expert and confirmed the valuation approach followed by the valuer was in accordance with the applicable financial reporting framework and suitable for use in determining the fair value for the purpose of financial statements; • We have satisfied ourselves that the valuation methodology used by the management's expert has been applied consistently to all the properties valued. • We compared the carrying amount of the properties in the unconsolidated financial statements to the fair value of such properties reflected in the valuation report issued by the management's expert; • We performed necessary procedures to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources; and • We evaluated whether disclosures in the financial statements relating to the Investment properties were in accordance with the applicable financial reporting framework.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon (continued)

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- (e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the unconsolidated financial statements were prepared.

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: September 21, 2022
UDIN: AR202210213BRaeoVEIp

UNCONSOLIDATED FINANCIAL STATEMENTS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	83,978,889	76,101,492
Right-of-use assets	5	32,555,873	27,657,325
Intangible assets	6	6,087,502	6,583,336
Long term investment	7	80,745,423	136,312,876
Investment property	8	1,657,331,341	1,968,800,000
Long-term advances and deposits	9	5,904,407	6,103,800
		1,866,603,435	2,221,558,829
Current assets			
Short term investments	10	5,272,505,403	2,746,710,495
Trade debts	11	166,138,218	235,192,150
Receivable against margin financing	12	395,380,659	245,655,746
Advances, deposits and prepayments	13	18,334,299	60,858,054
Accrued markup on margin financing		21,480,959	7,650,726
Other receivables	14	133,494,275	279,777,689
Investment in subsidiary held for sale	15	43,558,105	-
Cash and bank balances	16	1,068,332,992	2,674,098,470
		7,119,224,910	6,249,943,330
Total assets		8,985,828,345	8,471,502,159
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	17	750,000,000	750,000,000
Issued, subscribed and paid-up capital	17	653,400,000	594,000,000
Capital reserves			
Surplus on revaluation of property	18	15,432,500	15,432,500
Surplus on re-measurement of investments		-	27,944,785
		15,432,500	43,377,285
Revenue reserves			
Unappropriated profits		4,532,787,684	4,358,006,085
Total equity		5,201,620,184	4,995,383,370
Non-current liabilities			
Lease liability		3,683,359	3,525,415
Deferred tax - net	19	26,704,649	-
		30,388,008	3,525,415
Current liabilities			
Short term borrowings - secured	20	2,431,969,617	1,369,369,349
Current portion of lease liability		15,894,070	26,696,871
Trade and other payables	21	1,120,346,273	1,789,995,004
Unclaimed dividend		19,164,706	14,920,013
Payable against trading of securities - net		21,078,278	53,758,623
Accrued markup on short term borrowings		75,064,344	18,639,958
Taxation - net	22	70,302,865	199,213,556
		3,753,820,153	3,472,593,374
Contingencies and commitments	23	-	-
Total equity and liabilities		8,985,828,345	8,471,502,159

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022 Rupees	2021
Operating revenue	24	1,131,838,475	1,543,518,215
Realized (loss) / gain on disposal of investments		(9,647,857)	1,052,956,982
Realized gain on sale of investment property		940,000,000	500,000
		2,062,190,618	2,596,975,197
Net change in unrealized (loss) / gain on investments	25	(463,627,979)	222,941,165
Net change in unrealized gain on investment property	26	71,212,860	290,384,768
		1,669,775,499	3,110,301,130
Administrative and operating expenses	27	(578,338,530)	(637,738,149)
Other charges	28	(12,280,081)	(18,563,554)
Other operating income	29	88,131,490	70,808,244
		1,167,288,378	2,524,807,671
Finance costs	30	(197,155,504)	(131,705,297)
Profit before taxation		970,132,874	2,393,102,374
Taxation	31	(143,581,080)	(309,097,181)
Profit after taxation		826,551,794	2,084,005,193
			(Restated)
Earnings per share - basic and diluted	32	12.65	31.89

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
	Rupees	
Profit after taxation	826,551,794	2,084,005,193
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of the investment in equity securities -	(26,314,980)	(211,455,600)
Total comprehensive income for the year	800,236,814	1,872,549,593

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profits	Capital reserves Surplus on revaluation of property	Surplus on re-measurement of investments	Total
			Rupees		
Balance as at June 30, 2020	594,000,000	2,238,562,577	15,432,500	423,338,700	3,271,333,777
Total comprehensive income for the year ended June 30, 2021					
- Profit for the year	-	2,084,005,193	-	-	2,084,005,193
- Other comprehensive loss for the year	-	-	-	(211,455,600)	(211,455,600)
	-	2,084,005,193	-	(211,455,600)	1,872,549,593
Gain realized on disposal of investment in equity instruments at FVOCI	-	183,938,315	-	(183,938,315)	-
Transactions with owners					
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)
Balance as at June 30, 2021	594,000,000	4,358,006,085	15,432,500	27,944,785	4,995,383,370
Total comprehensive income for the year ended June 30, 2022					
- Profit for the year	-	826,551,794	-	-	826,551,794
- Other comprehensive loss for the year	-	-	-	(26,314,980)	(26,314,980)
	-	826,551,794	-	(26,314,980)	800,236,814
Gain realized on disposal of investment in equity instruments at FVOCI	-	1,629,805	-	(1,629,805)	-
Transactions with owners					
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	-
	59,400,000	(653,400,000)	-	-	(594,000,000)
Balance as at June 30, 2022	653,400,000	4,532,787,684	15,432,500	-	5,201,620,184

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

As at June 30, 2022

	Note	2022 Rupees	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		970,132,874	2,393,102,374
Adjustments for:			
-Depreciation on property and equipment	4	18,997,073	13,417,988
-Depreciation on right-of-use-assets	5	21,886,804	21,202,568
-Amortization of intangible assets		495,834	392,168
-Provision for expected credit losses on trade debts	11.2	10,302,199	15,951,296
-Dividend income on investment in equity securities	24	(141,682,795)	(114,454,876)
-Net change in unrealized loss / (gain) on investments	25	463,627,979	(222,941,165)
-Gain on investment property		(940,000,000)	(500,000)
-Net change in unrealized gain on investment property	26	(71,212,860)	(290,384,768)
-Gain on settlement of a reverse repo arrangement	29	-	(24,783,996)
-Finance costs	30	197,155,504	131,705,287
		(440,430,262)	(470,395,498)
Cash generated from operating activities before working capital changes		529,702,612	1,922,706,876
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
-Short-term investments		(3,003,728,519)	979,354,252
-Trade debts		58,751,733	(74,547,290)
-Receivable against sales / purchase of securities - net		-	79,559,207
-Receivable against margin financing		(149,724,913)	(207,901,122)
-Advances, deposits and prepayments		42,523,755	(48,465,841)
-Accrued markup on margin financing		(13,830,233)	(4,938,117)
-Other receivables		146,283,414	(256,601,635)
Increase/(decrease) in current liabilities			
-Trade and other payables		(669,648,731)	995,214,862
-Payable against purchase of securities - net		(32,680,345)	53,758,623
		(3,622,053,839)	1,515,432,939
Cash (used in) / generated from operations		(3,092,351,227)	3,438,139,815
Taxes paid		(245,787,122)	(162,913,795)
Finance costs paid		(140,731,118)	(174,701,970)
Dividends received		141,682,795	205,681,876
Net cash (used in) / generated from operating activities		(3,337,186,672)	3,306,205,926
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4	(26,874,470)	(24,467,158)
Loan granted to related party recovered		-	15,000,000
Purchase of investment property		(64,942,880)	(152,500,000)
Development charges incurred in relation to investment property	8.1	(22,375,601)	-
Proceeds from disposal of investment property	8.1	1,410,000,000	153,000,000
Long-term advances and deposits		199,393	(519,255)
Net cash generated from / (used in) investing activities		1,296,006,442	(9,486,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability (principal)		(37,430,209)	(14,702,569)
Long term loan repaid		-	(499,987,260)
Repayment of subordinated loan		-	(300,000,000)
Short term loan provided to Javedan Corporation Limited	14.1	(380,000,000)	-
Short term loan recovered from Javedan Corporation Limited	14.1	380,000,000	-
Short term loan received from Javedan Corporation Limited	20.2	1,780,000,000	-
Short term loan repaid to Javedan Corporation Limited	20.2	(980,000,000)	-
Short term loan received from Arif Habib Corporation Limited	20.3	650,000,000	917,000,000
Short term loan repaid to Arif Habib Corporation Limited	20.3	(650,000,000)	(917,000,000)
Dividend paid		(589,755,307)	(147,407,295)
Net cash generated from / (used in) financing activities		172,814,484	(962,097,124)
Net (decrease) / increase in cash and cash equivalents		(1,868,365,746)	2,334,622,389
Cash and cash equivalents at the beginning of the year		1,304,729,121	(1,029,893,268)
Cash and cash equivalents at the end of the year	33	(563,636,625)	1,304,729,121

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.



Chief Executive Officer
Arif Habib Limited



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ("the Ordinance") which has now been replaced by Companies Act, 2017 ("the Act"). The shares of the Company are listed 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% share holding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. As of June 30, 2022, the Parent Company held 63.01% shares of the Company (2021: 69.44% shares).

1.2 The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. 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.
- Multan	Regional office	Shop Number 16, 17 & 18, Upper Floor, Khan Centre, Multan.
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-noor City, Faisalabad.
- Rawalpindi	Regional office	Shop No.F-15, 1st floor at Rizwan arcade, Adam Jee Road, Saddar.
- Rahim Yar Khan		Regional officeShop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan
- Karachi	Regional office	Office No. 1001, 1002, 103, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi

1.4	The Company has following subsidiaries:	Holding %
-	Arif Habib Commodities (Private) Limited	100%
-	Arif Habib 1857 (Private) Limited (refer also note 15)	100%

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements are the separate financial statements of the Company and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises of:

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Where the provisions of, and directives issued, under the Companies Act, 2017 differ from the IFRS Standards, the former have been followed.

2.2 Basis of measurement of items in the unconsolidated financial statements.

Items in these unconsolidated financial statements have been measured at their historical cost, except for:

- Investment property which is carried at fair value;
- Long term investments in ISE Tower REIT Management Limited and LSE Financial Services Limited which are carried at fair value; and
- Short term investments in quoted equity securities and corporate debt securities which are carried at fair value.

2.3 Functional and presentation currency

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

2.4 Judgments and sources of estimation uncertainty

In preparing these unconsolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these unconsolidated financial statements is included in the following notes:

Short term investments	Whether the company has significant influence over the M/s. Safe Mix Concrete Limited (SCL) (refer. note 10.1.1)
Investment in subsidiary held for sale	Whether the criteria to classify the investment in subsidiary as held for sale has been fulfilled by analysing whether the sale is highly probable (refer. note 15)
Deferred tax assets	Whether deferred tax assets should be recorded on realized and unrealized losses on short term investments in securities - availability of future taxable profit on securities with in next three tax years against which such losses can be utilised
Timing of revenue recognition	Advisory and consultancy services: Whether performance obligation is satisfied at a point in time or over time that is whether the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs"
Taxation	Treating the brokerage income of the Company under clause 2(ii) of section 4C of the Income Tax Ordinance, 2001 for the purpose of calculation of Super tax

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Long term investment	Estimation of fair value of investment in ordinary shares of ISE Towers REIT Management Limited and LSE Financial Services Limited
Investment Property	Estimation of fair value of investment property
Deferred tax liability	Estimation of the expected holding period of the investment properties held at the end of the reporting period and the tax rate that would apply on the capital gain arising from the ultimate disposal of those properties for the purpose of computing the deferred tax liability thereon

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.

During the year certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these unconsolidated financial statements, the same have not been reported.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the ‘cost of fulfilling a contract’ for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to these unconsolidated financial statements.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Company is currently in the process of assessing the impacts of above amendments to these unconsolidated financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.
- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

The above amendments are not likely to affect the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2022 did not require any adjustment.

3.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3 Intangible assets

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

Trading Right Entitlement Certificate (TREC) and Offices

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Investment in subsidiaries

Investments in subsidiary companies are accounted for using the cost method. Under this method, the investments are stated at cost less any impairment in the value of individual investments.

3.5 Investment properties

Investment properties are held for capital appreciation and is measured initially at their cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value is recognised in the statement of profit or loss.

When the Company determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, the Company measures that investment property at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

3.6 Financial instruments

3.6.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
 - (b) fair value through other comprehensive income (FVOCI); and
 - (c) fair value through profit or loss (FVTPL)
- (a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

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(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.6.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.6.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.6.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.7 Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss ('FVTPL'). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.9 Trade debts and receivables against margin financing

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

3.10 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

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Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.11 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term running finance.

3.12 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate 12.50% of basic salary are made to the Fund by the Company and the employees.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

3.13 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.14 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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3.15 Operating revenue

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.

Revenue from advisory and consultancy services

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

4. PROPERTY AND EQUIPMENT - owned assets

	Leasehold offices	Leasehold improvements	Office equipment	Furniture & fixtures	Computers & allied items	Vehicles	Total
	Rupees						
As at June 30, 2020							
Cost	32,473,333	102,485,179	4,321,633	4,855,370	30,403,149	-	174,538,664
Accumulated depreciation	-	(83,782,142)	(1,433,914)	(1,290,849)	(22,979,437)	-	(109,486,342)
Net book value	<u>32,473,333</u>	<u>18,703,037</u>	<u>2,887,719</u>	<u>3,564,521</u>	<u>7,423,712</u>	<u>-</u>	<u>65,052,322</u>
Movement during the year ended June 30, 2021							
Opening net book value	32,473,333	18,703,037	2,887,719	3,564,521	7,423,712	-	65,052,322
Additions during the year	-	-	672,000	8,320,281	15,474,877	-	24,467,158
Depreciation for the year	(4,549,687)	(2,609,698)	(438,638)	(1,163,243)	(4,656,722)	-	(13,417,988)
Closing net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,121,081</u>	<u>10,721,559</u>	<u>18,241,867</u>	<u>-</u>	<u>76,101,492</u>
As at June 30, 2021							
Cost	32,473,333	102,485,179	4,993,633	13,175,651	45,878,026	-	199,005,822
Accumulated depreciation	(4,549,687)	(86,391,840)	(1,872,552)	(2,454,092)	(27,636,159)	-	(122,904,330)
Net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,121,081</u>	<u>10,721,559</u>	<u>18,241,867</u>	<u>-</u>	<u>76,101,492</u>
Movement during the year ended June 30, 2022							
Opening net book value	27,923,646	16,093,339	3,121,081	10,721,559	18,241,867	-	76,101,492
Additions during the year	-	-	3,122,410	5,227,370	13,097,690	5,427,000	26,874,470
Depreciation for the year	(4,188,547)	(2,414,001)	(764,678)	(2,160,749)	(9,037,149)	(431,949)	(18,997,073)
Closing net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,478,813</u>	<u>13,788,180</u>	<u>22,302,408</u>	<u>4,995,051</u>	<u>83,978,889</u>
As at June 30, 2022							
Cost	32,473,333	102,485,179	8,116,043	18,403,021	58,975,716	5,427,000	225,880,292
Accumulated depreciation	(8,738,234)	(88,805,841)	(2,637,230)	(4,614,841)	(36,673,308)	(431,949)	(141,901,403)
Net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,478,813</u>	<u>13,788,180</u>	<u>22,302,408</u>	<u>4,995,051</u>	<u>83,978,889</u>
Annual rates of depreciation	15%	15%	15%	15%	33%	20%	

5. RIGHT-OF-USE ASSETS

	2022	2021
	Rupees	
Opening net book value	27,657,325	42,319,024
Add: Additions during the year	<u>26,785,352</u>	<u>6,540,869</u>
	54,442,677	48,859,893
Less: Depreciation charged during the year	(21,886,804)	(21,202,568)
Closing net book value	<u>32,555,873</u>	<u>27,657,325</u>
Depreciation rate (per annum)	<u>20% to 33%</u>	<u>20% to 33%</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

- 5.1** This represents 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. Muhamamd 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	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City	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, 2022	March 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020	July 1, 2020	March 1, 2021
Initial contractual term of the lease	1 year	5 years	5 years	3 years	3 years
Availability of extension option?	No	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years	3 years	3 years

6. INTANGIBLES ASSETS

	Note	2022	2021
		Rupees	
Computer software	6.1	1,487,502	1,983,336
Trading Right Entitlement Certificate and offices	6.2	4,600,000	4,600,000
		6,087,502	6,583,336
Net carrying amount			
Opening net book value		1,983,336	2,375,504
Additions during the year		-	-
Amortisation charge		(495,834)	(392,168)
Closing net book value		1,487,502	1,983,336
Gross carrying amount			
Cost		7,949,132	7,949,132
Accumulated amortisation		(6,461,630)	(5,965,796)
Net book value		1,487,502	1,983,336
Amortisation rate		25%	25%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

6.2 Trading Right Entitlement Certificate (TREC) and offices

	Note	2022 Rupees	2021 Rupees
Trading Right Entitlement Certificate			
- Cost	6.2.1	26,000,000	26,000,000
- Accumulated impairment	6.2.2	(23,500,000)	(23,500,000)
		<u>2,500,000</u>	<u>2,500,000</u>
Offices- booths - Pakistan Stock Exchange Limited			
		2,100,000	2,100,000
		<u>4,600,000</u>	<u>4,600,000</u>

6.2.1 This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 as amended by the Stock Exchanges (Corporatization, Demutualization and Integration) (Amendment) Act, 2015. These have been carried at cost less accumulated impairment losses.

6.2.2 PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

7. LONG TERM INVESTMENTS

	Note	2022 Rupees	2021 Rupees
Unquoted:			
Investment in subsidiaries	7.1	38,000,000	81,558,105
Investment in other entities	7.2	42,745,423	54,754,771
		<u>80,745,423</u>	<u>136,312,876</u>

7.1 Investment in subsidiaries - at cost less accumulated impairment

2022 Number of shares	2021 Number of shares		Note	2022 Rupees	2021 Rupees
3,800,000	3,800,000	Arif Habib Commodities (Private) Limited	7.1.1	38,000,000	38,000,000
-	5,000,000	Arif Habib 1857 (Private) Ltd.		-	50,000,000
		Less: Accumulated impairment		-	(6,441,895)
			15	-	43,558,105
<u>3,800,000</u>	<u>8,800,000</u>			<u>38,000,000</u>	<u>81,558,105</u>

7.1.1 This represents paid up share capital comprising of 100% ownership in Arif Habib Commodities (Private) Limited (AHCPL) which was incorporated on April 02, 2012 as wholly owned subsidiary for the purpose of expanding non-core revenue system of the commodity brokerage. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 16, 2012 is Rs. 100 million. As of reporting date, the Company had invested a total sum of Rs. 38 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

7.2 Investment in other entities - at fair value through profit or loss

	Note	2022	2021
		Rupees	Rupees
ISE Towers REIT Management Company Limited	7.2.1	27,493,503	37,841,512
LSE Financial Services Limited	7.2.1	15,251,920	16,913,259
	7.2.2	42,745,423	54,754,771

7.2.1 This represents the investment in 3,034,604 (2021: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

7.2.2 The Company as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses.

Principal assumptions used in the valuation of the above unquoted investments are as under:

June 30, 2022					
	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial Services Limited	5.0%	21.36%	5	18.07	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	5.0%	15.20%	5	9.06	Discounted Free Cash Flow to Equity
June 30, 2021					
	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial Services Limited	6.0%	17.37%	5	20.04	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	6.0%	12.49%	5	12.47	Discounted Free Cash Flow to Equity

7.2.2.1 Reconciliation of gain / (loss) on re-measurement of long term investments as of the reporting date

	Note	2022	2021
		Rupees	Rupees
Cost of investment		58,586,933	58,586,933
Unrealised gain / (loss):			
Balance as at July 01		(3,832,162)	(13,530,277)
Unrealized loss on PSX shares reclassified to short term investments		-	-
Unrealised (loss) / gain for the year	25	(12,009,348)	9,698,115
		(15,841,510)	(3,832,162)
Balance as at June 30		42,745,423	54,754,771

8. INVESTMENT PROPERTY

Open plots of land / offices - at fair value	8.1	1,592,388,461	1,968,800,000
Residential flats under construction - at cost	8.2	64,942,880	-
		1,657,331,341	1,968,800,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

8.1 Open plots of land / offices - at fair value

	Note	2022 Rupees	2021 Rupees
Opening carrying amount (at fair value)		1,968,800,000	1,678,415,232
Realized gain on disposal		940,000,000	500,000
		2,908,800,000	1,678,915,232
Sale during the year	8.1.2	(1,410,000,000)	(153,000,000)
Purchase of plots in Naya Nazimabad project during the year		-	152,500,000
Development charges incurred during the year (subsequent expenditure)		22,375,601	-
		(1,387,624,399)	(500,000)
		1,521,175,601	1,678,415,232
Net change in unrealized gain during the year	8.1.3 & 26	71,212,860	290,384,768
Closing carrying amount	8.1.3	1,592,388,461	1,968,800,000

8.1.1 Open plots of land / offices comprise of the following:

Open plots of land:	8 residential and 5 commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party)
Offices:	Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 113, 203, 409 situated in the Lahore Stock Exchange - South Tower.

8.1.2 During the year, the Company sold its 47 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to its related party, M/s. Javedan Corporation Limited for an aggregate sale consideration of Rs. 1,410 million.

8.1.3 The valuation of the investment property was carried out by an independent external property valuer having appropriate recognised qualification and relevant experience according to which the aggregate fair value and forced sale value of the properties as at June 30, 2022 were Rs. 1,592.39 million (2021: Rs.1,968.8 million) and Rs. 1,241.88 million (2021: Rs. 1,673.48 million), respectively.

8.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments made to M/s. Javedan Corporation Limited, a related party, in respect of the purchase of 20 residential flats in Global Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Total agreed purchase consideration of these flats amounts to Rs. 377 million which is to be settled in 55 unequal installments of varying frequency.

Since, the flats are presently under construction, their fair value cannot be reliably measured. As a result, the Company has elected to measure such investment at cost.

For financial commitment relating to the above referred periodic payments yet to be made to M/s. Javedan Corporation Limited, please refer note 23 to these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

9. LONG TERM ADVANCES AND DEPOSITS

	Note	2022	2021
		Rupees	Rupees
Advance against equity			
- Arif Habib Commodities (Private) Limited	9.1	2,000,000	2,000,000
Trading deposits			
- Pakistan Stock Exchange Limited		700,461	700,461
- National Clearing Company of Pakistan Limited		1,260,000	2,279,393
		1,960,461	2,979,854
Other security deposits		1,943,946	1,123,946
		5,904,407	6,103,800

9.1 This represents advance against future issue of ordinary shares given to M/s. Arif Habib Commodities (Private) Limited.

10. SHORT TERM INVESTMENTS

	Note	2022	2021
		Rupees	Rupees
At fair value through profit or loss			
Quoted equity securities	10.1	4,250,803,109	2,394,124,599
Quoted debt securities	10.2	71,702,294	145,677,916
Un-quoted debt securities	10.3	950,000,000	-
		1,021,702,294	145,677,916
		5,272,505,403	2,539,802,515
At fair value through other comprehensive income			
Quoted equity securities	10.4	-	206,907,980
		5,272,505,403	2,746,710,495

10.1 Investment in quoted equity securities

Cost of investment		4,668,469,985	2,359,328,376
Unrealised gain / (loss):			
Balance as at July 01		34,796,222	(174,114,218)
Unrealised (loss) / gain for the year		(452,463,098)	208,910,441
		(417,666,876)	34,796,223
Balance as at June 30	10.1.1	4,250,803,109	2,394,124,599

10.1.1 These include an investment in 5,699,328 (2021: 5,699,328) ordinary shares of M/s. Safemix Concrete Limited (SCL), an associated company in terms of section 2(4) of the Companies Act, 2017. This gives the Company 22.80% (2021: 22.80%) voting power in SCL. However, since Mr. Arif Habib and his sons, Mr. Samad Habib and Mr. Kashif Habib, by virtue of their direct investment as well as their indirect investment held through the Company are in a position to exert control over SCL but because of the fact that the Company has not appointed any person on the Board of Directors of SCL, the management is of the view that the Company is not able to exercise significant influence over SCL. Hence, SCL cannot be regarded as an 'associate' of the Company within the meaning of the term 'associate' defined in the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

10.2 Investment in quoted debt securities

	Note	2022	2021
		Rupees	
Cost of investment		72,312,491	147,132,581
Unrealised gain / (loss):			
Balance as at July 01		(1,454,664)	(5,787,274)
Unrealised gain for the year		844,467	4,332,609
		(610,197)	(1,454,665)
Balance as at June 30	10.2.1	71,702,294	145,677,916

10.2.1 These represent the investments in Term Finance (TFC) & Sukuk Certificates made under Market Making arrangements. The Company has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Company has to maintain minimum inventory of TFCs & Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 2.25%, 6 month KIBOR + 0.50% to 2.25% (2021: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually.

10.3 Investment in unquoted debt securities

	Note	2022	2021
		Rupees	
Investment in unquoted TFCs of:			
- Bank of Punjab (BOP)	10.3.1	850,000,000	-
- TPL Corp Limited (TPL)	10.3.2	100,000,000	-
		950,000,000	-

10.3.1 This represents the investment in 8,500 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the Bank of Punjab (BOP) as redeemable capital and carry interest at the rate of 6 month average KIBOR + 2% per annum (payable semi-annually).

10.3.2 This represents the investment in 1,000 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the TPL Corp Limited (TPL) as redeemable capital and carry interest at the rate of 3 month average KIBOR + 2.5% per annum (quarterly).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

10.4 Investment in quoted equity securities - at fair value through other comprehensive income

2022 — Number of shares —	2021	Note	2022 Rupees	2021 Rupees
25,799,000	57,722,000	Opening investment (at cost)	178,963,195	301,072,400
-	10,908,000	Add: Investment made during the year	-	100,785,445
(25,799,000)	(42,831,000)	Less: Investment disposed of during the year	(178,963,195)	(222,894,650)
-	25,799,000	Closing investment (at cost)	-	178,963,195
		Unrealized gain on remeasurement of investment:		
		Opening balance	27,944,785	423,338,700
		Less: Deficit on re-measurement of investments at FVOCI	(26,314,980)	(211,455,600)
		Less: Gain realized on disposal of investments in equity instruments at FVOCI	(1,629,805)	(183,938,315)
		Closing balance	-	27,944,785
		Closing investment (at fair value)	-	206,907,980

10.4.1 During the year, the Company tendered 25,799,000 shares of Hum Network Limited (HUMNL) by way of tender offer received from Mr. Duraid Qureshi (Chief Executive Officer of HUMNL) at Rs. 7 per share. The fair value per share of the investment at the date of disposal was Rs. 7.62/-. Upon disposal of the investments, a capital gain amounting to Rs. 1.63 million was directly transferred to unappropriated profits.

10.4.2 During the year, the Company has not received any dividend from investment in equity investment at FVOCI

11. TRADE DEBTS

	Note	2022 Rupees	2021 Rupees
Gross receivables			
Equity brokerage - secured	11.1	971,396,924	965,131,291
Inter bank brokerage - unsecured	39.3	24,129,003	25,625,455
Advisory and consultancy fee - unsecured	39.3	103,187,373	166,708,287
		1,098,713,300	1,157,465,033
Less: Provision for expected credit losses			
Equity brokerage - secured		(871,814,071)	(870,668,691)
Inter bank brokerage - unsecured		(2,454,930)	-
Advisory and consultancy fee - unsecured		(58,306,081)	(51,604,192)
	11.2	(932,575,082)	(922,272,883)
		166,138,218	235,192,150

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

11.1 Gross receivables - Equity brokerage

11.1.1 These receivables include Rs. 1.9 million (2021: Rs. 4.3 million) due from the related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 551.82 million (2021: Rs. 331.80 million).

11.1.2 The Company holds capital securities having fair value of Rs. 64,334 million (2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts.

11.2 Movement in provision for expected credit losses

	Note	2022 Rupees	2021 Rupees
Balance at the beginning of the year		922,272,883	906,321,587
Charge for the year	28	10,302,199	15,951,296
Balance at the end of the year		932,575,082	922,272,883

12. RECEIVABLE AGAINST MARGIN FINANCING

Considered good		395,380,659	245,655,746
Considered doubtful		1,917,749	1,917,749
	12.1	397,298,408	247,573,495
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		395,380,659	245,655,746

12.1 Margin financing facility is provided to clients on markup basis ranging from 15.00% to 23.00% (2021: 12.00% to 15.00%) per annum.

13. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2022 Rupees	2021 Rupees
<i>Advances</i>			
Advance to consultant	13.1	4,069,760	9,293,760
Advance against expenses		3,092,020	1,068,956
Advance against salary		1,439,003	833,119
		8,600,783	11,195,835
<i>Trade deposits</i>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	13.2	8,629,396	49,110,315
<i>Prepayments</i>			
Insurance		1,104,120	551,904
		18,334,299	60,858,054

13.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

13.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

14. OTHER RECEIVABLES

	Note	2022	2021
		Rupees	
Receivable from Javedan Corporation Limited - a related party			
- Proceeds from sale of investment property	39.3	5,126,734	5,126,734
- Mark-up on loan	14.1	10,192,861	-
		15,319,595	5,126,734
Receivable against reverse repo arrangements		115,089,608	268,568,516
Others		3,085,072	6,082,439
		133,494,275	279,777,689

- 14.1 During the year, the Company provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited to finance working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 1.75% (payable quarterly). The loan provided and repaid during the year was Rs. 380 million.

15. INVESTMENT IN SUBSIDIARY HELD FOR SALE

Since July 2014, the Company has been holding 100% ordinary shares of M/s. Arif Habib 1857 (Private) Limited (here-in-after referred to as 'the subsidiary'). The principal activities of the subsidiary includes equity trading and brokerage and it was incorporated with the intention to bring a foreign investor as its sponsor. However, during the year, the Company was informed that foreign investors were not able to obtain regulatory approvals and licensing from their home country's licensing authorities. Further, as per Regulation 4(d) of the Securities Brokers (Licensing and Operations) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan, the Company is not permitted to have a controlling interest in any other company holding license as a securities broker.

In view of the above, on March 02, 2022, the Company received an offer from one of its directors, Ms. Nida Ahsan, expressing her intention and willingness to acquire the 100% shareholding of the subsidiary for a total consideration of Rs. 50 million (i.e. 5,000,000 ordinary shares @ Rs. 10 per share). Accordingly, on March 07, 2022, the Board of Directors of the Company resolved to sell 100% shareholding in the subsidiary to Ms. Nida Ahsan for the aforesaid consideration subject to compliance with all the applicable legal provisions in this regard (including, in particular, the requirement of obtaining approval of the members of the Company in its upcoming Annual General Meeting (AGM) in accordance with section 183(3)(b) of the Companies Act, 2017).

Since M/s. Arif Habib Corporation Limited, which presently holds 63.01% ordinary shares of the Company, has expressed its consent on the proposed disposal of the subsidiary, the requisite approval of the members of the Company, as referred to above, is probable to be obtained in the next AGM, and, consequently, the proposed disposal is expected to qualify for recognition as a completed sale in due course of time. In addition, since all other criteria for classification as held for sale specified in the applicable financial reporting standard are met as at June 30, 2022, the Company has classified the investment in M/s. Arif Habib 1857 (Private) Limited as 'held for sale'.

16. CASH AND BANK BALANCES

	Note	2022	2021
		Rupees	
Cash in hand		687,719	650,596
Cash held in central depository company		4,244,693	-
<i>Cash at bank</i>			
- current accounts		143,083,274	157,186,618
- savings accounts	16.1	920,317,306	2,516,261,256
	16.2	1,063,400,580	2,673,447,874
		1,068,332,992	2,674,098,470

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

16.1 The return on these balances is 6% to 14% (2021: 4% to 6%) per annum on daily product basis.

16.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 986.95 million (2021: Rs.1,563 million).

17. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022 — (Number of shares) —	2021		2022 — Rupees —	2021
75,000,000	75,000,000	Authorized capital	750,000,000	750,000,000
		Ordinary shares of Rs. 10/- each		
10,800,000	10,800,000	Issued, subscribed and paid up capital	108,000,000	108,000,000
54,540,000	48,600,000	Ordinary shares of Rs.10/- each	545,400,000	486,000,000
65,340,000	59,400,000	Issued for cash	653,400,000	594,000,000
		Issued as bonus shares		

17.1 As of June 30, 2022, the Parent Company held 41,170,472 (2021: 41,245,884) ordinary shares of Rs. 10 each.

17.2 There is only one class of ordinary shares.

17.3 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

18. SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Company reclassified leasehold offices to investment property. Accordingly, surplus on revaluation of properties was recognized in accordance with IAS 40 "Investment Property".

19. DEFERRED TAX - net

	Note	2022 — Rupees —	2021
Deferred tax liability in respect of:			
- Capital loss on short term investments	19.1	-	-
- Other temporary differences	19.2	26,704,649	-
		26,704,649	-

19.1 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 53.286 million has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 426.3 million because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.

19.2 Deferred tax in respect of other temporary differences

	Note	2022 — Rupees —	2021
Deferred tax liabilities recognized	19.2.1	44,347,288	121,650,696
Deferred tax asset recognized	19.2.2	(17,642,639)	(121,650,696)
		26,704,649	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

19.2.1 Deferred tax liabilities

	Note	2022	2021
		Rupees	
Accelerated depreciation		9,122,269	11,093,498
Right-of-use assets		9,441,203	8,020,624
Long term investment		-	2,072,141
Investment property		25,783,816	-
Short term investments		-	9,192,951
Capital gain on sale of investments		-	91,271,482
		<u>44,347,288</u>	<u>121,650,696</u>

19.2.2 Deferred tax assets

Intangible assets		6,815,000	6,815,000
Long term investment		4,594,038	-
Provision for doubtful debts and other receivables		556,147	250,977,281
Lease liability		5,677,454	8,764,463
Deferred tax assets available for recognition		<u>17,642,639</u>	<u>266,556,744</u>
Deferred tax assets actually recognized		17,642,639	121,650,696
Unrecognized deferred tax assets		-	144,906,048
Total deferred tax asset position		<u>17,642,639</u>	<u>266,556,744</u>

20. SHORT TERM BORROWINGS

From banking companies

- Running finance	20.1	1,631,969,617	1,369,369,349
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From related parties

- Financing facility from Javedan Corporation Limited	20.2	800,000,000	-
- Financing facility from the Parent Company	20.3	-	-
		<u>800,000,000</u>	<u>-</u>
		<u>2,431,969,617</u>	<u>1,369,369,349</u>

20.1 Running finance arrangements from banking companies - secured

20.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,250 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

20.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2022 amounted to Rs. 6,644.22 million (2021: Rs. 5,642.98 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

	June 30, 2022		June 30, 2021	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	123,850,000	4,681,530,000	140,335,000	4,086,425,400
House	66,927,500	1,931,461,325	66,582,755	1,554,857,660
Total	190,777,500	6,612,991,325	206,917,755	5,641,283,060

20.2 Financing facility from Javedan Corporation Limited - unsecured

	2022	2021
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	1,780,000,000	-
Less: Repayments made during the year	(980,000,000)	-
Closing balance	800,000,000	-

20.2.1 During the year, the Company obtained an unsecured financing facility of Rs. 1 billion from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

20.3 Financing facility from the Parent Company - unsecured

	2022	2021
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	650,000,000	917,000,000
Less: Repayments made during the year	(650,000,000)	(917,000,000)
Closing balance	-	-

20.3.1 Financing facility of Rs. 1.5 billion is available from M/s. Arif Habib Corporation Limited to finance its working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 2% (payable quarterly).

21. TRADE AND OTHER PAYABLES

	Note	2022	2021
		Rupees	
Creditors	21.1	952,177,136	1,554,805,840
Commission payable	21.2	28,573,208	102,628,722
Accrued expenses		23,692,632	19,968,931
Advance from customers		4,252,569	-
Withholding tax payable		33,155,902	71,302,613
Sindh sales tax and federal excise duty payable		17,202,490	22,809,898
Advance against committed sale of investment property	21.3	22,243,725	6,743,695
Payable against reverse repo transaction	21.4	33,629,267	-
Other liabilities		5,419,344	11,735,305
		1,120,346,273	1,789,995,004

21.1 This includes Rs. 109.45 million (2021: Rs. 126.10 million) payable to related parties.

21.2 This includes Rs. 23.9 million (2021: Rs. 49.15 million) payable to related parties.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

21.3 Advance for committed sale of investment property

	Note	2022	2021
		Rupees	
Advance received from:			
- M/s. Arif Habib Commodities (Private) Limited	21.3.1	13,243,725	6,743,695
- Mr. Safi Ullah	21.3.2	9,000,000	-
		<u>22,243,725</u>	<u>6,743,695</u>

21.3.1 This represents an advance received from M/s. Arif Habib Commodities (Private) Limited, a subsidiary company, against an agreed sale of four offices located at 1st floor of Stock Exchange Building against consideration amounting to Rs. 26 million (agreed in July 2019). The Company received Rs 1.5 million as token money at the time of agreement and the remaining amount is being received in 49 equal monthly installments. The sale will be executed after receiving of total amount of Rs. 26 million. Since the Company is committed to sell the offices at Rs. 26 million, the fair value of the offices as at June 30, 2022 has been recognized equal to the said sale consideration.

21.3.2 This represents advance received from Mr. Safi Ullah against sale of two residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi at the total sum of Rs. 43.688 million. The sale will be executed after receiving of total amount of Rs. 43.688 million. Since the Company is committed to sell the plots at Rs. 43.688 million, the fair value of these plots as at June 30, 2022 has been recognized equal to the said sale consideration.

21.4 This represents amount payable to M/s. Masood Fabrics and M/s. Mehmood Textiles for amount realized, over and above of the receivable, on disposal of collateral held against reverse repo transaction. Out of total, Rs. 22 million has been paid and the remaining amount is standing as payable.

22. TAXATION - net

	Note	2022	2021
		Rupees	
Income tax payable	22.1	121,085,623	255,847,324
Income tax refundable		(50,782,758)	(56,633,768)
		<u>70,302,865</u>	<u>199,213,556</u>

22.1 This includes provision for super tax amounting to Rs. 86.936 million (2021: Rs. 70.891 million).

The Company has been contesting Civil Suit No. 2596 of 2015 against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh. The honorable High Court has ordered stay on any coercive action against the recovery of demand on super tax, therefore, the Company has not paid any Super tax accordingly. The said stay is still in force and the Company has recorded a provision in previous years.

The Company filed a petition in Sindh High Court Karachi against the recovery of Super tax bearing C.P.No.D 5421/2018 for the tax year 2017 on July 21, 2018 and C.P. No.D 4980/2020 for the tax year 2018 on October 12, 2020, both the petitions were rejected by the Sindh High Court on September 15, 2020 and November 14, 2020 respectively.

The Company filed C.P.2329/2020 pertaining to "Super Tax" u/s 4B for the tax year 2017 on November 14, 2020 and C.P. 239/2021 for the tax year 2018, which were heard by the Honourable Supreme Court of Pakistan as per its direction. The Honourable Supreme Court of Pakistan directed petitioner taxpayers to deposit 50% of their respective impugned outstanding tax amounts pertaining to super tax u/s 4B with the respondent authorities for tax year 2017 on November 26, 2020 and for the tax year 2018 on February 22, 2022, no coercive action for recovery shall be taken against such tax payers in the meanwhile, accordingly the Company has made the required deposit.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Company has been contesting a demand of Rs. 45.42 million raised against its non-taxable services vide order issued on September 12, 2014 by the Assistant Commissioner, Sindh Revenue Board. The Company filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to the Company against the impugned order. During the year 2018, the Appellate Tribunal Sindh Revenue Board remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. The Company's legal counsel is of the view that the Company has a favorable case based on merit. Accordingly, the Company has not made any provision of the said amount in these unconsolidated financial statements.

23.1.2 Section 4B was introduced as a one time levy vide Finance Act 2015 for the purpose of rehabilitation of temporarily displaced persons which through subsequent amendments became an annual super tax on the income of high income taxpayers. In this regard a petition that was filed by the Company challenging the imposition of said super tax under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Company, in consultation with its legal and tax advisors, filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan which is pending.

Meanwhile, through an interim order dated 26 November 2020, the Honourable Supreme Court of Pakistan directed the petitioners to make a deposit of 50% of their super tax liability and directed the department not to take coercive action against the petitioners till the disposal of the case by the Supreme Court. The company has accordingly made necessary provision for the super tax liability as per Section 4B and paid 50% of the required deposit. The management has assessed the sufficiency of tax provision on account of super tax and considers that these are sufficient for the purpose.

Further, subsequently the tax authorities issued notices to the Company under Section 4B and framed impugned orders for the recovery of super tax for each of the relevant tax years by amending the assessment orders (Orders) by reclassifying company's brokerage income which is since long assessed as its business income as Income from Other Sources for the purpose of calculating 4B and creating impugned demand over and above that computable under Section 4B by an aggregate amount of Rs. 33.72 million for the tax years 2015 onwards. The Company has challenged the impugned demand and filed appeals before the CIR (Appeals) against the impugned Orders that are pending for adjudication before CIR (Appeals). In view of the advice of the legal advisor of the Company, the company has not made any provision for the impugned excess demand as the said demand merits no consideration at and is likely to be annulled by the Appellate Authority.

Further, the deemed assessments orders for the tax years 2018 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue by issuing amended assessment orders (Orders), mainly attempting to reclassify company's normal business income to income from other sources. The Company had filed appeal before the CIR (Appeals) against the Orders, for tax year 2018 and 2019, which are still pending for adjudication before CIR (Appeals). The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

23.2 Commitments

	Note	2022	2021
		Rupees	
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Marginal Trading contracts		372,222,968	788,579,531
- Outstanding settlements against sale / purchase of securities in regular market		277,978,515	53,073,167
- Financial guarantees given by commercial banks on behalf of the Company		750,000,000	750,000,000
- Against purchase of investment property		312,057,120	-
- Against development cost of investment property		110,034,327	-

24. OPERATING REVENUE

Equity brokerage revenue	39.3	422,444,966	618,892,986
Inter bank brokerage revenue	39.3	94,638,538	86,956,373
Advisory and consultancy fee		408,342,385	671,628,116
Markup on margin financing	39.3	51,955,294	31,921,667
Dividend income on investment in equity securities		141,682,795	114,454,876
Markup on corporate debt securities		12,774,497	19,664,197
		1,131,838,475	1,543,518,215

25. NET CHANGE IN UNREALIZED (LOSS) / GAIN ON INVESTMENTS

Long term investments	7.2.2.1	(12,009,348)	9,698,115
Short term investments	10.3	(451,618,631)	213,243,050
		(463,627,979)	222,941,165

26. NET CHANGE IN UNREALIZED GAIN ON INVESTMENT PROPERTY

Increase in fair value of open plots / offices held at year end		646,212,860	290,384,768
Less: Decrease in unrealized gain upon sale	26.1	(575,000,000)	-
		71,212,860	290,384,768

26.1 This represent the unrealized gain previously recognized (i.e. as at June 30, 2021) in relation to 47 residential plots sold during the year to M/s. Javedan Corporation Limited, a related party (refer also note 8.1.2 to these unconsolidated financial statements).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

27. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2022	2021
		Rupees	
Salaries and other benefits	27.1	316,410,053	398,176,221
Motor vehicle and travelling expense		49,176,945	31,660,070
CDC and clearing house charges		26,818,604	28,757,868
Building maintenance		25,375,242	21,862,749
Depreciation on right-of-use assets	5	21,886,804	21,202,568
Depreciation on property and equipment	4	18,997,073	13,417,988
Man power services	27.4	23,800,000	22,800,000
Communication		22,035,750	21,320,412
Legal and professional charges		12,327,329	8,753,909
Insurance		12,187,931	8,355,471
Repairs and maintenance		11,241,056	10,775,593
Fees and subscription		9,084,900	12,706,920
Printing and stationery		7,581,412	4,833,978
Business representation		4,797,947	15,634,493
Rent, rates and taxes		4,934,033	1,404,968
Auditors' remuneration	27.2	1,775,000	1,775,000
Advertisement and business promotion		1,144,724	4,901,554
Conveyance and meals		1,101,284	367,850
Meeting expenses		450,000	450,000
Amortization on intangible assets	6.1	495,834	392,168
Donation	27.3	-	5,000,000
Others		6,716,609	3,188,369
		578,338,530	637,738,149

27.1 Salaries and other benefits

Salaries and other benefits	27.1.1	190,597,220	192,892,509
Commission		125,812,833	205,283,712
		316,410,053	398,176,221

27.1.1 Salaries and benefits include Rs. 10.530 million (2021: Rs. 7.794 million) in respect of provident fund contribution.

27.2 Auditors' remuneration

	2022	2021
	Rupees	
Annual audit fee	1,000,000	1,000,000
Half yearly review	310,000	310,000
Review of compliance with Code of Corporate Governance	200,000	200,000
Other certifications	265,000	265,000
	1,775,000	1,775,000

27.3 Donation

None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	2022	2021
	Rupees	
Habib University Foundation	-	5,000,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

27.4 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.

28. OTHER CHARGES

	Note	2022	2021
		Rupees	
Provision for expected credit losses on trade debts	11.2	10,302,199	15,951,296
Markup on Summit Bank reverse repo irrecoverable written off		-	2,160,258
Other irrecoverable written off		1,977,882	452,000
		<u>12,280,081</u>	<u>18,563,554</u>

29. OTHER INCOME

Markup on reverse repo transaction		28,364,241	13,931,717
Markup on loan to related party		10,192,861	493,078
Profit on savings accounts		46,332,934	26,336,874
Profit on exposure deposit		3,241,454	5,262,579
Gain on settlement of a reverse repo arrangement	29.1	-	24,783,996
		<u>88,131,490</u>	<u>70,808,244</u>

29.1 Gain on settlement of a reverse repo arrangement

Reversal of provision for expected credit losses on other receivables previously recognized	-	39,711,656
Less: Loss on disposal of shares held as collateral	-	(14,927,660)
	-	<u>24,783,996</u>

30. FINANCE COSTS

Markup on short term borrowings	30.1	172,993,518	101,291,583
Other finance costs	30.2	24,161,986	30,413,714
		<u>197,155,504</u>	<u>131,705,297</u>

30.1 Markup on short term borrowings

Markup on borrowing from banking companies		149,703,608	83,013,003
Markup on borrowing from related parties:			
- M/s. Javedan Corporation Limited		20,190,189	-
- M/s. Arif Habib Corporation Limited		3,099,721	4,447,132
- Mr. Arif Habib	39.3	-	13,831,448
		<u>23,289,910</u>	<u>18,278,580</u>
		<u>172,993,518</u>	<u>101,291,583</u>

30.2 Other finance costs

Finance cost on lease liability		3,014,485	5,701,898
Markup on MTS securities		3,604,503	3,539,662
Bank charges		14,387,064	19,295,537
Guarantee charges to Parent Company		3,155,934	1,876,617
		<u>24,161,986</u>	<u>30,413,714</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

31. TAXATION

	2022	2021
	Rupees	
Current tax		
- for the year	147,010,029	316,774,469
- for prior year	(30,133,598)	(7,677,288)
	116,876,431	309,097,181
Deferred	26,704,649	-
	143,581,080	309,097,181
31.1 Relationship between tax expense and accounting profit		
Profit before taxation	970,132,874	2,393,102,374
Tax at the applicable rate of 29% (2021: 29%)	281,338,533	693,999,688
Tax effect of:		
- income under Presumptive Tax Regime	(19,903,755)	(16,023,683)
- income under Minimum Tax Regime	8,769,519	976,750
- income taxed at lower rate	-	(214,086,043)
- non-deductible expenses	-	904,778
- exempt income / permanent differences	(272,600,000)	(148,864,521)
- realized and unrealized capital losses on short term investments	133,767,282	-
- unrealized capital loss on long term investment	(1,111,327)	-
- unrealized capital gain on investment property	5,132,087	-
- prior year charge	(30,133,598)	(7,677,288)
- super tax under section 4C of Income Tax Ordinance, 2001	17,151,853	-
- tax on deemed income under section 7E of Income Tax Ordinance, 2001	16,573,313	-
- other miscellaneous items	4,597,173	(132,500)
	143,581,080	309,097,181

31.2 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2021. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

32. EARNINGS PER SHARE - BASIC AND DILUTED

EARNINGS PER SHARE - BASIC AND DILUTED			
	Note	2022	2021
		Rupees	
32.1 Basic earnings per share			
Profit after taxation		826,551,794	2,084,005,193
		Number of shares	
			(Restated)
Weighted average number of ordinary shares outstanding during the year	32.1.1	65,340,000	65,340,000
		Rupees	
			(Restated)
Earnings per share - basic	32.1.1	12.65	31.89

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

32.1.1 In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Company for the year ended June 30, 2021 has been retrospectively adjusted for the effect of bonus shares issued during the year. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1.

32.2 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 June 30, 2022 and June 30, 2021.

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Note	2022 Rupees	2021 Rupees
Cash and bank balances	16	1,068,332,992	2,674,098,470
Short term borrowings from banking companies - running finance	20	(1,631,969,617) (563,636,625)	(1,369,369,349) 1,304,729,121

34. RELATED PARTY TRANSACTIONS AND BALANCES

34.1 Related parties comprise of group companies (the Parent Company, fellow subsidiary and the subsidiaries), key management personnel and directors of the Company and their close family members, and the staff provident fund. Remuneration of the Chief Executive, Directors and executives is disclosed in note 35 to these unconsolidated financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

	2022 Rupees	2021 Rupees
PARENT COMPANY		
Arif Habib Corporation Limited		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	6,403,011	5,932,872
Loan obtained	650,000,000	917,000,000
Loan repaid	650,000,000	917,000,000
Markup expense on loan received during the year	3,099,721	4,447,132
Guarantee charges	3,155,934	1,876,617
Balances at the year end		
Trade receivable at year end	97,724	33,093
Guarantee charges payable	904,262	464,883
Mark-up Payable	-	4,447,132

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	Rupees	
SUBSIDIARY		
Arif Habib Commodities (Private) Limited		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	346,482	255,468
Markup income on loan	-	493,078
Amount received against sale of investment property	6,500,030	-
Loan recovered	-	15,000,000
Balances at the year end		
Advance received against sale of investment property	13,243,725	6,743,695
Advance paid for subscription of shares	2,000,000	2,000,000
Trade payable at year end	1,253,071	1,801,990
Advances	256,275	256,305
KEY MANAGEMENT PERSONNEL		
Zafar Alam (Chairman)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	189,239	1,644,264
Balances at the year end		
Trade payable at year end	52,721	1,104,484
Muhammad Shahid Ali (CEO)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	9,842,849	16,731,270
Balances at the year end		
Trade payable at year end	108,175,990	112,754,445
Muhammad Haroon (Director)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	414,630	400,987
Balances at the year end		
Trade payable at year end	24,876	29,147
Muhammad Sohail Salat (Director)		
Balances at the year end		
Trade receivable at year end	599	599
Sharmin Shahid (Director)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	1,087,016	2,690,583
Balances at the year end		
Trade receivable at year end	4,283	8,340

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	2022	2021
	Rupees	
Nida Ahsan (Director)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	706,454	520,335
Balances at the year end		
Trade payable at year end	-	9,346,762
Trade receivable at year end	7,928	-
Mohsin Madni (Director)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	12,253	22,519
Balances at the year end		
Trade payable at year end	485	191,512
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Arif Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	6,534,591	7,292,830
Loan obtained	-	1,510,000,000
Loan repaid	-	1,810,000,000
Markup on loan charged during the year	-	13,718,736
Balances at the year end		
Trade receivable at year end	51,962	49,556
Abdus Samad A. Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	683,323	1,786,631
Balances at the year end		
Trade payable at year end	-	872,251
Trade receivable at year end	1,667,893	-
Muhammad Kashif A. Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	-	4,000
Balances at the year end		
Trade receivable at year end	12,666	4,075,266

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	2022	2021
	Rupees	
OTHER RELATED PARTIES		
Javedan Corporation Limited		
Transaction during the year		
Purchase of plots	-	151,426,800
Brokerage commission earned on sale and purchase of securities	322,500	322,500
Advance against booking of flats	64,942,880	-
Sale of investment property	1,410,000,000	-
Loan provided	380,000,000	-
Loan recovered	380,000,000	-
Loan obtained	1,780,000,000	-
Loan repaid	980,000,000	-
Markup income on loan provided during the year	10,192,861	-
Markup expense on loan received during the year	20,190,189	-
Development charges paid	22,375,601	-
Balances at the year end		
Trade receivable at year end	80,000	-
Advance against committed sale of investment property	64,942,880	-
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	800,000,000	-
Mark-up receivable	10,192,861	-
Mark-up payable	3,144,411	-
Arif Habib Dolmen REIT Management Limited.		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	516,000	232,200
Balances at the year end		
Trade receivable at year end	10,556	-
Rotocast Engineering Co. (Private) Limited		
Transaction during the year		
Rent paid	39,194,649	17,241,048
Brokerage commission earned on sale and purchase of securities	616,807	2,078,345
Balances at the year end		
Prepaid rent	746,370	-
Trade receivable at year end	4,194	31,083

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	2022	2021
	Rupees	
Arif Habib Equity (Private) Limited		
Transaction during the year		
Sale of plots	-	153,000,000
Brokerage commission earned on sale and purchase of securities	826,625	21,425
Loan obtained	-	55,000,000
Loan repaid	-	55,000,000
Markup charged during the year	-	112,712
Balances at the year end		
Trade receivable at year end	20,208	156,484
Arif Habib Provident Fund Trust		
Transaction during the year		
Contribution paid during the year	10,530,000	7,794,550

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these unconsolidated financial statements for remuneration, including certain benefits to Chief Executive, Directors and executives of the Company, are as follows:

	Chief Executive		Directors		Other Executives	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial remuneration	8,637,168	6,720,306	-	-	56,515,530	57,291,020
Contribution to provident fund	600,000	494,498	-	-	3,224,972	2,787,482
Medical allowance	480,000	395,598	-	-	2,526,969	2,229,974
Commission	33,691,237	69,148,348	425,000	450,000	26,471,557	30,752,806
	43,408,405	76,758,750	425,000	450,000	88,739,028	93,061,282
Number of persons	1	1	6	5	12	16

36. FINANCIAL INSTRUMENTS

36.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (foreign currency risk, price risk and interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

36.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Exposure to credit risk

Credit risk of the Company mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

	Note	2022 Rupees	2021 Rupees
Long-term advances and deposits		5,904,407	6,103,800
Short term investment in corporate debt securities		1,021,702,294	145,677,916
Trade debts	(a) & (b)	166,138,218	235,192,150
Receivable against margin financing		395,380,659	245,655,746
Short term deposits		8,629,396	49,110,315
Accrued markup on margin financing		21,480,959	7,650,726
Other receivables		133,494,275	279,777,689
Bank balances		1,063,400,580	2,673,447,874
		2,816,130,788	3,642,616,216

(a) Trade debts were due from local clients.

(b) The Company held equity securities having fair value of Rs. 64,334 million (2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts - brokerage and operating.

	2022 Rupees		2021 Rupees	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
Not past due	8,038,852	-	4,562,014	-
Past due 1 day - 30 days	110,099,223	31,170	182,731,378	-
Past due 31 days - 180 days	17,918,373	1,542,467	33,791,562	5,904,661
Past due 181 days - 365 days	11,782,985	2,744,093	9,521,312	2,465,878
More than one year	950,873,867	928,257,352	926,858,767	913,902,344
	1,098,713,300	932,575,082	1,157,465,033	922,272,883

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No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Short term rating	Credit rating agency	2022	2021
			Rupees	
Banks / other institutions				
Allied Bank Limited	A-1+	PACRA	37,549,343	10,657,594
Askari Bank Limited	A-1+	PACRA	53,646,662	17,400
Bank Al-Falah Limited	A-1+	PACRA	560,493	748,826
Bank Al-Habib Limited	A-1+	PACRA	168,886,194	1,334,019,808
Bank Islami Pakistan Limited	A-1	PACRA	31,283	983,734
Bank of Khyber	A-1	PACRA	2,028,433	2,165,722
Bank of Punjab	A-1+	PACRA	257,741,754	6,602
Dubai Islamic Bank Limited	A-1+	JCR-VIS	5,716,534	102,518,808
Faysal Bank Limited	A-1+	PACRA	1,175,740	1,175,740
Habib Bank Limited	A-1+	JCR-VIS	51,859,907	45,623,686
Habib Metropolitan Bank Limited	A-1+	PACRA	142,904,409	225,587,164
JS Bank Limited	A-1+	PACRA	4,031,582	1,761,590
MCB Bank Limited	A-1+	PACRA	42,119,350	54,856,793
Meezan Bank Limited	A-1+	JCR-VIS	128,357,473	141,850,590
National Bank of Pakistan	A-1+	PACRA	83,130,931	599,223,184
Silk Bank Limited	A-2	JCR-VIS	12,934	5,479
Sindh Bank Limited	A-1	JCR-VIS	37,727,119	51,330,605
Soneri Bank Limited	A-1+	PACRA	3,738,911	6,986,836
Summit Bank Limited	-	-	27,952,109	76,845,816
United Bank Limited	A-1+	JCR-VIS	14,229,419	17,081,897
Central Depository Company	-	-	4,244,693	-
			1,067,645,273	2,673,447,874

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

36.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company had cash and bank balance amounting to Rs. 1,068.333 million (2021: Rs. 2,674.099 million) unutilized credit lines Rs. 6,318 million (2021: Rs. 3,664 million) and liquid assets in the form of short term securities amounting to Rs. 5,272.5 million (2021: Rs. 2,746.7 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

The following are the contractual maturities of financial liabilities, including estimated interest payments (except interest payments on short term borrowings and loan from a related party):

	June 30, 2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Financial liabilities						
Lease liability	19,577,429	21,712,058	15,898,117	2,098,343	3,715,598	-
Running finance arrangements from banking companies (including accrued markup)	1,707,033,961	1,707,033,961	1,707,033,961	-	-	-
Financing facility from Javedan Corporation Limited	800,000,000	800,000,000	800,000,000	-	-	-
Trade and other payables	1,043,491,587	1,043,491,587	1,043,491,587	-	-	-
Payable against trading of securities - net	21,078,278	21,078,278	21,078,278	-	-	-
	<u>3,591,181,225</u>	<u>3,593,315,884</u>	<u>3,587,501,943</u>	<u>2,098,343</u>	<u>3,715,598</u>	<u>-</u>
	June 30, 2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees					
Financial liabilities						
Lease liability	30,222,286	34,501,150	13,299,474	13,397,397	7,804,279	-
Running finance arrangements from banking companies (including accrued markup)	1,388,009,307	1,388,009,307	1,388,009,307	-	-	-
Trade and other payables	1,689,138,798	1,689,138,798	1,689,138,798	-	-	-
Payable against purchase of securities - net	53,758,623	53,758,623	53,758,623	-	-	-
	<u>3,161,129,014</u>	<u>3,165,407,878</u>	<u>3,144,206,202</u>	<u>13,397,397</u>	<u>7,804,279</u>	<u>-</u>

36.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 7.5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted securities amounting to Rs. 5,272.5 million (2021: Rs. 2,746.7 million) and also because the Company held collaterals in the form of equity securities against their debtor balances.

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The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of short term investment in quoted equity securities by business sector is as follows:

	June 30, 2022		June 30, 2021	
	(Rupees)	%	(Rupees)	%
Engineering	265,713,469	6.25%	-	0.00%
Food & Personal Care Products	195,210,740	4.59%	56,481,515	2.17%
Oil & Gas	1,357,586,064	31.94%	636,701,000	24.48%
Sugar & Allied Industries	5,766,425	0.14%	5,766,425	0.22%
Textile Composite	50,000,000	1.18%	-	0.00%
Fertilizer	995,863,151	23.43%	865,807,027	33.29%
Commercial Bank	457,676,320	10.77%	316,491,720	12.17%
Construction & Material (Cement)	731,829,937	17.22%	118,619,957	4.56%
Power Generation & Distribution	3,721,700	0.09%	190,756,200	7.33%
Technology & Communication	141,594,990	3.33%	275,251,890	10.58%
Pharma	109,020	0.00%	-	0.00%
Glass & Ceramics	519,050	0.01%	-	0.00%
Cable & Electrical Goods	16,048,900	0.38%	-	0.00%
Miscellaneous	29,163,343	0.69%	135,156,845	5.20%
	4,250,803,109	100.00	2,601,032,579	100.00

Sensitivity analysis:

The table below summarizes Company's price risk as of June 30, 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) after tax	Hypothetical increase / (decrease) in Other comprehensive income
June 30, 2022 Rupees	4,322,505,403	10% increase 10% decrease	4,754,755,943 3,890,254,863	378,219,223 (378,219,223)	378,219,223 (378,219,223)	- -
June 30, 2021 Rupees	2,746,710,495	10% increase 10% decrease	3,021,381,545 2,472,039,446	233,470,393 (233,470,393)	215,883,214 (215,883,214)	17,587,178 (17,587,178)

iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in note 20 to these unconsolidated financial statements.

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Financial assets and liabilities include balances of Rs. 992.02 million (2021: Rs. 2,661.94 million) and Rs. 2,431.969 million (2021: Rs. 1,369.369 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2022 Effective interest rate (%)	2021	2022 Carrying amounts (Rs.)	2021
Financial assets - variable rate instruments				
Bank deposits - pls account	6% to 14%	4% to 6%	920,317,306	2,516,261,256
Corporate debt securities - at FVTPL	7.9% to 14.5%	7.93% to 9.94%	71,702,294	145,677,916
Financial liabilities - variable rate instruments				
Running finance arrangements from banking companies - secured	7.9% to 13.4%	7.82% to 9.09%	1,631,969,617	1,369,369,349
Financing facility from Javedan Corporation Limited - unsecured	9.7% to 17.1%	-	800,000,000	-

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has decreased by 734 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit after tax	
	1% increase	1% (decrease)
	----- Rupees -----	
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	(10,223,645)	10,223,645
As at June 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	9,177,246	(9,177,246)

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36.2 Financial instruments by categories

	June 30, 2022			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
	Rupees			
Financial assets				
Long term investment	42,745,423	-	-	42,745,423
Long-term advances and deposits	-	-	5,904,407	5,904,407
Short term investments	5,272,505,403	-	-	5,272,505,403
Trade debts	-	-	166,138,218	166,138,218
Receivable against margin financing	-	-	395,380,659	395,380,659
Accrued markup on margin financing	-	-	21,480,959	21,480,959
Short term deposits	-	-	8,629,396	8,629,396
Other receivables	-	-	133,494,275	133,494,275
Cash and bank balances	-	-	1,068,332,992	1,068,332,992
	<u>5,315,250,826</u>	<u>-</u>	<u>1,799,360,906</u>	<u>7,114,611,732</u>

Financial liabilities

Lease liability
Running finance arrangements from banking companies (including accrued markup)
Financing facility from Javedan Corporation Limited
Trade and other payables
Payable against trading of securities - net

Financial liabilities at amortized cost

Rupees

19,577,429
1,707,033,961
800,000,000
1,043,491,587
21,078,278
<u>3,591,181,225</u>

	June 30, 2021			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
	Rupees			
Financial assets				
Long term investment	54,754,771	-	-	54,754,771
Long-term advances and deposits	-	-	6,103,800	6,103,800
Short term investments	2,539,802,515	206,907,980	-	2,746,710,495
Trade debts	-	-	235,192,150	235,192,150
Receivable against margin financing	-	-	245,655,746	245,655,746
Accrued markup on margin financing	-	-	7,650,726	7,650,726
Short term deposits	-	-	49,110,315	49,110,315
Other receivables	-	-	279,777,689	279,777,689
Cash and bank balances	-	-	2,674,098,470	2,674,098,470
	<u>2,594,557,286</u>	<u>206,907,980</u>	<u>3,497,588,896</u>	<u>6,299,054,162</u>

Financial liabilities

Lease liability
Running finance arrangements from banking companies (including accrued markup)
Trade and other payables
Payable against trading of securities - net

Financial liabilities at amortized cost

Rupees

30,222,286
1,388,009,307
1,689,138,798
53,758,623
<u>3,161,129,014</u>

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37. FAIR VALUE OF ASSETS AND LIABILITIES

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2022	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	4,322,505,403	950,000,000	-	5,272,505,403
Long term investments	-	-	42,745,423	42,745,423
Non-financial assets measured at fair value				
Investment properties	-	1,592,388,461	-	1,592,388,461
June 30, 2021	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	2,746,710,495	-	-	2,746,710,495
Long term investments	-	-	54,754,771	54,754,771
Non-financial assets measured at fair value				
Investment properties	-	1,968,800,000	-	1,968,800,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Note	2022 Rupees	2021 Rupees
Balance as at July 01		54,754,771	45,056,656
Unrealised (loss) / gain for the year	7.2.2.1	(12,009,348)	9,698,115
Balance as at June 30		42,745,423	54,754,771

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit or loss Favourable (Unfavourable) Rupees
June 30, 2022	
Unquoted equity securities	427,454 (427,454)
June 30, 2021	
Unquoted equity securities	547,548 (547,548)

38. CAPITAL

38.1 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

38.2 The Capital Adequacy Level as defined by Central Depository Company (CDC) is calculated as follows;

	Note	2022 Rupees	2021 Rupees
Total assets	38.2.1	8,985,828,345	8,471,502,159
Less: Total liabilities		(3,784,208,161)	(3,476,118,789)
Less: revaluation reserves (created upon revaluation of fixed assets)		(15,432,500)	(15,432,500)
Capital Adequacy Level		5,186,187,684	4,979,950,870

38.2.1 While determining the value of the total assets, notional value of the TRE Certificate as at year end as determined by Pakistan Stock Exchange has been considered.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

38.3 Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.	Assets			
1.1	Property & Equipment	1,773,866,103	1,773,866,103	-
1.2	Intangible Assets	6,087,502	6,087,502	-
1.3	Investment in Govt. Securities (Difference between BV and SV on the date on the basis of PKRV published by NIFT)	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	71,702,294	3,585,115	68,117,179
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	950,000,000	95,000,000	855,000,000
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	4,199,976,734	679,731,693	3,520,245,041
	ii. If unlisted, 100% of carrying value.	42,745,423	42,745,423	-
	iii. In case any securities are pledged, except those pledged on favour of securities exchange or clearing house against margin requirements or pledged in favour of banks against short-term financing arrangements, 100% haircut shall be applied for the purposes of computation of adjusted value of assets.	13,723,750	13,723,750	-
1.6	Investment in subsidiaries	81,558,105	81,558,105	-
	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	37,102,625	9,631,864	27,470,761
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,960,461	1,960,461	-
1.9	Margin deposits with exchange and clearing house.	8,629,396	-	8,629,396
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	28,968,444	28,968,444	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.		-	-
1.13	Dividends receivables.		-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	115,089,608	-	115,089,608
	Advances and receivables other than trade receivables 1) No haircut may be applied on short term loan to employees provided these loans are secured and due for repayment within 12 months. 2) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation. 3) In all other cases, 100% of net value	24,566,031	24,566,031	-
	Receivables from clearing house or securities exchange(s)			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments."	395,380,659	8,466,907	386,913,752

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments."	395,380,659	8,466,907	386,913,752
	ii. Incase receivables are against margin trading 5% of the net balance sheet value. ii. Net amount after deducting haircut"	-	-	-
1.17	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut"	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value"	114,111,697	-	114,111,697
	"v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments"	50,100,616	9,134,808	40,965,808
	vi. 100% haircut in the case of amount receivable form related parties.	1,925,905	1,925,905	-
1.18	Cash and Bank balances			
	I. Bank Balance-proprietary accounts	80,694,817	-	80,694,817
	ii. Bank balance-customer accounts	986,950,456	-	986,950,456
	iii. Cash in hand	687,719	-	687,719
1.19	Subscription money against investment in IPO / offer for sale (asset). (No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker).			
1.20	Total Assets	8,985,828,345		6,204,876,234
	2. Liabilities			
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	21,078,278	-	21,078,278
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	952,177,136	-	952,177,136
	Current Liabilities			
2.2	i. Statutory and regulatory dues	50,358,392	-	50,358,392
	ii. Accruals and other payables	212,039,795	-	212,039,795
	iii. Short-term borrowings	2,431,969,617	-	2,431,969,617
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	15,894,070	-	15,894,070
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	70,302,865	-	70,302,865
	Viii. Other liabilities as per accounting principles and included in the financial statements		-	-
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits			
	iii. Other liabilities as per accounting principles and included in the financial statements	30,388,008	-	30,388,008
	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.			
	2. Nil in all other cases.	-		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2.4	Subordinated Loans	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
2.5	Advance against shares for increase in capital of securities broker.	-	-	-
	100% haircut may be allowed in respect of advance against shares if: a) The existing authorized share capital allows the proposed enhanced share capital b) BOD has approved the increase in capital c) Relevant Regulatory approvals have been obtained d) There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed e) Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	3,784,208,161		3,784,208,161
	3. Ranking Liabilities Relating to :			
	Concentration in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	230,472,464	230,472,464
	Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed"	-	-	-
	Net underwriting Commitments			
3.3	(a) in the case of right issues: if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case: 12.5% of the net underwriting commitments	-	-	-
	3. Ranking Liabilities Relating to:			
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser."	-	63,427,192	63,427,192
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts		-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met		-	-
	Short sell positions			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	293,899,656	293,899,656
		5,201,620,184	Liquid Capital	2,126,768,417

39. GENERAL

39.1 Operating segment

These unconsolidated 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 June 30, 2022 are located in Pakistan.

39.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2022	2021
	Number	Number
Total number of employees as at	177	182
Average number of employees during the year	189	154

39.3 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

Reclassified from component	Reclassified to component	Amount (Rupees)
Advisory and consultancy fee (Trade debts)	Proceeds from sale of investment property (Other receivable)	<u>5,126,734</u>
Brokerage and operating (Trade debts)	Inter bank brokerage - unsecured (Trade debts)	<u>25,625,455</u>
Markup on margin financing (Other income)	Markup on margin financing (Operating revenue)	<u>31,921,667</u>
Brokerage and operating revenue (Operating revenue)	Inter bank brokerage revenue (Operating revenue)	<u>86,956,373</u>
Markup on sponsor loan (Finance cost)	Markup on loan from Arif Habib Corporation (Finance cost)	<u>4,447,132</u>

39.4 Events after the reporting date

In its meeting held on August 31, 2022, the Board of Directors of the Company decided as follows:

- (a) a final cash dividend of Rs. 6/- per share amounting to Rs. 392.04 million was proposed to be issued (2021: a final cash dividend of Rs. 10/- per share amounting to Rs. 594 million); and
- (b) no bonus issue was proposed to be made (2021: 10% bonus issue).

The above proposed entitlements are to be approved by the members of the Company in their Annual General Meeting (AGM) scheduled to be held on October 15, 2022. These unconsolidated financial statements do not reflect the said appropriation.

39.5 Date of authorization for issue

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on August 31, 2022 .

39.6 Level of rounding off

Figures have been rounded off to the nearest rupee.


Chief Executive Officer


Director


Chief Financial Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Arif Habib Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our Audit
<p>Valuation of open plots of land situated at Naya Nazimabad (investment property) carried at fair value</p> <p>As disclosed in note 8.1 to the consolidated financial statements, as at June 30, 2022, the Group had an investment in open plots of land / offices amounting, in aggregate, to Rs. 1,592 million. This mainly includes the investment in residential and commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party).</p> <p>In relation to the above, during the year, the Group recognized a realized gain on sale of investment property amounting to Rs. 940 million (which, as per note 27.1 to the consolidated financial statements, includes an unrealized gain previously recognized as at June 30, 2021 amounting to Rs. 575 million). In addition to this, as at June 30, 2022, the Group recognized an unrealized gain on investment property held as of that date, amounting to Rs. 646.213 million (as disclosed in note 27 to the consolidated financial statements).</p> <p>It is the Group's policy to state the investment property at fair value determined by an independent external valuation expert.</p> <p>Due to the significance of the estimate and the basis of assessment for valuation made by the valuer and the amount of gain realized on disposal, we considered this as the key audit matter.</p>	<p>To address this significant risk, we, amongst others, carried out the following key audit procedures:</p> <ul style="list-style-type: none"> • We assessed the competence, capability and objectivity of the external valuation expert engaged by the management; • We read the property valuation report issued by the management's expert and confirmed the valuation approach followed by the valuer was in accordance with the applicable financial reporting framework and suitable for use in determining the fair value for the purpose of the consolidated financial statements; • We have satisfied ourselves that the valuation methodology used by the management's expert has been applied consistently to all the properties valued. • We compared the carrying amount of the properties in the consolidated financial statements to the fair value of such properties reflected in the valuation report issued by the management's expert; • We performed necessary procedures to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources; and • We evaluated whether disclosures in the consolidated financial statements relating to the investment properties were in accordance with the applicable financial reporting framework.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Karachi

Date: September 21, 2022

UDIN: AR202210213IsUuLYmr4

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	4	85,465,988	76,921,622
Right-of-use assets	5	32,555,873	27,657,325
Intangible assets	6	7,087,502	10,083,336
Long term investment	7	42,745,423	54,754,771
Investment property	8	1,657,331,341	1,968,800,000
Long-term advances and deposits	9	15,411,612	32,118,136
		1,840,597,739	2,170,335,190
Current assets			
Short term investments	10	5,272,505,402	2,770,298,047
Trade debts	11	166,138,218	235,192,150
Receivable against margin financing	12	395,380,659	245,655,746
Receivable under margin trading system		9,233,629	29,364,547
Advances, deposits and prepayments	13	65,701,568	116,097,069
Accrued markup on margin financing		21,480,959	7,650,726
Other receivables	14	133,631,775	283,777,689
Assets held for sale	15	49,675,292	-
Cash and bank balances	16	1,074,709,602	2,679,062,673
		7,188,457,104	6,367,098,647
Total assets		9,029,054,843	8,537,433,837
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	17	750,000,000	750,000,000
Issued, subscribed and paid-up capital	17	653,400,000	594,000,000
Capital reserves			
Surplus on revaluation of property	18	15,432,500	15,432,500
Surplus on re-measurement of investments		-	27,944,785
		15,432,500	43,377,285
Revenue reserves			
Unappropriated profits		4,588,393,074	4,413,860,019
Total equity		5,257,225,574	5,051,237,304
Non-current liabilities			
Lease liability		3,683,359	3,525,415
Deferred tax - net	19	26,704,649	-
		30,388,008	3,525,415
Current liabilities			
Short term borrowings - secured	20	2,431,969,617	1,369,369,349
Current portion of lease liability		15,894,070	26,696,871
Trade and other payables	21	1,106,948,164	1,794,251,304
Unclaimed dividend		19,164,706	14,920,013
Loan from related party	22	-	3,862,500
Payable against trading of securities - net		21,078,278	53,758,623
Accrued markup on short term borrowings		75,064,344	18,639,958
Liabilities directly associated with the assets held for sale	15	619,347	-
Taxation - net	23	70,702,735	201,172,500
		3,741,441,261	3,482,671,118
Contingencies and commitments	24	-	-
Total equity and liabilities		9,029,054,843	8,537,433,837

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022 Rupees	2021
Operating revenue	25	1,161,233,023	1,579,621,469
Realized (loss) / gain on disposal of investments		(9,647,857)	1,067,050,728
Realized gain on sale of investment property		940,000,000	500,000
		<u>2,091,585,166</u>	<u>2,647,172,197</u>
Net change in unrealized (loss) / gain on investments	26	(464,415,531)	222,888,717
Net change in unrealized gain on investment property	27	71,212,860	290,384,768
		<u>1,698,382,495</u>	<u>3,160,445,682</u>
Administrative and operating expenses	28	(612,037,464)	(669,099,562)
Other charges	29	(12,280,081)	(18,563,554)
Other operating income	30	94,317,529	75,089,056
		<u>1,168,382,479</u>	<u>2,547,871,622</u>
Finance costs	31	(197,170,056)	(131,728,628)
Profit before taxation		<u>971,212,423</u>	<u>2,416,142,994</u>
Taxation	32	(144,909,173)	(311,819,520)
Profit after taxation		<u>826,303,250</u>	<u>2,104,323,474</u>
Earnings per share - basic and diluted	33	<u>12.65</u>	<u>(Restated) 32.21</u>

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
	Rupees	
Profit after taxation	826,303,250	2,104,323,474
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of the investment in equity securities -	(26,314,980)	(211,455,600)
Total comprehensive income for the year	799,988,270	1,892,867,874

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profits	Capital reserves Surplus on revaluation of property	Surplus on re-measurement of investments	Total
			Rupees		
Balance as at June 30, 2020	594,000,000	2,274,098,230	15,432,500	423,338,700	3,306,869,430
Total comprehensive income for the year ended June 30, 2021					
- Profit for the year	-	2,104,323,474	-	-	2,104,323,474
- Other comprehensive loss for the year	-	-	-	(211,455,600)	(211,455,600)
	-	2,104,323,474	-	(211,455,600)	1,892,867,874
Gain realized on disposal of investment in equity instruments at FVOCI	-	183,938,315	-	(183,938,315)	-
Transactions with owners					
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)
Balance as at June 30, 2021	594,000,000	4,413,860,019	15,432,500	27,944,785	5,051,237,304
Total comprehensive income for the year ended June 30, 2022					
- Profit for the year	-	826,303,250	-	-	826,303,250
- Other comprehensive loss for the year	-	-	-	(26,314,980)	(26,314,980)
	-	826,303,250	-	(26,314,980)	799,988,270
Gain realized on disposal of investment in equity instruments at FVOCI	-	1,629,805	-	(1,629,805)	-
Transactions with owners					
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	-
	59,400,000	(653,400,000)	-	-	(594,000,000)
Balance as at June 30, 2022	653,400,000	4,588,393,074	15,432,500	-	5,257,225,574

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

As at June 30, 2022

	Note	2022 Rupees	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation from continued operation		971,212,423	2,416,142,994
Adjustments for:			
-Depreciation on property and equipment	4	19,369,660	13,675,294
-Depreciation on right-of-use-assets	5	21,886,804	21,202,568
-Amortization of intangible assets		495,834	392,168
-Provision for expected credit losses on trade debts	11.2	10,302,199	15,951,296
-Dividend income on investment in equity securities	25	(141,682,795)	(114,454,876)
-Net change in unrealized loss / (gain) on investments	26	464,415,531	(222,888,717)
-Gain on investment property		(940,000,000)	(500,000)
-Net change in unrealized gain on investment property	27	(71,212,860)	(290,384,768)
-Gain on settlement of a reverse repo arrangement	30	-	(24,783,996)
-Finance costs	31	197,170,056	131,728,628
		(439,255,571)	(470,062,403)
Cash generated from operating activities before working capital changes		531,956,852	1,946,080,591
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
-Short-term investments		(3,003,728,518)	979,354,252
-Trade debts		58,751,733	(74,547,290)
-Receivable against sales / purchase of securities - net		-	79,559,207
-Receivable against margin financing		(149,724,913)	(207,901,122)
-Receivable against margin trading service		20,130,918	(29,364,547)
-Advances, deposits and prepayments		50,395,501	(28,987,198)
-Accrued markup on margin financing		(13,830,233)	(4,938,126)
-Other receivables		146,283,414	(260,601,635)
Increase/(decrease) in current liabilities			
-Trade and other payables		(686,683,793)	999,594,728
-Payable against purchase of securities - net		(32,680,345)	53,758,623
		(3,611,086,236)	1,505,926,892
Cash (used in) / generated from operations		(3,079,129,384)	3,452,007,483
Taxes paid		(248,677,162)	(164,349,585)
Finance costs paid		(140,745,670)	(174,725,301)
Dividends received		141,682,795	205,681,876
Net cash (used in) / generated from operating activities		(3,326,869,421)	3,318,614,473
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4	(27,914,026)	(24,827,656)
Purchase of investment property		(64,942,880)	(152,500,000)
Development charges incurred in relation to investment property	8.1	(22,375,601)	-
Proceeds from disposal of investment property	8.1	1,410,000,000	153,000,000
Long-term advances and deposits		11,782,169	(518,886)
Net cash generated from / (used in) investing activities		1,306,549,662	(24,846,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability (principal portion)		(37,430,209)	(14,702,569)
Long term loan repaid		-	(499,987,261)
Repayment of subordinated loan		-	(300,000,000)
Short term loan provided to Javedan Corporation Limited	14.1	(380,000,000)	-
Short term loan recovered from Javedan Corporation Limited	14.1	380,000,000	-
Short term loan received from Javedan Corporation Limited	20.2	1,780,000,000	-
Short term loan repaid to Javedan Corporation Limited	20.2	(980,000,000)	-
Short term loan received from Arif Habib Corporation Limited	20.3	650,000,000	917,000,000
Short term loan repaid to Arif Habib Corporation Limited	20.3	(650,000,000)	(917,000,000)
Dividend paid		(589,755,307)	(147,407,295)
Net cash generated from / (used in) financing activities		172,814,484	(962,097,125)
Net (decrease) / increase in cash and cash equivalents		(1,847,505,275)	2,331,670,806
Cash and cash equivalents at the beginning of the year		1,309,693,324	(1,021,977,482)
Cash and cash equivalents at the end of the year	34	(537,811,951)	1,309,693,324

The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 Arif Habib Limited ("the Holding Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Holding Company are listed on Pakistan Stock Exchange Limited ("the Exchange"). The Holding Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Ultimate Parent Company"). Subsequently, the Ultimate Parent Company offered its 25% share holding in the Company to general public and the Holding Company obtained listing on the Exchange on January 31, 2007. As of June 30, 2022, the Ultimate Parent Company held 63.01% shares of the Holding Company (2021: 69.44% shares).

1.2 The Holding Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. 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 Holding 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.
- Multan	Regional office	Shop Number 16, 17 & 18, Upper Floor, Khan Centre, Multan.
- Faisalabad	Regional office	Office No. 04, 3rd Floor at Legacy Tower, Koh-e-noor City, Faisalabad.
- Rawalpindi	Regional office	Shop No.F-15,1st floor at Rizwan arcade, Adam Jee Road, Saddar.
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town, Rahim Yar Khan
- Karachi	Regional office	Office No. 1001, 1002, 103, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi

1.4 These consolidated financial statements of Arif Habib Limited for the year ended June 30, 2022 comprise of the Holding Company and following subsidiary companies (here-in-after referred to as "the Group"):

Name of Subsidiary Companies	Effective holding
- Arif Habib Commodities (Private) Limited [wholly owned subsidiary of Arif Habib Limited]	100%
- Arif Habib 1857 (Private) Limited [wholly owned subsidiary of Arif Habib Limited] (refer also note 15)	100%

1.5 Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on April 02, 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of AHCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. AHCPL holds license of Pakistan Mercantile Exchange (PMEX). The principal activity of AHCPL is to effectively manage investment portfolios in commodities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

- 1.6** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on July 17, 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the AH1857 is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. AH1857 holds Trading Right Entitlement Certificate (TREC). The principal activities of AH1857 are investments and shares brokerage.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard 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 from the IFRS Standards, the former have been followed.

2.2 Basis of measurement of items in the consolidated financial statements.

Items in these consolidated financial statements have been measured at their historical cost, except for:

- Investment property which is carried at fair value;
- Long term investments in ISE Tower REIT Management Limited and LSE Financial Services Limited which are carried at fair value; and
- Short term investments in quoted equity securities and corporate debt securities which are carried at fair value.

2.3 Functional and presentation currency

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

2.4 Judgments and sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements is included in the following notes:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

Area of judgement	Brief description of the judgement applied
Short term investments	Whether the Group has significant influence over the M/s. Safe Mix Concrete Limited (SCL) (refer. note 10.1.1)
Investment in subsidiary held for sale	Whether the criteria to classify the investment in subsidiary as held for sale has been fulfilled by analysing whether the sale is highly probable (refer. note 15)
Deferred tax assets	Whether deferred tax assets should be recorded on realized and unrealized losses on short term investments in securities - availability of future taxable profit on securities with in next three tax years against which such losses can be utilised
Timing of revenue recognition	“Advisory and consultancy services: Whether performance obligation is satisfied at a point in time or over time that is whether the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs”
Taxation	Treating the brokerage income of the Group under clause 2(ii) of section 4C of the Income Tax Ordinance, 2001 for the purpose of calculation of Super tax

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Long term investment	Estimation of fair value of investment in ordinary shares of ISE Towers REIT Management Limited and LSE Financial Services Limited
Investment Property	Estimation of fair value of investment property
Deferred tax liability	Estimation of the expected holding period of the investment properties held at the end of the reporting period and the tax rate that would apply on the capital gain arising from the ultimate disposal of those properties for the purpose of computing the deferred tax liability thereon

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.

During the year certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Group. However, since such updates were not considered to be relevant to these consolidated financial statements, the same have not been reported.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the ‘cost of fulfilling a contract’ for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Group.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Group.
- Amendments to IFRS 3 ‘Business Combinations’ - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Group.
- Amendments to IAS 1 ‘Presentation of Financial Statements’ - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management is currently in the process of assessing the impacts of these amendments to these consolidated financial statements.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management is currently in the process of assessing the impacts of above amendments to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Group.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Group.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.
- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

The above amendments are not likely to affect the financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000, the same is charged directly to the statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Group's estimate of residual value of property and equipment as at June 30, 2022 did not require any adjustment.

3.2 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3 Intangible assets

Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

Membership cards and Offices

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Investment properties

Investment properties are held for capital appreciation and is measured initially at their cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value is recognised in the statement of profit or loss.

When the Group determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, the Group measures that investment property at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

3.5 Financial instruments

3.5.1 Initial recognition, classification and measurement

The Group recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Group follows trade date accounting for its own (the house) investments. Trade date is the date on which the Group commits to purchase or sell its asset.

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Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

The Group classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL)

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.5.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

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(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.5.3 Impairment

The Group recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Group applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Group applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Group recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.5.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.6 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

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Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.8 Trade debts and receivables against margin financing

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

3.9 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.10 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term running finance.

3.11 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Group operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate 12.50% of basic salary are made to the Fund by the Group and the employees.

When an employee has rendered service to the Group during a period, the Group recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

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When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

3.12 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.14 Operating revenue

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.

Revenue from advisory and consultancy services

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

The Group does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Group that are outstanding during the period. However, the Group excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Group first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Group ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4. PROPERTY AND EQUIPMENT - owned assets

	Leasehold offices	Leasehold improvements	Office equipment	Furniture & fixtures	Computers & allied items	Vehicles	Total
	Rupees						
As at June 30, 2020							
Cost	32,473,333	102,485,179	4,802,245	4,855,370	32,504,001	-	177,120,128
Accumulated depreciation	-	(83,782,142)	(1,592,024)	(1,290,849)	(24,685,853)	-	(111,350,868)
Net book value	<u>32,473,333</u>	<u>18,703,037</u>	<u>3,210,221</u>	<u>3,564,521</u>	<u>7,818,148</u>	<u>-</u>	<u>65,769,260</u>
Movement during the year ended June 30, 2021							
Opening net book value	32,473,333	18,703,037	3,210,221	3,564,521	7,818,148	-	65,769,260
Additions during the year	-	-	672,000	8,320,281	15,835,375	-	24,827,656
Depreciation for the year	(4,549,687)	(2,609,698)	(487,013)	(1,163,243)	(4,865,653)	-	(13,675,294)
Closing net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,395,208</u>	<u>10,721,559</u>	<u>18,787,870</u>	<u>-</u>	<u>76,921,622</u>
As at June 30, 2021							
Cost	32,473,333	102,485,179	5,474,245	13,175,651	48,339,376	-	201,947,784
Accumulated depreciation	(4,549,687)	(86,391,840)	(2,079,037)	(2,454,092)	(29,551,506)	-	(125,026,162)
Net book value	<u>27,923,646</u>	<u>16,093,339</u>	<u>3,395,208</u>	<u>10,721,559</u>	<u>18,787,870</u>	<u>-</u>	<u>76,921,622</u>
Movement during the year ended June 30, 2022							
Opening net book value	27,923,646	16,093,339	3,395,208	10,721,559	18,787,870	-	76,921,622
Additions during the year	-	-	3,359,666	5,227,370	13,899,990	5,427,000	27,914,026
Depreciation for the year	(4,188,547)	(2,414,001)	(816,833)	(2,160,749)	(9,357,581)	(431,949)	(19,369,660)
Closing net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,938,041</u>	<u>13,788,180</u>	<u>23,330,279</u>	<u>4,995,051</u>	<u>85,465,988</u>
As at June 30, 2022							
Cost	32,473,333	102,485,179	8,833,911	18,403,021	62,239,366	5,427,000	229,861,810
Accumulated depreciation	(8,738,234)	(88,805,841)	(2,895,870)	(4,614,841)	(38,909,087)	(431,949)	(144,395,822)
Net book value	<u>23,735,099</u>	<u>13,679,338</u>	<u>5,938,041</u>	<u>13,788,180</u>	<u>23,330,279</u>	<u>4,995,051</u>	<u>85,465,988</u>
Annual rates of depreciation	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>33%</u>	<u>20%</u>	

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5. RIGHT-OF-USE ASSETS

	2022	2021
	Rupees	
Opening net book value	27,657,325	42,319,024
Add: Additions during the year	26,785,352	6,540,869
	54,442,677	48,859,893
Less: Depreciation charged during the year	(21,886,804)	(21,202,568)
Closing net book value	32,555,873	27,657,325
Depreciation rate (per annum)	20% to 33%	20% to 33%

- 5.1 This represents Group'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	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City	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, 2022	March 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021
Lease commencement date	July 01, 2022	February 01, 2019	October 15, 2020	July 1, 2020	March 1, 2021
Initial contractual term of the lease	1 year	5 years	5 years	3 years	3 years
Availability of extension option?	No	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	N/A	5 years	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease)	1 year	5 years	5 years	3 years	3 years

6. INTANGIBLES ASSETS

	Note	2022	2021
		Rupees	
Computer software	6.1	1,487,502	1,983,336
Trading Right Entitlement Certificate and offices	6.2	4,600,000	7,100,000
Membership Card - Pakistan Mercantile Exchange Limited		1,000,000	1,000,000
		7,087,502	10,083,336

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For the year ended June 30, 2022

6.1 Computer software

	Note	2022	2021
		Rupees	
Net carrying amount			
Opening net book value		1,983,336	2,375,504
Additions during the year		-	-
Amortisation charge		(495,834)	(392,168)
Closing net book value		1,487,502	1,983,336
Gross carrying amount			
Cost		7,949,132	7,949,132
Accumulated amortisation		(6,461,630)	(5,965,796)
Net book value		1,487,502	1,983,336
Amortisation rate		25%	25%

6.2 Trading Right Entitlement Certificate (TREC) and offices

Trading Right Entitlement Certificate			
- Cost	6.2.1	26,000,000	35,500,000
- Accumulated impairment		(23,500,000)	(30,500,000)
	6.2.2	2,500,000	5,000,000
Offices- booths - Pakistan Stock Exchange Limited		2,100,000	2,100,000
		4,600,000	7,100,000

6.2.1 This represents TREC received by the Holding Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 as amended by the Stock Exchanges (Corporatization, Demutualization and Integration) (Amendment) Act, 2015. These have been carried at cost less accumulated impairment losses.

6.2.2 PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

7. LONG TERM INVESTMENTS

	Note	2022	2021
		Rupees	
At fair value through profit or loss			
Unquoted:			
- ISE Towers REIT Management Company Limited	7.1	27,493,503	37,841,512
- LSE Financial Services Limited	7.2	15,251,920	16,913,259
	7.2	42,745,423	54,754,771

7.1 This represents the Group's investment in 3,034,604 (2021: 3,034,604) unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 (2021: 843,975) unquoted ordinary shares of M/s. LSE Financial Services Limited.

7.2 The Group as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Group was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

Principal assumptions used in the valuation of the above unquoted investments are as under:

June 30, 2022					
	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial Services Limited	5.0%	21.36%	5	18.07	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	5.0%	15.20%	5	9.06	Discounted Free Cash Flow to Equity

June 30, 2021					
	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial Services Limited	6.0%	17.37%	5	20.04	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	6.0%	12.49%	5	12.47	Discounted Free Cash Flow to Equity

7.2.1 Reconciliation of gain / (loss) on re-measurement of long term investments as of the reporting date

	Note	2022	2021
		Rupees	
Cost of investment		58,586,933	58,586,933
Unrealised gain / (loss):			
Balance as at July 01		(3,832,162)	(13,530,277)
Unrealised (loss) / gain for the year	26	(12,009,348)	9,698,115
		(15,841,510)	(3,832,162)
Balance as at June 30		42,745,423	54,754,771

8. INVESTMENT PROPERTY

Open plots of land / offices - at fair value	8.1	1,592,388,461	1,968,800,000
Residential flats under construction - at cost	8.2	64,942,880	-
		1,657,331,341	1,968,800,000

8.1 Open plots of land / offices - at fair value

Opening carrying amount (at fair value)		1,968,800,000	1,678,415,232
Realized gain on disposal		940,000,000	500,000
		2,908,800,000	1,678,915,232
Sale during the year	8.1.2	(1,410,000,000)	(153,000,000)
Purchase of plots in Naya Nazimabad project during the year		-	152,500,000
Development charges incurred during the year (subsequent expenditure)		22,375,601	-
		(1,387,624,399)	(500,000)
		1,521,175,601	1,678,415,232
Net change in unrealized gain during the year	8.1.3 & 27	71,212,860	290,384,768
Closing carrying amount	8.1.3	1,592,388,461	1,968,800,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

8.1.1 Open plots of land / offices comprise of the following:

Open plots of land:	8 residential and 5 commercial plots situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi (a real estate project being managed by M/s. Javedan Corporation Limited, a related party)
Offices:	Offices bearing no. 60, 61, 62, 63 and 64 situated at first floor of the building complex of PSX, office bearing no. 220 situated at Lahore Stock Exchange Plaza and offices bearing no. 106, 113, 203, 409 situated in the Lahore Stock Exchange - South Tower.

8.1.2 During the year, the Group sold its 47 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to its related party, M/s. Javedan Corporation Limited for an aggregate sale consideration of Rs. 1,410 million.

8.1.3 The valuation of the investment property was carried out by an independent external property valuer having appropriate recognised qualification and relevant experience according to which the aggregate fair value and forced sale value of the properties as at June 30, 2022 were Rs. 1,592.39 million (2021: Rs.1,968.8 million) and Rs. 1,241.88 million (2021: Rs. 1,673.48 million), respectively.

8.2 Residential flats under construction - at cost

This represents the aggregate of the initial down payment and subsequent periodic payments made to M/s. Javedan Corporation Limited, a related party, in respect of the purchase of 20 residential flats in Global Residency real estate project situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. Total agreed purchase consideration of these flats amounts to Rs. 377 million which is to be settled in 55 unequal installments of varying frequency.

Since, the flats are presently under construction, their fair value cannot be reliably measured. As a result, the Group has elected to measure such investment at cost.

For financial commitment relating to the above referred periodic payments yet to be made to M/s. Javedan Corporation Limited, please refer note 23 to these consolidated financial statements.

9. LONG TERM ADVANCES AND DEPOSITS

	Note	2022	2021
		Rupees	
Trading deposits			
- Pakistan Stock Exchange Limited		700,461	17,207,961
- National Clearing Company of Pakistan Limited		1,260,000	2,279,393
- Pakistan Mercantile Exchange		11,507,205	11,506,836
		13,467,666	30,994,190
Other security deposits		1,943,946	1,123,946
		15,411,612	32,118,136

10. SHORT TERM INVESTMENTS

At fair value through profit or loss

Quoted equity securities	10.1 & 40.3	4,250,803,109	2,394,124,599
Quoted debt securities	10.2	71,702,293	169,265,468
Un-quoted debt securities	10.3	950,000,000	-
		1,021,702,293	169,265,468
		5,272,505,402	2,563,390,067
At fair value through other comprehensive income			
Quoted equity securities	10.4	-	206,907,980
		5,272,505,402	2,770,298,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

10.1 Investment in quoted equity securities

	Note	2022 Rupees	2021 Rupees
Cost of investment		4,668,469,985	2,359,328,376
Unrealised gain / (loss):			
Balance as at July 01		34,796,222	(174,114,218)
Unrealised (loss) / gain for the year		(452,463,098)	208,910,441
		(417,666,876)	34,796,223
Balance as at June 30	10.1.1	4,250,803,109	2,394,124,599

- 10.1.1** These include an investment in 5,699,328 (2021: 5,699,328) ordinary shares of M/s. Safemix Concrete Limited (SCL), an associated company in terms of section 2(4) of the Companies Act, 2017. This gives the Group 22.80% (2021: 22.80%) voting power in SCL. However, since Mr. Arif Habib and his sons, Mr. Samad Habib and Mr. Kashif Habib, by virtue of their direct investment as well as their indirect investment held through the Group are in a position to exert control over SCL but because of the fact that the Group has not appointed any person on the Board of Directors of SCL, the management is of the view that the Group is not able to exercise significant influence over SCL. Hence, SCL cannot be regarded as an 'associate' of the Group within the meaning of the term 'associate' defined in the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

10.2 Investment in quoted debt securities

	Note	2022 Rupees	2021 Rupees
Cost of investment		72,312,491	171,761,473
Unrealised gain / (loss):			
Balance as at July 01		(2,496,005)	(6,776,166)
Opening unrealized loss on investment included in the disposal group classified as held for sale (refer note 15.2.3)		1,041,340	-
Unrealised gain for the year		844,467	4,280,161
		(610,198)	(2,496,005)
Balance as at June 30	10.2.1	71,702,293	169,265,468

- 10.2.1** These represent the investments in Term Finance (TFC) & Sukuk Certificates made under Market Making arrangements. The Group has entered into such arrangements in accordance with Chapter 12 of PSX Rule Book with various Financial and Corporate Institution. Under the arrangements, the Group has to maintain minimum inventory of TFCs & Sukuks to place bid & offer on daily basis. These TFCs and Sukuks carry coupon rate ranging from 3 month KIBOR + 1.5% to 2.25%, 6 month KIBOR + 0.50% to 2.25% (2021: 3 month KIBOR + 0.9% to 1.9%, 6 month KIBOR + 0.50% to 2.25%) calculated on the face value of the respective TFCs or Sukuks that is payable quarterly / semi annually.

10.3 Investment in unquoted debt securities

	Note	2022 Rupees	2021 Rupees
Investment in unquoted TFCs of:			
- Bank of Punjab (BOP)	10.3.1	850,000,000	-
- TPL Corp Limited (TPL)	10.3.2	100,000,000	-
		950,000,000	-

- 10.3.1** This represents the investment in 8,500 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the Bank of Punjab (BOP) as redeemable capital and carry interest at the rate of 6 month average KIBOR + 2% per annum (payable semi-annually).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

10.3.2 This represents the investment in 1,000 Term Finance Certificates (TFCs) having face value of Rs. 100,000/- each. These TFCs have been issued by the TPL Corp Limited (TPL) as redeemable capital and carry interest at the rate of 3 month average KIBOR + 2.5% per annum (quarterly).

10.4 Investment in quoted equity securities - at fair value through other comprehensive income

2022 — Number of shares —	2021	Note	2022 — Rupees —	2021 — Rupees —
25,799,000	57,722,000		178,963,195	301,072,400
-	10,908,000		-	100,785,445
(25,799,000)	(42,831,000)	10.4.1	(178,963,195)	(222,894,650)
-	25,799,000		-	178,963,195
			27,944,785	423,338,7000
			(26,314,980)	(211,455,600)
			(1,629,805)	(183,938,315)
			-	27,944,785
			-	206,907,980

10.4.1 During the year, the Group tendered 25,799,000 shares of Hum Network Limited (HUMNL) by way of tender offer received from Mr. Duraid Qureshi (Chief Executive Officer of HUMNL) at Rs. 7 per share. The fair value per share of the investment at the date of disposal was Rs. 7.62/-. Upon disposal of the investments, a capital gain amounting to Rs. 1.63 million was directly transferred to unappropriated profits.

10.4.2 During the year, the Group has not received any dividend from HUMNL.

11. TRADE DEBTS

	Note	2022 — Rupees —	2021 — Rupees —
Gross receivables			
Equity brokerage - secured	11.1	971,396,924	965,131,291
Inter bank brokerage - unsecured	40.3	24,129,003	25,625,455
Advisory and consultancy fee - unsecured	40.3	103,187,373	166,708,287
		1,098,713,300	1,157,465,033
Less: Provision for expected credit losses			
Equity brokerage - secured		(871,814,071)	(870,668,691)
Inter bank brokerage - unsecured		(2,454,930)	-
Advisory and consultancy fee - unsecured	11.2	(58,306,081)	(51,604,192)
		(932,575,082)	(922,272,883)
		166,138,218	235,192,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

11.1 Gross receivables - Equity brokerage

11.1.1 These receivables include Rs. 1.9 million (2021: Rs. 4.3 million) due from the related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 551.82 million (2021: Rs. 331.80 million).

11.1.2 The Group holds capital securities having fair value of Rs. 64,334 million (2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts.

11.2 Movement in provision for expected credit losses

	Note	2022 Rupees	2021 Rupees
Balance at the beginning of the year		922,272,883	906,321,587
Charge for the year	29	10,302,199	15,951,296
Balance at the end of the year		932,575,082	922,272,883

12. RECEIVABLE AGAINST MARGIN FINANCING

Considered good		395,380,659	245,655,746
Considered doubtful		1,917,749	1,917,749
	12.1	397,298,408	247,573,495
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		395,380,659	245,655,746

12.1 The Group provides Margin financing facility to clients on markup basis ranging from 15.00% to 23.00% (2021: 12.00% to 15.00%) per annum.

13. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2022 Rupees	2021 Rupees
Advances			
Advance to consultant	13.1	4,069,760	9,293,760
Advance against expenses		3,293,300	1,106,456
Advance against salary		1,439,003	833,119
		8,802,063	11,233,335
Trade deposits			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	13.2	8,629,396	50,231,785
National Commodity & Derivatives Exchange Limited	13.3	47,153,687	54,040,508
		55,783,083	104,272,293
Prepayments			
Insurance		1,116,422	591,441
		65,701,568	116,097,069

13.1 This represents advance payment made to a consultant in respect of consultancy services on corporate finance projects.

13.2 This represents deposits held at the year end against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

13.3 This includes deposit amounting to Rs. 45.43 million (2021: Rs. 45.43 million) placed on behalf of Director (Mr. Ahsan Mehanti).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

14. OTHER RECEIVABLES

	Note	2022	2021
		Rupees	
Receivable from Javedan Corporation Limited - a related party			
- Proceeds from sale of investment property	40.3	5,126,734	5,126,734
- Mark-up on loan	14.1	10,192,861	-
		15,319,595	5,126,734
Receivable against reverse repo arrangements		115,089,608	268,568,516
Receivable from Director - Ahsan Mehanti		137,500	4,000,000
Others		3,085,072	6,082,439
		133,631,775	283,777,689

- 14.1** During the year, the Group provided an unsecured financing facility of Rs. 1 billion to M/s. Javedan Corporation Limited to finance working capital requirements. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 1.75% (payable quarterly). The loan provided and repaid during the year was Rs. 380 million.

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

- 15.1** Since July 2014, the Holding Company has been holding 100% ordinary shares of M/s. Arif Habib 1857 (Private) Limited (here-in-after referred to as 'the subsidiary'). The principal activities of the subsidiary includes equity trading and brokerage and it was incorporated with the intention to bring a foreign investor as its sponsor. However, during the year, the Holding Company was informed that foreign investors were not able to obtain regulatory approvals and licensing from their home country's licensing authorities. Further, as per Regulation 4(d) of the Securities Brokers (Licensing and Operations) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan, the Holding Company is not permitted to have a controlling interest in any other company holding license as a securities broker.

In view of the above, on March 02, 2022, the Holding Company received an offer from one of its directors, Ms. Nida Ahsan, expressing her intention and willingness to acquire the 100% shareholding of the subsidiary for a total consideration of Rs. 50 million (i.e. 5,000,000 ordinary shares @ Rs. 10 per share). Accordingly, on March 07, 2022, the Board of Directors of the Holding Company resolved to sell 100% shareholding in the subsidiary to Ms. Nida Ahsan for the aforesaid consideration subject to compliance with all the applicable legal provisions in this regard (including, in particular, the requirement of obtaining approval of the members of the Holding Company in its upcoming Annual General Meeting (AGM) in accordance with section 183(3)(b) of the Companies Act, 2017).

Since M/s. Arif Habib Corporation Limited, which presently holds 63.01% ordinary shares of the Holding Company, has expressed its consent on the proposed disposal of the subsidiary, the requisite approval of the members of the Holding Company, as referred to above, is probable to be obtained in the next AGM, and, consequently, the proposed disposal is expected to qualify for recognition as a completed sale in due course of time. In addition, since all other criteria for classification as held for sale specified in the applicable financial reporting standard are met as at June 30, 2022, the Holding Company has classified the investment in M/s. Arif Habib 1857 (Private) Limited as 'held for sale'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

15.2 Assets and liabilities of the disposal group classified as held for sale

	Note	2022	2021
		Rupees	
Assets held for sale			
Intangible assets	15.2.1	2,500,000	-
Long term deposits	15.2.2	4,924,355	-
Advance tax		2,873	-
Short term investment	15.2.3	22,800,000	-
Cash and bank balances	15.2.4	19,448,064	-
		<u>49,675,292</u>	<u>-</u>
Liabilities held for sale			
Taxes payable		313,247	-
Other liabilities		306,100	-
		<u>619,347</u>	<u>-</u>

15.2.1 This represents Trading right entitlement certificate received by the Company in accordance with the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012. These have been carried at cost less accumulated impairment losses.

15.2.2 This represents deposit placed with Pakistan Stock Exchange Limited for trading activities.

15.2.3 Short term investment

	2022	2021
	Rupees	
Cost of investment	24,628,892	-
Unrealised gain / (loss):		
Balance as at July 01	(1,041,340)	-
Unrealised (loss) / gain for the year	(787,552)	-
	<u>(1,828,892)</u>	<u>-</u>
Balance as at June 30	<u>22,800,000</u>	<u>-</u>

15.2.4 Cash and bank balances

Cash at bank		
- savings accounts	19,448,064	-

16. CASH AND BANK BALANCES

	Note	2022	2021
		Rupees	
Cash in hand		687,719	650,596
Cash held in central depository company		4,244,693	-
Cash at bank			
- current accounts	16.1	143,137,918	157,244,101
- savings accounts	16.2	926,639,272	2,521,167,976
		<u>1,069,777,190</u>	<u>2,678,412,077</u>
		<u>1,074,709,602</u>	<u>2,679,062,673</u>

16.1 The return on these balances is 6% to 14% (2021: 4% to 6%) per annum on daily product basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

16.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 986.95 million (2021: Rs.1,563 million).

17. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022 — (Number of shares) —	2021		2022 — Rupees —	2021
75,000,000	75,000,000	Authorized capital Ordinary shares of Rs. 10/- each	750,000,000	750,000,000
		Issued, subscribed and paid up capital Ordinary shares of Rs.10/- each		
10,800,000	10,800,000	Issued for cash	108,000,000	108,000,000
54,540,000	48,600,000	Issued as bonus shares	545,400,000	486,000,000
65,340,000	59,400,000		653,400,000	594,000,000

17.1 As of June 30, 2022, the Ultimate Parent Company held 41,170,472 (2021: 41,245,884) ordinary shares of Holding Company having a par value of Rs. 10 each.

17.2 There is only one class of ordinary shares.

17.3 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

18. SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Group reclassified leasehold offices to investment property. Accordingly, surplus on revaluation of properties was recognized in accordance with IAS 40 "Investment Property".

9. DEFERRED TAX - net

	Note	2022 — Rupees —	2021
Deferred tax liability in respect of:			
- Capital loss on short term investments	19.1	-	-
- Other temporary differences	19.2	26,704,649	-
		26,704,649	-

19.1 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 53.286 million has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 426.3 million because it is not probable that future capital gain on securities will be available against which the Group can use the benefits therefrom.

19.2 Deferred tax in respect of other temporary differences

	Note	2022 — Rupees —	2021
Deferred tax liabilities recognized	19.2.1	44,347,288	121,650,696
Deferred tax asset recognized	19.2.2	(17,642,639)	(121,650,696)
		26,704,649	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

19.2.1 Deferred tax liabilities

	Note	2022	2021
		Rupees	
Accelerated depreciation		9,122,269	11,093,498
Right-of-use assets		9,441,203	8,020,624
Long term investment		-	2,072,141
Investment property		25,783,816	-
Short term investments		-	9,192,951
Capital gain on sale of investments		-	91,271,482
		44,347,288	121,650,696

19.2.2 Deferred tax assets

Intangible assets		6,815,000	6,815,000
Long term investment		4,594,038	-
Provision for doubtful debts and other receivables		556,147	250,977,281
Lease liability		5,677,454	8,764,463
Deferred tax assets available for recognition		17,642,639	266,556,744
Deferred tax assets actually recognized		17,642,639	121,650,696
Unrecognized deferred tax assets		-	144,906,048
Total deferred tax asset position		17,642,639	266,556,744

20. SHORT TERM BORROWINGS

From banking companies

- Running finance	20.1	1,631,969,617	1,369,369,349
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From related parties

- Financing facility from Javedan Corporation Limited	20.2	800,000,000	-
- Financing facility from Ultimate Parent Company	20.3	-	-
		800,000,000	-
		2,431,969,617	1,369,369,349

20.1 Running finance arrangements from banking companies - secured

20.1.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,250 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

20.1.2 Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2022 amounted to Rs. 6,644.22 million (2021: Rs. 5,642.98 million). Total value of securities pledged with financial institutions, indicating separately securities belonging to customers, is as under:

	June 30, 2022		June 30, 2021	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	123,850,000	4,681,530,000	140,335,000	4,086,425,400
House	66,927,500	1,931,461,325	66,582,755	1,554,857,660
Total	190,777,500	6,612,991,325	206,917,755	5,641,283,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

20.2 Financing facility from Javedan Corporation Limited - unsecured

	2022	2021
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	1,780,000,000	-
Less: Repayments made during the year	(980,000,000)	-
Closing balance	800,000,000	-

20.2.1 During the year, the Group obtained an unsecured financing facility of Rs. 1 billion from M/s. Javedan Corporation Limited to finance its working capital requirements. The loan is repayable within 30 days of notice of demand and carries interest at the rate of 3 month KIBOR + 1.75% (payable quarterly).

20.3 Financing facility from Ultimate Parent Company - unsecured

	2022	2021
	Rupees	
Opening balance	-	-
Add: Finance obtained during the year	650,000,000	917,000,000
Less: Repayments made during the year	(650,000,000)	(917,000,000)
Closing balance	-	-

20.3.1 Financing facility of Rs. 1.5 billion is available from M/s. Arif Habib Corporation Limited to finance working capital requirements of the Group. The loan was repayable within 30 days of notice of demand and carried interest at the rate of 3 month KIBOR + 2% (payable quarterly).

21. TRADE AND OTHER PAYABLES

	Note	2022	2021
		Rupees	
Creditors	21.1	950,924,065	1,553,003,850
Commission payable	21.2	28,573,208	102,628,722
Accrued expenses		24,421,107	20,995,508
Advance from customers		4,252,569	-
Withholding tax payable		33,155,902	71,302,613
Sindh sales tax and federal excise duty payable		17,202,490	22,809,898
Advance against committed sale of investment property	21.3	9,000,000	-
Payable against reverse repo transaction	21.4	33,629,267	-
Other liabilities		5,789,556	23,510,713
		1,106,948,164	1,794,251,304

21.1 This includes Rs. 108.2 million (2021: Rs. 126.10 million) payable to related parties.

21.2 This includes Rs. 23.9 million (2021: Rs. 49.15 million) payable to related parties.

21.3 This represents advance received from Mr. Safi Ullah against sale of two residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi at the total sum of Rs. 43.688 million. The sale will be executed after receiving of total amount of Rs. 43.688 million. Since the Group is committed to sell the plots at Rs. 43.688 million, the fair value of these plots as at June 30, 2022 has been recognized equal to the said sale consideration.

21.4 This represents amount payable to M/s. Masood Fabrics and M/s. Mehmood Textiles for amount realized, over and above of the receivable, on disposal of collateral held against reverse repo transaction. Out of total, Rs. 22 million has been paid and the remaining amount is standing as payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

22. LOAN FROM RELATED PARTY

	Note	2022 Rupees	2021 Rupees
Loan from director - Ahsan Mehanti		-	3,862,500

23. TAXATION - net

Income tax payable	23.1	121,485,493	257,806,268
Income tax refundable		(50,782,758)	(56,633,768)
		<u>70,702,735</u>	<u>201,172,500</u>

23.1 This includes provision for super tax amounting to Rs. 86.936 million (2021: Rs. 70.891 million).

The Holding Company has been contesting Civil Suit No. 2596 of 2015 against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh. The honorable High Court has ordered stay on any coercive action against the recovery of demand on super tax, therefore, the Holding Company has not paid any Super tax accordingly. The said stay is still in force and the Group has recorded a provision in previous years.

The Holding Company filed a petition in Sindh High Court Karachi against the recovery of Super tax bearing C.P. No.D 5421/2018 for the tax year 2017 on July 21, 2018 and C.P. No.D 4980/2020 for the tax year 2018 on October 12, 2020, both the petitions were rejected by the Sindh High Court on September 15, 2020 and November 14, 2020 respectively.

The Holding Company filed C.P.2329/2020 pertaining to "Super Tax" u/s 4B for the tax year 2017 on November 14, 2020 and C.P. 239/2021 for the tax year 2018, which were heard by the Honourable Supreme Court of Pakistan as per its direction. The Honourable Supreme Court of Pakistan directed petitioner taxpayers to deposit 50% of their respective impugned outstanding tax amounts pertaining to super tax u/s 4B with the respondent authorities for tax year 2017 on November 26, 2020 and for the tax year 2018 on February 22, 2022, no coercive action for recovery shall be taken against such tax payers in the meanwhile, accordingly the Group has made the required deposit.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Holding Company has been contesting a demand of Rs. 45.42 million raised against its non-taxable services vide order issued on September 12, 2014 by the Assistant Commissioner, Sindh Revenue Board. The Holding Company filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to the Holding Company against the impugned order. During the year 2018, the Appellate Tribunal Sindh Revenue Board remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. The Holding Company's legal counsel is of the view that the Holding Company has a favorable case based on merit. Accordingly, the Group has not made any provision of the said amount in these consolidated financial statements.

24.1.2 Section 4B was introduced as a one time levy vide Finance Act 2015 for the purpose of rehabilitation of temporarily displaced persons which through subsequent amendments became an annual super tax on the income of high income taxpayers. In this regard a petition that was filed by the Holding Company challenging the imposition of said super tax under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Holding Company, in consultation with its legal and tax advisors, filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan which is pending.

Meanwhile, through an interim order dated 26 November 2020, the Honourable Supreme Court of Pakistan directed the petitioners to make a deposit of 50% of their super tax liability and directed the department not to take coercive action against the petitioners till the disposal of the case by the Supreme Court. The Holding Company has accordingly made necessary provision for the super tax liability as per Section 4B and paid 50% of the required deposit. The management has assessed the sufficiency of tax provision on account of super tax and considers that these are sufficient for the purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

Further, subsequently the tax authorities issued notices to the Holding Company under Section 4B and framed impugned orders for the recovery of super tax for each of the relevant tax years by amending the assessment orders (Orders) by reclassifying company's brokerage income which is since long assessed as its business income as Income from Other Sources for the purpose of calculating 4B and creating impugned demand over and above that computable under Section 4B by an aggregate amount of Rs. 33.72 million for the tax years 2015 onwards. The Holding Company has challenged the impugned demand and filed appeals before the CIR (Appeals) against the impugned Orders that are pending for adjudication before CIR (Appeals). In view of the advice of the legal advisor of the Holding Company, the Holding Company has not made any provision for the impugned excess demand as the said demand merits no consideration at and is likely to be annulled by the Appellate Authority.

Further, the deemed assessments orders for the tax years 2018 to 2019 were subsequently modified by the Additional Commissioner Inland Revenue by issuing amended assessment orders (Orders), mainly attempting to reclassify Holding Company's normal business income to income from other sources. The Holding Company had filed appeal before the CIR (Appeals) against the Orders, for tax year 2018 and 2019, which are still pending for adjudication before CIR (Appeals). The legal advisor of the Holding Company is of the opinion that there are reasonable grounds for a favourable decision.

24.2 Commitments

	Note	2022 Rupees	2021
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Marginal Trading contracts		372,222,968	788,579,531
- Outstanding settlements against sale / purchase of securities in regular market		277,978,515	34,264,836
- Financial guarantees given by commercial banks on behalf of the Company		750,000,000	750,000,000
- Against purchase of investment property		312,057,120	-
- Against development cost of investment property		110,034,327	-

25. OPERATING REVENUE

Equity brokerage revenue	40.3	422,099,652	618,648,003
Inter bank brokerage revenue	40.3	94,638,538	86,956,373
Commodity brokerage revenue	40.3	27,103,130	34,685,656
Advisory and consultancy fee		408,342,385	671,628,116
Markup on margin financing	40.3	51,955,294	31,921,667
Dividend income on investment in equity securities		141,682,795	114,454,876
Markup on corporate debt securities		15,411,229	21,326,778
		1,161,233,023	1,579,621,469

26. NET CHANGE IN UNREALIZED (LOSS) / GAIN ON INVESTMENTS

Long term investments	7.2.1	(12,009,348)	9,698,115
Short term investments	10.1,10.2,15.2.3	(452,406,183)	213,190,602
		(464,415,531)	222,888,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

27. NET CHANGE IN UNREALIZED GAIN ON INVESTMENT PROPERTY

	Note	2022 Rupees	2021 Rupees
Increase in fair value of open plots / offices held at year end		646,212,860	290,384,768
Less: Decrease in unrealized gain upon sale	27.1	(575,000,000)	-
		<u>71,212,860</u>	<u>290,384,768</u>

27.1 This represent the unrealized gain previously recognized (i.e. as at June 30, 2021) in relation to 47 residential plots sold during the year to M/s. Javedan Corporation Limited, a related party (refer also note 8.1.2 to these consolidated financial statements).

28. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries and other benefits	28.1	329,137,349	419,480,873
Motor vehicle and travelling expense		51,947,473	33,302,923
CDC and clearing house charges		26,831,442	28,816,972
Building maintenance		25,375,242	21,862,749
Depreciation on right-of-use assets	5	21,886,804	21,202,568
Depreciation on property and equipment	4	19,369,660	13,675,294
Man power services	28.4	23,800,000	22,800,000
Communication and utilities		24,084,451	23,348,187
Legal and professional charges		12,657,584	9,442,809
Insurance		12,374,382	8,620,953
Repairs and maintenance		11,241,056	10,775,593
Fees and subscription		9,687,604	13,087,899
Printing and stationery		7,599,862	4,861,413
Business representation		4,797,947	15,634,493
Rent, rates and taxes		5,182,155	1,729,242
Auditors' remuneration	28.2	2,350,000	2,235,000
Advertisement and business promotion		4,371,395	7,631,078
Conveyance and meals		1,101,284	367,850
Meeting expenses		450,000	450,000
Amortization on intangible assets	6.1	495,834	392,168
Donation	28.3	-	5,000,000
Settlement against NFL		9,246,104	-
Others		8,049,836	4,381,498
		<u>612,037,464</u>	<u>669,099,562</u>

28.1 Salaries and other benefits

Salaries and other benefits	28.1.1	198,898,760	201,426,912
Commission		130,238,589	218,053,961
		<u>329,137,349</u>	<u>419,480,873</u>

28.1.1 Salaries and benefits include Rs. 10.530 million (2021: Rs. 7.794 million) in respect of provident fund contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

28.2 Auditors' remuneration

	2022	2021
	Rupees	
Annual audit fee	1,460,000	1,430,000
Half yearly review	310,000	310,000
Review of compliance with Code of Corporate Governance	200,000	230,000
Other certifications	380,000	265,000
	2,350,000	2,235,000

28.3 Donation

None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

	2022	2021
	Rupees	
Habib University Foundation	-	5,000,000

28.4 These represent charges paid to M/s. Arif Habib Consultancy (Private) Limited, a related party, in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Group's investment banking department.

29. OTHER CHARGES

	Note	2022	2021
		Rupees	
Provision for expected credit losses on trade debts	11.2	10,302,199	15,951,296
Markup on Summit Bank reverse repo irrecoverable			
written off		-	2,160,258
Other irrecoverable written off		1,977,882	452,000
		12,280,081	18,563,554

30. OTHER INCOME

Markup on reverse repo transaction		28,364,241	13,931,717
Markup on margin trading deposits		1,728,443	1,045,236
Markup on loan to related party		10,192,861	-
Profit on savings accounts		47,612,545	27,270,715
Profit on exposure deposit		6,419,439	6,313,776
Gain on settlement of a reverse repo arrangement	30.1	-	24,783,996
Others		-	1,743,616
		94,317,529	75,089,056

30.1 Gain on settlement of a reverse repo arrangement

Reversal of provision for expected credit losses on other receivables previously recognized		-	39,711,656
Less: Loss on disposal of shares held as collateral		-	(14,927,660)
		-	24,783,996

31. FINANCE COSTS

Markup on short term borrowings	31.1	172,993,518	101,291,583
Other finance costs	31.2	24,176,538	30,437,045
		197,170,056	131,728,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

31.1 Markup on short term borrowings

	Note	2022 Rupees	2021
Markup on borrowing from banking companies		149,703,608	83,013,003
Markup on borrowing from related parties:			
- M/s. Javedan Corporation Limited		20,190,189	-
- M/s. Arif Habib Corporation Limited		3,099,721	4,447,132
- Mr. Arif Habib	40.3	-	13,831,448
		23,289,910	18,278,580
		172,993,518	101,291,583

31.2 Other finance costs

Finance cost on lease liability	3,014,485	5,701,898
Markup on MTS securities	3,604,503	3,539,662
Bank charges	14,401,616	19,318,868
Guarantee charges to Parent Company	3,155,934	1,876,617
	24,176,538	30,437,045

32. TAXATION

Current tax		
- for the year	148,258,119	319,060,363
- for prior year	(30,053,595)	(7,240,843)
	118,204,524	311,819,520
Deferred	26,704,649	-
	144,909,173	311,819,520

32.1 Relationship between tax expense and accounting profit

Profit before taxation	971,212,423	2,416,142,994
Tax at the applicable rate of 29% (2021: 29%)	281,651,603	700,681,468
Tax effect of:		
- income under Presumptive Tax Regime	(19,903,755)	(16,023,683)
- income under Minimum Tax Regime	9,697,790	976,750
- income taxed at lower rate	-	(214,086,043)
- non-deductible expenses	-	940,973
- exempt income / permanent differences	(272,600,000)	(148,864,521)
- realized and unrealized capital losses on short term investments	133,767,282	-
- unrealized capital loss on long term investment	(1,111,327)	-
- unrealized capital gain on investment property	5,132,087	-
- prior year charge	(30,053,595)	(7,240,843)
- super tax under section 4C of Income Tax Ordinance, 2001	17,151,853	-
- tax on deemed income under section 7E of Income Tax Ordinance, 2001	16,573,313	-
- business losses of subsidiary adjusted during the year	-	(4,432,081)
- other miscellaneous items	4,603,922	(132,500)
	144,909,173	311,819,520

32.2 Except for the matters disclosed in note 23.1, income tax assessments of the Holding Company as well as the Subsidiaries are deemed to be finalized as per tax returns file up to tax year 2021. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

33. EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Basic earnings per share

	Note	2022 Rupees	2021 Rupees
Profit after taxation		826,303,250	2,104,323,474
		Number of shares	(Restated)
Weighted average number of ordinary shares outstanding during the year	33.1.1	65,340,000	65,340,000
		Rupees	(Restated)
Earnings per share - basic	33.1.1	12.65	32.21

33.1.1 In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Group for the year ended June 30, 2021 has been retrospectively adjusted for the effect of bonus shares issued during the year. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1.

33.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Group, since there were no potential ordinary shares in issue as at June 30, 2022 and June 30, 2021.

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Note	2022 Rupees	2021 Rupees
Cash and bank balances	16	1,074,709,602	2,679,062,673
Bank balance included in the disposal group held for sale	15.2.4	19,448,064	-
Short term borrowings from banking companies - running finance	20	(1,631,969,617)	(1,369,369,349)
		(537,811,951)	1,309,693,324

35. RELATED PARTY TRANSACTIONS AND BALANCES

35.1 Related parties comprise of group companies (the Ultimate Parent Company and the fellow subsidiaries), key management personnel and directors of the Holding Company and the Ultimate Parent Company (as well as their close family members), and the staff provident fund. Remuneration of the Chief Executive, Directors and executives is disclosed in note 36 to these consolidated financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

	2022	2021
	Rupees	
PARENT COMPANY		
Arif Habib Corporation Limited		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	6,403,011	5,932,872
Loan obtained	650,000,000	917,000,000
Loan repaid	650,000,000	917,000,000
Markup expense on loan received during the year	3,099,721	4,447,132
Guarantee charges	3,155,934	1,876,617
Balances at the year end		
Trade receivable at year end	97,724	33,093
Guarantee charges payable	904,262	464,883
Mark-up Payable	-	4,447,132
KEY MANAGEMENT PERSONNEL		
Zafar Alam (Chairman of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	189,239	1,644,264
Balances at the year end		
Trade payable at year end	52,721	1,104,484
Muhammad Shahid Ali (CEO of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	9,842,849	16,731,270
Balances at the year end		
Trade payable at year end	108,175,990	112,754,445
Muhammad Haroon (Director of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	414,630	400,987
Balances at the year end		
Trade payable at year end	24,876	29,147
Muhammad Sohail Salat (Director of the Holding Company)		
Balances at the year end		
Trade receivable at year end	599	599
Sharmin Shahid (Director of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	1,087,016	2,690,583
Balances at the year end		
Trade receivable at year end	4,283	8,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	Rupees	
Nida Ahsan (Director of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	706,454	520,335
Balances at the year end		
Trade payable at year end	-	9,346,762
Trade receivable at year end	7,928	-
Mohsin Madni (Director of the Holding Company)		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	12,253	22,519
Balances at the year end		
Trade payable at year end	485	191,512
Ahsan Mehanti (Director of the Subsidiary Company - Arif Habib Commodities (Private) Limited)		
Transaction during the year		
Loan received	-	62,500
Loan adjusted against receivable	3,862,500	-
Commission paid	12,732,444	-
Balances at the year end		
Loan Receivable	137,500	4,000,000
Loan Payable	-	3,862,500
Commission payable	-	10,629,069
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Arif Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	6,534,591	7,292,830
Loan obtained	-	1,510,000,000
Loan repaid	-	1,810,000,000
Markup on loan charged during the year	-	13,718,736
Balances at the year end		
Trade receivable at year end	51,962	49,556
Abdus Samad A. Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	683,323	1,786,631
Balances at the year end		
Trade payable at year end	-	872,251
Trade receivable at year end	1,667,893	-
Muhammad Kashif A. Habib		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	-	4,000
Balances at the year end		
Trade receivable at year end	12,666	4,075,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

	2022	2021
	Rupees	
OTHER RELATED PARTIES		
Javedan Corporation Limited		
Transaction during the year		
Purchase of plots	-	151,426,800
Brokerage commission earned on sale and purchase of securities	322,500	322,500
Advance against booking of flats	64,942,880	
Sale of investment property	1,410,000,000	-
Loan provided	380,000,000	-
Loan recovered	380,000,000	-
Loan obtained	1,780,000,000	-
Loan repaid	980,000,000	-
Markup income on loan provided during the year	10,192,861	-
Markup expense on loan received during the year	20,190,189	-
Development charges paid	22,375,601	-
Balances at the year end		
Trade receivable at year end	80,000	-
Advance against committed sale of investment property	64,942,880	-
Receivable against sale of investment property	5,126,734	5,126,734
Loan payable	800,000,000	-
Mark-up receivable	10,192,861	-
Mark-up payable	3,144,411	-
Arif Habib Dolmen REIT Management Limited.		
Transaction during the year		
Brokerage commission earned on sale and purchase of securities	516,000	232,200
Balances at the year end		
Trade receivable at year end	10,556	-
Rotocast Engineering Co. (Private) Limited		
Transaction during the year		
Rent paid	39,194,649	17,241,048
Brokerage commission earned on sale and purchase of securities	616,807	2,078,345
Balances at the year end		
Prepaid rent	746,370	-
Trade receivable at year end	4,194	31,083
Arif Habib Equity (Private) Limited		
Transaction during the year		
Sale of plots	-	153,000,000
Brokerage commission earned on sale and purchase of securities	826,625	21,425
Loan obtained	-	55,000,000
Loan repaid	-	55,000,000
Markup charged during the year	-	112,712
Balances at the year end		
Trade receivable at year end	20,208	156,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	Rupees	
Arif Habib Provident Fund Trust		
Transaction during the year		
Contribution paid during the year	10,530,000	7,794,550

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration, including certain benefits to Chief Executive, Directors and executives of the Company, are as follows:

	Chief Executive		Directors		Other Executives	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial remuneration	12,199,720	10,282,858	-	-	56,515,530	57,291,020
Contribution to provident fund	1,403,124	1,297,622	-	-	3,224,972	2,787,482
Medical allowance	480,000	395,598	-	-	2,526,969	2,229,974
Commission	33,691,237	69,148,348	425,000	450,000	26,471,557	30,752,806
	47,774,081	81,124,426	425,000	450,000	88,739,028	93,061,282
Number of persons	2	2	5	5	12	16

37. FINANCIAL INSTRUMENTS

37.1 Financial risk analysis

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (foreign currency risk, price risk and interest/mark-up rate risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Group consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

37.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Group mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

The Group's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Group's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

	Note	2022 Rupees	2021 Rupees
Long-term advances and deposits		15,411,612	32,118,136
Short term investment in corporate debt securities		1,021,702,293	169,256,468
Trade debts	(a) & (b)	166,138,218	235,192,150
Receivable against margin financing		395,380,659	245,655,746
Receivable under margin trading system		9,233,629	29,364,547
Exposure deposits with NCCPL		8,629,396	50,231,785
Exposure deposits with NECL		47,153,687	54,040,508
Accrued markup on margin financing		21,480,959	7,650,726
Other receivables		133,631,775	283,777,689
Assets held for sale		47,172,419	-
Bank balances		1,069,777,190	2,678,412,077
		2,935,711,837	3,785,708,832

(a) Trade debts were due from local clients.

(b) The Group held equity securities having fair value of Rs. 64,334 million (2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts - brokerage and operating.

	2022 Gross carrying amount	2022 Provision for expected credit losses	2021 Gross carrying amount	2021 Provision for expected credit losses
	Rupees		Rupees	
Not past due	8,038,852	-	4,562,014	-
Past due 1 day - 30 days	110,099,223	31,170	182,731,378	-
Past due 31 days - 180 days	17,918,373	1,542,467	33,791,562	(5,904,661)
Past due 181 days - 365 days	11,782,985	2,744,093	9,521,312	(2,465,878)
More than one year	950,873,867	928,257,352	926,858,767	(913,902,344)
	1,098,713,300	932,575,082	1,157,465,033	(922,272,883)

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

The credit quality of Group's liquid funds can be assessed with reference to external credit ratings as follows:

	Short term rating	Credit rating agency	2022	2021
			Rupees	
Banks / other institutions				
Allied Bank Limited	A-1+	PACRA	37,556,467	10,664,018
Askari Bank Limited	A-1+	PACRA	53,669,159	37,258
Bank Al-Falah Limited	A-1+	PACRA	582,370	770,704
Bank Al-Habib Limited	A-1+	PACRA	168,886,194	1,336,226,637
Bank Islami Pakistan Limited	A-1	PACRA	31,283	983,734
Bank of Khyber	A-1	PACRA	2,028,433	2,165,722
Bank of Punjab	A-1+	PACRA	257,741,754	6,602
Dubai Islamic Bank Limited	A-1+	JCR-VIS	5,716,534	102,518,808
Faysal Bank Limited	A-1+	PACRA	1,175,740	1,175,740
Habib Bank Limited	A-1+	JCR-VIS	51,859,907	45,623,686
Habib Metropolitan Bank Limited	A-1+	PACRA	142,904,409	225,587,164
JS Bank Limited	A-1+	PACRA	4,031,582	1,761,590
MCB Bank Limited	A-1+	PACRA	48,404,444	55,809,576
Meezan Bank Limited	A-1+	JCR-VIS	128,397,491	141,890,947
National Bank of Pakistan	A-1+	PACRA	83,130,931	599,223,184
Silk Bank Limited	A-2	JCR-VIS	12,934	5,479
Sindh Bank Limited	A-1	JCR-VIS	37,727,119	51,330,605
Soneri Bank Limited	A-1+	PACRA	3,738,911	6,986,836
Summit Bank Limited	-	-	27,952,109	78,561,889
United Bank Limited	A-1+	JCR-VIS	14,229,419	17,081,898
Central Depository Company	-	-	4,244,693	-
			1,074,021,883	2,678,412,077
Assets held for sale				
Bank Al- Habib Limited	A-1+	PACRA	16,758,064	-
Summit Bank Limited	-	-	2,690,000	-
			19,448,064	-
			1,093,469,947	2,678,412,077

Due to the Group's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

The Group writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

37.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Group finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Group had cash and bank balance amounting to Rs. 1,074.71 million (2021: Rs. 2,679.062 million) unutilized credit lines Rs. 6,318 million (2021: Rs. 3,664 million) and liquid assets in the form of short term securities amounting to Rs. 5,272.5 million (2021: Rs. 2,770.3 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments (except interest payments on short term borrowings and loan from a related party):

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Financial liabilities

Lease liability
Running finance arrangements from banking companies (including accrued markup)
Financing facility from Javedan Corporation Limited
Trade and other payables
Payable against trading of securities - net
Liabilities directly associated with the assets held for sale

June 30, 2022					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
Rupees					
19,577,429	21,712,058	15,898,117	2,098,343	3,715,598	-
1,707,033,961	1,707,033,961	1,707,033,961	-	-	-
800,000,000	800,000,000	800,000,000	-	-	-
1,043,337,203	1,043,337,203	1,043,337,203	-	-	-
21,078,278	21,078,278	21,078,278	-	-	-
306,100	306,100	306,100	-	-	-
<u>3,591,332,971</u>	<u>3,593,467,600</u>	<u>3,587,653,659</u>	<u>2,098,343</u>	<u>3,715,598</u>	<u>-</u>

Financial liabilities

Lease liability
Running finance arrangements from banking companies (including accrued markup)
Trade and other payables
Loan from related party
Payable against purchase of securities - net

June 30, 2022					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
Rupees					
30,222,286	34,501,150	13,299,474	13,397,397	7,804,279	-
1,388,009,307	1,388,009,307	1,388,009,307	-	-	-
1,700,138,793	1,700,138,793	1,700,138,793	-	-	-
3,862,500	3,862,500	3,862,500	-	-	-
53,758,623	53,758,623	53,758,623	-	-	-
<u>3,172,129,009</u>	<u>3,176,407,873</u>	<u>3,155,206,197</u>	<u>13,397,397</u>	<u>7,804,279</u>	<u>-</u>

37.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Group's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Group was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 7.5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Group manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Group to incur significant mark-to-market and credit losses. As of the reporting date, the Group was exposed to price risk since it had investments in quoted securities amounting to Rs. 5,272.5 million (2021: Rs. 2,770.3 million) and also because the Group held collaterals in the form of equity securities against their debtor balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Group's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of short term investment in quoted equity securities by business sector is as follows:

	June 30, 2022		June 30, 2021	
	(Rupees)	%	(Rupees)	%
Engineering	265,713,469	6.25%	-	0.00%
Food & Personal Care Products	195,210,740	4.59%	56,481,515	2.17%
Oil & Gas	1,357,586,064	31.94%	636,701,000	24.48%
Sugar & Allied Industries	5,766,425	0.14%	5,766,425	0.22%
Textile Composite	50,000,000	1.18%	-	0.00%
Fertilizer	995,863,151	23.43%	865,807,027	33.29%
Commercial Bank	457,676,320	10.77%	316,491,720	12.17%
Construction & Material (Cement)	731,829,937	17.22%	118,619,957	4.56%
Power Generation & Distribution	3,721,700	0.09%	190,756,200	7.33%
Technology & Communication	141,594,990	3.33%	275,251,890	10.58%
Pharma	109,020	0.00%	-	0.00%
Glass & Ceramics	519,050	0.01%	-	0.00%
Cable & Electrical Goods	16,048,900	0.38%	-	0.00%
Miscellaneous	29,163,343	0.69%	135,156,845	5.20%
	4,250,803,109	100.00	2,601,032,579	100.00

Sensitivity analysis:

The table below summarizes Group's price risk as of June 30, 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Group's investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) after tax	Hypothetical increase / (decrease) in Other comprehensive income
June 30, 2022 Rupees	4,345,305,402	10% increase	4,779,835,942	380,214,223	380,214,223	-
		10% decrease	3,910,774,862	(380,214,223)	(380,214,223)	-
June 30, 2021 Rupees	2,770,298,047	10% increase	3,047,327,852	235,475,334	217,888,156	17,587,178
		10% decrease	2,493,268,242	(235,475,334)	(217,888,156)	(17,587,178)

iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in note 20 to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

Financial assets and liabilities include balances of Rs. 998.34 million (2021: Rs. 2,690.43 million) and Rs. 2,431.969 million (2021: Rs. 1,369.369 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2022 Effective interest rate (%)	2021 Effective interest rate (%)	2022 Carrying amounts (Rs.)	2021 Carrying amounts (Rs.)
Financial assets - variable rate instruments				
Bank deposits - pls account	6% to 14%	4% to 6%	926,639,272	2,521,167,976
Corporate debt securities - at FVTPL	7.9% to 14.5%	7.93% to 9.94%	94,502,293	169,265,468
Financial liabilities - variable rate instruments				
Running finance arrangements from banking companies - secured	7.9% to 13.4%	7.82% to 9.09%	1,631,969,617	1,369,369,349
Financing facility from Javedan Corporation Limited - unsecured	9.7% to 17.1%	-	800,000,000	-

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has decreased by 734 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit after tax 1% increase 1% (decrease) ----- Rupees -----	
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	(10,016,879)	10,016,879
As at June 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	9,379,555	(9,379,555)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

37.2 Financial instruments by categories

	June 30, 2022			
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	Total
	Rupees			
Financial assets				
Long term investment	42,745,423	-	-	42,745,423
Long-term advances and deposits	-	-	15,411,612	15,411,612
Short term investments	5,272,505,402	-	-	5,272,505,402
Trade debts	-	-	166,138,218	166,138,218
Receivable against margin financing	-	-	395,380,659	395,380,659
Receivable under margin trading system	-	-	9,233,629	9,233,629
Accrued markup on margin financing	-	-	21,480,959	21,480,959
Short term deposits	-	-	55,783,083	55,783,083
Other receivables	-	-	133,631,775	133,631,775
Assets held for sale	22,800,000	-	24,372,419	47,172,419
Cash and bank balances	-	-	1,074,709,602	1,074,709,602
	<u>5,338,050,825</u>	<u>-</u>	<u>1,896,141,956</u>	<u>7,234,192,781</u>

Financial liabilities at amortized cost — Rupees —

Financial liabilities	
Lease liability	19,577,429
Running finance arrangements from banking companies (including accrued markup)	1,707,033,961
Financing facility from Javedan Corporation Limited	800,000,000
Trade and other payables	1,043,337,203
Liabilities directly associated with the assets held for sale	306,100
Payable against trading of securities - net	21,078,278
	<u>3,591,332,971</u>

	June 30, 2021			
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	Total
	Rupees			
Financial assets				
Long term investment	54,754,771	-	-	54,754,771
Long-term advances and deposits	-	-	32,118,136	32,118,136
Short term investments	2,563,390,067	206,907,980	-	2,770,298,047
Trade debts	-	-	235,192,150	235,192,150
Receivable against margin financing	-	-	245,655,746	245,655,746
Receivable under margin trading system	-	-	29,364,547	29,364,547
Accrued markup on margin financing	-	-	7,650,726	7,650,726
Short term deposits	-	-	104,272,293	104,272,293
Other receivables	-	-	283,777,689	283,777,689
Cash and bank balances	-	-	2,679,062,673	2,679,062,673
	<u>2,618,144,838</u>	<u>206,907,980</u>	<u>3,617,093,960</u>	<u>6,442,146,778</u>

Financial liabilities at amortized cost — Rupees —

Financial liabilities	
Lease liability	30,222,286
Running finance arrangements from banking companies (including accrued markup)	1,388,009,307
Trade and other payables	1,700,138,793
Loan from related party	3,862,500
Payable against trading of securities - net	53,758,623
	<u>3,175,991,509</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

38. FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2022	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	4,322,505,402	950,000,000	-	5,272,505,402
Long term investments	-	-	42,745,423	42,745,423
Assets held for sale	22,800,000	-	-	22,800,000
Non-financial assets measured at fair value				
Investment properties	-	1,592,388,461	-	1,592,388,461
June 30, 2021	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets measured at fair value				
Short term investments	2,770,298,047	-	-	2,770,298,047
Long term investments	-	-	54,754,771	54,754,771
Non-financial assets measured at fair value				
Investment properties	-	1,968,800,000	-	1,968,800,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Note	2022 Rupees	2021 Rupees
Balance as at July 01		54,754,771	45,056,656
Unrealised (loss) / gain for the year	7.2.1	(12,009,348)	9,698,115
Balance as at June 30		42,745,423	54,754,771

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit or loss Favourable (Unfavourable) Rupees
June 30, 2022 Unquoted equity securities	427,454 (427,454)
June 30, 2021 Unquoted equity securities	547,548 (547,548)

39.1 Management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

39.2 The Capital Adequacy Level as defined by Central Depository Company (CDC) is calculated as follows;

	Note	2022 Rupees	2021 Rupees
Total assets	39.2.1	9,029,054,843	8,537,433,837
Less: Total liabilities		(3,771,829,269)	(3,486,196,533)
Less: revaluation reserves (created upon revaluation of fixed assets)		(15,432,500)	(15,432,500)
Capital Adequacy Level		5,241,793,074	5,035,804,804

39.2.1 While determining the value of the total assets, notional value of the TRE Certificate as at year end as determined by Pakistan Stock Exchange has been considered.

40. GENERAL

40.1 Operating segment

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

All non-current assets of the Group as at June 30, 2022 are located in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

40.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2022 ----- Number -----	2021 -----
Total number of employees as at	189	199
Average number of employees during the year	189	169

40.3 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these consolidated financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Advisory and consultancy fee (Trade debts)	Proceeds from sale of investment property (Other receivable)	5,126,734
Brokerage and operating (Trade debts)	Inter bank brokerage - unsecured (Trade debts)	25,625,455
Markup on margin financing (Other income)	Markup on margin financing (Operating revenue)	31,921,667
Brokerage and operating revenue (Operating revenue)	Inter bank brokerage revenue (Operating revenue)	86,956,373
Brokerage and operating revenue (Operating revenue)	Commodity brokerage revenue (Operating revenue)	34,685,656
Markup on sponsor loan (Finance cost)	Markup on loan from Arif Habib Corporation (Finance cost)	4,447,132
Quoted equity securities (Short term investments)	Receivable under margin trading system	29,364,547

40.4 Events after the reporting date

In its meeting held on August 31, 2022, the Board of Directors of the Holding Company decided as follows:

- (a) a final cash dividend of Rs. 6/- per share amounting to Rs. 392.04 million was proposed to be issued (2021: a final cash dividend of Rs. 10/- per share amounting to Rs. 594 million); and
- (b) no bonus issue was proposed to be made (2021: 10% bonus issue).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2022

The above proposed entitlements are to be approved by the members of the Holding Company in their Annual General Meeting (AGM) scheduled to be held on October 15, 2022. These consolidated financial statements do not reflect the said appropriation.

40.5 Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on August 31, 2022 .

40.6 Level of rounding off

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of Arif Habib Limited ("the Company") will be held on October 15, 2022 at 11:00 A.M. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi along video link facility, to transact the following business:

ORDINARY BUSINESS

- 1) To confirm minutes of the Annual General Meeting held on September 25, 2021.
- 2) To review, consider and adopt audited accounts of the company together with the auditors' and directors' report thereon including approval of the annexures there to, for the year ended June 30, 2022 together with Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended June 30, 2022.
- 3) To consider and approve final dividend for the year ended June 30, 2022, in cash at Rs. 6 per share i.e. 60% as recommended by the Board of Directors.
- 4) To appoint auditors of the company and fix their remuneration for the financial year 2022-23. The Board of Directors have recommended for reappointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as external auditors.

SPECIAL BUSINESS

- 5) To consider and if thought fit to approve with or without modification(s), the following resolutions as special resolutions:

"RESOLVED THAT approval of the members of the Arif Habib Limited ("the Company") be and is hereby accorded in terms of section 183 of the Companies Act, 2017 ("the Act") and other applicable provisions of the law, that the Company be and is hereby authorized to sell its wholly owned subsidiary, Arif Habib 1857 (Pvt.) Limited to Ms. Nida Ahsan (Director of the Company), for the total consideration of PKR. 50,000,000 (PKR Fifty Million Only) i.e. PKR 10 per share."

"FURTHER RESOLVED THAT approval of the members of the Company be and is hereby accorded for sale or otherwise liquidation of Arif Habib Commodities (Pvt.) Limited (a wholly owned Subsidiary), after obtaining all regulatory approvals in accordance with applicable laws, rules and regulations."

FURTHER RESOLVED THAT that the Board of Directors of the Company be and are hereby authorized to decide the buyers, pricing, timing and other modalities of sale or liquidation of Arif Habib Commodities (Pvt.) Limited, as they, may think fit."

"FURTHER RESOLVED THAT that the decision regarding the sale or liquidation of Arif Habib Commodities (Pvt.) Limited as and when decided by the Board of Directors of the Company will be informed accordingly to all the relevant regulatory authorities and shareholders."

"FURTHER RESOLVED THAT that all the transaction details and disclosures regarding the sale or liquidation of Arif Habib Commodities (Pvt.) Limited will be placed before the shareholders in the next Annual General Meeting for their ratification."

"FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary of the Company be and are hereby singly authorized and empowered to take all steps, necessary, ancillary and incidental to the above, and are further authorized to sign, execute, deliver all necessary documents, agreements and letters on behalf of the Company and to comply with legal corporate formalities including filing of applications to the regulators or authorities, as may be deemed necessary, desirable and expedient to give effect the above resolutions."

- 6) To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending June 30, 2023 which require approval of shareholders u/s 207 and u/s 208 of the Companies Act, 2017, by passing the following special resolution with or without modification:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2023."

"FURTHER RESOLVED THAT the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or u/s 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required)."

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2023.”

“FURTHER RESOLVED THAT the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or u/s 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).”

7) To consider and if deemed fit, pass the following Special Resolutions with or without modification(s):

INVESTMENT IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKINGS:

“FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of the following equity investments limit up to unutilized portion of for which approval had been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3).”

“FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of following sanctioned limits of loans and advances for which approval has been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3) whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year.”

Name of Companies & Undertakings	Amount in Million	
	Renewal Requested	
	Equity	Loan / Advance / Guarantee
1 Safemix Concrete Products Limited	156	250
2 Arif Habib Corporation Limited	-	1,500
3 Power Cement Limited	1,003	1,000
4 Aisha Steel Mills Limited	633	1,000
5 Javedan Corporation Limited	608	1,000

“FURTHER RESOLVED THAT the Chief Executive and/or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company’s funds as above as and when required at the time of investment.”

ANY OTHER BUSINESS

8) To consider any other business with the permission of the Chair.

Statements under Section 134(3) of the Companies Act, 2017, comprising of Annexure A, Annexure B, Annexure C and Annexure D pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board



Muhammad Taha Siddiqui
Company Secretary

Karachi
Friday, September 23, 2022

NOTES:

A. Participation of shareholders through online facility

In order to protect the wellbeing of the shareholders, the Securities and Exchange Commission of Pakistan ("SECP") has, vide its circulars issued from time to time, directed the listed companies to hold their general meetings virtually in addition to the requirements of holding physical meetings. Thus, to facilitate the shareholders, the Company in addition to convening a physical meeting has also arranged attendance of shareholder virtually via video link facility.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 10:30 a.m. on October 15, 2022 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp.

Shareholders interested in attending the AGM through electronic means, are requested to register themselves by submitting their following particulars at the Company's designated email address agm2022@arifhabibltd.com before the close of business hours on October 7, 2022. The link to the zoom application will be sent to the shareholders on the email address provided in the below table:

Shareholder's Name	CNIC No.	Folio / CDC Account No.	Cell No.	No. of shares held	Email address

Login facility will only be shared with the shareholders whose emails addresses are provided on above table, shareholders can also provide their comments / suggestions on agm2022@arifhabibltd.com or WhatsApp or SMS on 0321-8210507 for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

B. Book closure:

- The share transfer books will remain closed from October 8, 2022 to October 15, 2022 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 7, 2022 will be treated in time for the purpose of attending the annual general meeting and for determination of entitlement of shareholders to cash dividend and bonus shares.
- All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received at the office of our Registrar: M/s. CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 not less than 48 hours before the meeting.
- In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

CNIC / NTN Number on Dividend Warrant (Mandatory)

As already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012, that the electronic Dividend should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. CDC Share Registrar Services Limited.

C. Payment of Cash Dividend through electronic mode:

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. CDC Share Registrar Services Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form):

Details of Shareholder	
Name of shareholder	
Folio/ CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	

Details of Bank Account	
Title of Bank Account	
Account International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.

Signature of shareholder

D. Deduction of Income Tax from Dividend under section 150 of the Income Tax Ordinance, 2001:

- a) Pursuant to the provisions of the Finance Act 2022 effective July 1, 2022, the rate of deduction of income tax from dividend payments has been revised as follows:
- i. Rate of tax deduction for filers of income tax return – 15%
 - ii. Rate of tax deduction for non-filers of income tax return – 30%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- b) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.
- c) Further, according to clarification received from FBR, withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

In this regard all shareholders who hold company's shares jointly are requested to provide shareholding proportions or principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to Company's Share Registrar, in writing as follows:

			Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

- d) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

E. Availability of annual audited financial statements

The audited financial statements of the Company for the year ended June 30, 2022 have been made available on the Company's website (<http://www.arifhabibltd.com>) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on September 24, 2016. Accordingly, Annual Report of the Company for the year ended June 30, 2022 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Financial Accounts" have also been made available on the Company's website.

F. Unpaid Dividend Account

In accordance with the provisions of Section 244 of the Companies Act, 2017.

- (i) Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

Explanation - Dividend for the purpose of this section means the dividend payable in cash.

- (ii) The company shall, within a period of ninety days of making any deposit of the amount under sub-section (1) to the unpaid dividend account, prepare a statement containing the names, the last known addresses, number of shares held, the amount of unpaid dividend to be paid to each shareholder and such other particulars as may be specified and place it on the website of the company required under any law, rules, regulations or directions to maintain a website and also on any other website as may be specified.
- (iii) Any change in the information to be maintained on the website under sub-section (2) shall be effected by the company in such manner and within such time as may be specified.
- (iv) Any person claiming to be entitled to any money transferred under sub-section (1) to the unpaid dividend account of the company may apply to the company for payment of the money claimed.
- (v) The company shall make payment to the bonafide claimant within a period of thirty days from the date of submission of a claim with the company. No claimant shall be entitled to any amount except his unclaimed dividend amount.
- (vi) The amount of profit generated from the account maintained by the company under this section shall be used by the company for its corporate social responsibility initiatives and specified purposes.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 5, Agenda Item No. 6 and Agenda item No. 7 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

ANNEXURE A

SALE OF ARIF HABIB 1857 (PRIVATE) LIMITED

Arif Habib 1857 (Private) Limited ('AH1857') is a wholly owned subsidiary of the Company. AH1857 was incorporated on July 18, 2014 as a private limited company under the Companies Ordinance, 1984 (replaced now with the Companies Act, 2017).

The Board of Directors, subject to the provisions of Section 183 of the Companies Act, 2017 and all other applicable provisions of law, approved the sale of AH1857.

OTHER CONSIDERATIONS

The Directors of the Company do hereby undertake / certify that necessary due diligence of the sale of AH1857 has been carried out.

The Board of Directors of the Company have confirmed that the proposed sale of AH1857 is in line with the applicable provisions of the law and regulatory framework.

Material facts covering the sale of AH1857 as required under S.R.O 423(I)/2018 dated April 03, 2018 issued by the Securities & Exchange Commission of Pakistan ('SECP') are as under:

i)	Name of the subsidiary	Arif Habib 1857 (Pvt.) Limited
ii)	Cost and book value of investment in subsidiary	As at June 30, 2022 Cost: PKR 50,000,000 Net Book Value: PKR 43,558,105
iii)	Total market value of subsidiary based on value of the shares of the subsidiary company:	
	a) In case of listed subsidiary company: quoted price of shares of subsidiary on day of decision of the board for disposal;	Not applicable since the subsidiary is not listed.
	b) In case of non-listed subsidiary: value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer.	Per share value of PKR 9.81 has been determined by S.M. Suhail & Co. Chartered Accountants having satisfactory Quality Control Review rating awarded by Institute of Chartered Accountants of Pakistan.
iv)	Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available;	Net worth of subsidiary as per latest audited financial statements as at June 30, 2022 is PKR 49,055,945 and break-up value per share is PKR 9.81.

v)	Total consideration for disposal of investment in subsidiary, basis of determination of the consideration of the and its utilization;	PKR 50,000,000 determined on the basis of par value of the shares. The amount realized will be utilized by the Company to meet its working capital requirements.
vi)	Quantitative and qualitative benefits expected to accrue to the members	The proposed sale of subsidiary will result in reversal of previously booked impairment loss of PKR 6,441,895. The board of directors believe that the proposed sale will provide additional liquidity to the holding company to meet its working capital requirements.

DISCLOSURE OF INTEREST BY THE DIRECTORS IN SPECIAL BUSINESS

Except for Ms. Nida Ahsan (being the buyer of AH1857) all the other directors of the Company have no personal interest in above sale of Subsidiary except to the extent of their respective shareholding.

SALE / LIQUIDATION OF ARIF HABIB COMMODITIES (PRIVATE) LIMITED

Arif Habib Commodities (Private) Limited ('AH Commodities') is a wholly owned subsidiary of the Company. AH Commodities was incorporated on April 02, 2012 as a private limited company under the Companies Ordinance, 1984 (replaced now with the Companies Act, 2017).

OTHER CONSIDERATIONS

The Directors of the Company do hereby undertake / certify that necessary due diligence of the sale / liquidation of AH Commodities will be ensured.

The Board of Directors of the Company have confirmed that the proposed sale / liquidation of AH Commodities will be in line with the applicable provisions of the law and regulatory framework.

Material facts covering the sale / Liquidation of AH Commodities as required under S.R.O 423(I)/2018 dated April 03, 2018 issued by the Securities & Exchange Commission of Pakistan ('SECP') are as under:

i)	Name of the subsidiary	Arif Habib Commodities (Pvt.) Limited
ii)	Cost and book value of investment in subsidiary	As at June 30, 2022 Cost: PKR 38,000,000 Net Book Value: PKR 38,000,000
iii)	Total market value of subsidiary based on value of the shares of the subsidiary company:	
	a) In case of listed subsidiary company: quoted price of shares of subsidiary on day of decision of the board for disposal;	Not applicable since the subsidiary is not listed.
	b) In case of non-listed subsidiary: value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer.	Per share value of will be determined by a registered valuer having satisfactory Quality Control Review rating awarded by Institute of Chartered Accountants of Pakistan after finalization of mode of disposal by the Board of Directors.
iv)	Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available;	Net worth of subsidiary as per latest audited financial statements as at June 30, 2022 is PKR 90,107,550 and break-up value per share is PKR 23.71.

v)	Total consideration for disposal of investment in subsidiary, basis of determination of the consideration of the and its utilization;	Total consideration will be determined by the Board of Directors after finalization of mode of disposal. The amount realized will be utilized by the Company to meet its working capital requirements.
vi)	Quantitative and qualitative benefits expected to accrue to the members	The quantitative benefits will be determined after determination of total sale consideration by the Board of Directors. Proposed sale / disposal will provide additional liquidity to the holding company to meet its working capital requirements.

DISCLOSURE OF INTEREST BY THE DIRECTORS IN SPECIAL BUSINESS

Except for Ms. Nida Ahsan (being the director of AH Commodities) all the other directors of the Company have no personal interest in above sale of Subsidiary except to the extent of their respective shareholding.

ANNEXURE B

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THOSE TRANSACTIONS WITH RELATED PARTIES (IF EXECUTED) DURING THE FINANCIAL YEAR ENDING 30TH JUNE 2022 WHICH REQUIRE APPROVAL OF SHAREHOLDERS U/S 207 AND / OR 208 OF THE COMPANIES ACT, 2017

The Company shall be conducting transactions with its related parties during the year ending 30th June 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of a brokerage house, many Directors may be deemed to be treated as interested in transactions with related parties due to their shareholding in such companies. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2023, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their shareholding and / or directorships in such companies.

Annexure - C

INVESTMENTS IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKINGS

The Board of Directors of the Company has approved the specific limits for loans/advances along with other particulars for investments in the following associated companies and associated undertakings subject to the consent of members under Section 199 of the Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The Board of Directors do hereby undertake / certify that necessary due diligence for the following proposed investments have been carried out. The principle purpose of this special resolution is to make the Company in a ready position to capitalize on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

1 INVESTMENT IN SECURITIES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	SAFE MIX CONCRETE PRODUCTS LIMITED An associated undertaking due to investments by the Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 155.69 million is requested for approval. This is in addition to Investment at cost of PKR 94.31 million already made upto 30 June, 2022.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 5.69 million shares held in the Company as on 30 June, 2022 being 22.80% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 6.00
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable

S.No	Description	Information
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 182.87 million, PKR 520.83 million and PKR 337.96 million respectively. Gross Profit, Loss before tax and Profit after tax amounting to PKR 17.63 million, PKR 1.38 million and PKR 6.56 million respectively"
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 7.31
12	Earning per share of the associated company or associated undertaking for the last three years	2020: PKR 0.26 2020: PKR (3.95) 2019: PKR (1.19)
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable

S.No	Description	Information
19	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	SMCPL reported earnings per share of PKR 0.26 for the year ended 30th June 2021 as compared to loss per share of PKR 3.95 last year. Consequently, the investment is expected to add value to AHL shareholders. Performance of SMCPL can be referred in Point 10 to 12 above.

2 INVESTMENT IN SECURITIES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	POWER CEMENT COMPANY LIMITED An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 1003 million is requested for approval. This is in addition to Investment at cost of PKR 103.48 million already made upto 30 June, 2022.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 22.32 million shares held in the Company as on 30 June, 2022 being 1.71% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 5.28
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 10,745 million, PKR 45,492 million and PKR 34,747 million respectively. Gross profit, Loss before tax and Profit after tax amounting to PKR 3,089 million, PKR (671) million and PKR 358 million respectively"
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	PKR 8.21

S.No	Description	Information
12	Earning per share of the associated company or associated undertaking for the last three years	
13	Sources of fund from which securities will be acquired	2021: PKR 0.17 2020: PKR (3.4) 2019: PKR 0.55
14	Where the securities are intended to be acquired using borrowed funds	From company's own available liquidity and credit lines
(i)	Justification for investment through borrowings	
(ii)	Detail of guarantees and assets pledged for obtaining such funds	The Company foresee the return on this strategic investment higher than the borrowing cost
(iii)	Cost Benefit Analysis	Pledge of listed securities and / or charge over assets of the Company, if and where needed. Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	Not Applicable
(i)	Description of the project and its history since conceptualization	
(ii)	Starting and expected dated of completion of work	
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable Not Applicable
19	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Not Applicable POWER reported earnings per share of PKR 0.17 for the year ended 30th June 2021 as compared to loss per share of PKR 3.41 last year. Consequently, the investment is expected to add value to AHL shareholders. Performance of POWER can be referred in Point 10 to 12 above.

3 INVESTMENT IN SECURITIES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Aisha Steel Mills Limited An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 633 million is requested for approval. This is in addition to Investment at cost of PKR 367.36 million already made upto 30 June, 2022.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 23.86 million (ordinary) & 0.12 million (preference) shares held in the Company as on 30 June, 2022, being 2.93% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 11.28
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 14,467 million, PKR 36,524 million and PKR 22,057 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 11,185 million, PKR 8,588 million and PKR 6,368 million respectively"
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 20.39
12	Earning per share of the associated company or associated undertaking for the last three years	2021: PKR 8.19 2020: PKR (0.89) 2019: PKR 0.26
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines

S.No	Description	Information
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Cost Benefit Analysis	Company's expects to time the investment to earn return over and above the borrowing cost.
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment.
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	ASL reported earnings per share of PKR 8.19 for the year ended 30th June 2021 as compared to loss per share of PKR 0.89 last year. Consequently, the investment is expected to add value to AHL shareholders. Consequently the investment is expected to add value to AHL shareholders. Performance of ASL can be referred in Point 10 to 12 above.

4 INVESTMENT IN SECURITIES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	JAVEDAN CORPORATION LIMITED An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 607.68 million is requested for approval. This is in addition to Investment at cost of PKR 392.32 million already made upto 30 June, 2022.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
7	Number of securities and percentage thereof held before and after the proposed investment	Before: 8.05 million (ordinary) shares held in the Company as on 30 June, 2022, being 2.11% holding. After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
8	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 31.53
9	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
10	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 17,852 million, PKR 27,998 million and PKR 10,147 million respectively. Gross profit, (Loss) / Profit before tax and Profit after tax amounting to PKR 782.38 million, PKR 370.17 million and PKR 331.24 million respectively"
11	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 56.25
12	Earning per share of the associated company or associated undertaking for the last three years	2021: PKR 1.04 2020: PKR 0.66 2019: PKR 1.83
13	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines

S.No	Description	Information
14	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost Pledge of listed securities and / or charge over assets of the Company, if and where needed. Company's expects to time the investment to earn return over and above the borrowing cost.
(ii)	Detail of guarantees and assets pledged for obtaining such funds	
(iii)	Cost Benefit Analysis	
15	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Strategic Investment
16	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
17	Any other important details necessary for the members to understand the transaction	Not Applicable
18	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
19	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	During the financial year the Company recorded sale of PKR 1,047 million as compared to PKR 1,643 million in the corresponding period last year. The Cost of sales for the period was recorded at PKR 264 million as compared to PKR 708 million in the corresponding period. The gross profit over the year declined by 16% amounting to PKR 152 million and to the contrary gross profit margin has increased by 17%. The administrative expenses for the period remained at PKR 420 million representing an increase of 9% over the corresponding period. The finance cost for the year remained at PKR 107 million as compared to PKR 207 million resulting in a decline of 48%. The finance cost has declined due to improved working capital leading to reduced financing cost on short-term running finance. The initiatives of Government of Pakistan and State Bank of Pakistan (SBP) "Mera Pakistan – Mera Ghar scheme", "Roshan Apna Ghar scheme" and new guidelines for housing finance particularly for high rise under construction projects by SBP have completely changes the dynamics of the sector. These steps will increase the potential customer base manifold for the project. And it is likely to create additional demand of plots, Houses, and apartments (to be launched soon) in Naya Nazimabad. Consequently the investment is expected to add value to AHL shareholders. Performance of JCL can be referred in Point 10 to 12 above.

1 LOANS, ADVANCES AND CORPORATE GUARANTEES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	SAFEMIX CONCRETE PRODUCTS LIMITED An associated undertaking due to investment by the Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 250 million is requested for renewal. Above facilities will be in the nature of running finance & corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2021-22, no loan was extended to the associate.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	During 2021-22, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 182.87 million, PKR 520.83 million and PKR 337.96 million respectively. Gross Profit, Loss before tax and Profit after tax amounting to PKR 17.63 million, PKR 1.38 million and PKR 6.56 million respectively"
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2021 - 2022.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2024.
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.

S.No	Description	Information
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

2 LOANS AND ADVANCES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	ARIF HABIB CORPORATION LIMITED An associated undertaking due to Parent Company.
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,500 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2021-22, no loan was extended to the associate.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	During 2021-22, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 21,365 million, PKR 22,764 million and PKR 1,399 million respectively. Profit before tax and Profit after tax amounting to PKR 4,297 million and PKR 3,874 million
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2021 - 2022.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Company's prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2024.
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.

S.No	Description	Information
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

3 LOANS AND ADVANCES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	POWER CEMENT LIMITED An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2021-22, no loan was extended to the associate.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	During 2021-22, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 10,745 million, PKR 45,492 million and PKR 34,747 million respectively. Gross profit, Loss before tax and Profit after tax amounting to PKR 3,089 million, PKR (671) million and PKR 358 million respectively"
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2021 - 2022.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	To support the functionality, operations and growth of the associate.
(i)	Justification for granting loan or advance out of borrowed funds	
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2024.
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.

S.No	Description	Information
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

4 LOANS AND ADVANCES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Aisha Steel Mills Limited An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned unutilized limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2021-22, no loan was extended to the associate.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	During 2021-22, no loan was extended to the associate.
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 14,467 million, PKR 36,524 million and PKR 22,057 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 11,185 million, PKR 8,588 million and PKR 6,368 million respectively"
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2021 - 2022.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2024.
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.

S.No	Description	Information
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

5 LOANS AND ADVANCES

S.No	Description	Information
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	JAVEDAN CORPORATION LIMITED An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Previously sanctioned limit of PKR 1,000 million is requested for renewal. Above facilities will be in the nature of running finance and corporate guarantee for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	The markup on facility shall be 3 months KIBOR + 1.75% per annum. Markup is payable on Quarterly basis. The loan is repayable within 30 business days of notice of demand. The markup rate may be increased / reduced if borrowing cost of the Company is increased.
5	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Not Applicable
6	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 17,852 million, PKR 27,998 million and PKR 10,147 million respectively. Gross profit, (Loss) / Profit before tax and Profit after tax amounting to PKR 782.38 million, PKR 370.17 million and PKR 331.24 million respectively"
7	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR + 0.50% to 1.5% in 2021 - 2022.
8	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companies' prevalent average borrowing cost.
9	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
10	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2024.
11	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.

S.No	Description	Information
12	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
13	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
14	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
15	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
16	Any other important details necessary for the members to understand the transaction	Not Applicable
17	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

ANNEXURE - D

Statement under Section 134(3) of the Companies Act, 2017, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, for decision to make investment under the authority of a resolution passed earlier pursuant to provisions of section 208 of the Companies Ordinance, 1984 (repealed) is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans and advances is also hereby sought for the companies, in which directors of the company have no interest except in their capacity as director/shareholder, as per following details :

1 Name of associated company / undertaking : **Arif Habib Corporation Limited**

S. No.	Description	Investment in Securities		Loans / Advances and Corporate Gurantees	
a)	total investment approved;	-		1,500,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and			Facility is in the nature of Running Finance to be availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2021	2020	2021	2020
i	Earnings per share - basic & diluted	9.49	(1.38)	9.49	(1.38)
ii	Net (Loss) / Profit	3,874,064,243	(569,875,093)	3,874,064,243	(569,875,093)
iii	Shareholders Equity	21,364,538,086	18,103,036,343	21,364,538,086	18,103,036,343
iv	Total Assets	22,764,012,281	18,978,026,120	22,764,012,281	18,978,026,120
v	Break-up value	52.32	44.33	52.32	44.33
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	-	Sanctioned	1,500,000,000

2 Name of associated company / undertaking : **Safe Mix Concrete Products Limited**

S. No.	Description	Investment in Securities		Loans / Advances and Corporate Gurantees	
a)	total investment approved;	250,000,000		250,000,000	
b)	amount of investment made to date;	94,300,696		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2021	2020	2021	2020
i	Earnings per share	0.26	(3.95)	0.26	(3.95)
ii	Net (Lose)/Profit	6,566,728	(98,777,041)	6,566,728	(98,777,041)
iii	Shareholders Equity	182,871,165	177,356,035	182,871,165	177,356,035
iv	Total Assets	520,829,314	490,062,787	520,829,314	490,062,787
v	Break-up value	7.31	7.09	7.31	7.09
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised	155,699,304	Sanctioned	250,000,000

3 Name of associated company / undertaking : **Power Cement Limited**

S. No.	Description	Investment in Securities		Loans / Advances and Corporate Gurantees	
a)	total investment approved;	250,000,000		500,000,000	
b)	amount of investment made to date;	143,048,035		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2021	2020	2021	2020
i	Earnings per share	0.17	(3.41)	0.17	(3.41)
ii	Net Profit	358,359,000	(3,621,629,000)	358,359,000	(3,621,629,000)
iii	Shareholders Equity	10,744,915,000	8,478,635,000	10,744,915,000	8,478,635,000
iv	Total Assets	45,491,678,000	45,501,205,000	45,491,678,000	45,501,205,000
v	Break-up value	8.21	9.96	8.21	9.96
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised	1,003,519,430	Sanctioned	1,000,000,000

4 Name of associated company / undertaking : **Aisha Steel Mills Limited**

S. No.	Description	Investment in Securities		Loans / Advances and Corporate Gurantees	
a)	total investment approved;	1,000,000,000		1,000,000,000	
b)	amount of investment made to date;	367,359,224		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2021	2020	2021	2020
i	Earnings per share	8.19	(0.89)	8.19	(0.89)
ii	Net (Lose)/Profit	6,368,348,000	(616,573,000)	6,368,348,000	(616,573,000)
iii	Shareholders Equity	16,644,584,000	8,097,437,000	16,644,584,000	8,097,437,000
iv	Total Assets	36,523,517,000	34,530,748,000	36,523,517,000	34,530,748,000
v	Break-up value	20.39	9.96	20.39	9.96
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised	632,640,776	Sanctioned	1,000,000,000

3 Name of associated company / undertaking : **Javedan Corporation Limited**

S. No.	Description	Investment in Securities		Loans / Advances and Corporate Gurantees	
a)	total investment approved;	1,000,000,000		1,000,000,000	
b)	amount of investment made to date;	392,319,205		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2021	2020	2021	2020
i	Earnings per share	1.04	0.66	1.04	0.66
ii	Net Profit	331,240,000	236,700,000	331,240,000	236,700,000
iii	Shareholders Equity	17,852,266,000	17,523,409,000	17,852,266,000	17,523,409,000
iv	Total Assets	27,998,944,000	26,154,969,000	27,998,944,000	26,154,969,000
v	Break-up value	56.25	55.21	56.25	55.21
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised	607,680,795	Sanctioned	1,000,000,000

PATTERN OF SHAREHOLDING REPORT

As of JUNE 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
MUHAMMAD HAROON	1	1,712	0.00
NIDA AHSAN	1	1,208	0.00
SHARMIN SHAHID	1	1,208	0.00
MOHSIN MADNI	1	550	0.00
MUHAMMAD SHAHID ALI	1	965	0.00
ZAFAR ALAM	1	75,110	0.11
MUHAMMAD SOHAIL SALAT	1	660	0.00
Associated Companies, undertakings and related parties	1	41,170,472	63.01
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions.	-	-	-
Insurance Companies	2	160,962	0.25
Modarabas and Mutual Funds	1	3,850	0.01
General Public			
a. Local	3,554	16,373,728	25.06
b. Foreign	50	124,435	0.19
Foreign Companies	-	-	-
Others	42	7,425,140	11.36
Totals	3,657	65,340,000	100.00

Share holders holding 10% or more	Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED	41,170,472	63.01

CATEGORIES OF SHAREHOLDERS

As of JUNE 30, 2022

# Of Shareholders	Shareholdings' Slab		Total Shares Held
654	1	To 100	17,402
648	101	To 500	186,839
519	501	To 1000	385,938
1249	1001	To 5000	2,765,404
260	5001	To 10000	1,877,767
110	10001	To 15000	1,347,630
63	15001	To 20000	1,104,653
34	20001	To 25000	755,328
20	25001	To 30000	556,293
15	30001	To 35000	486,459
10	35001	To 40000	376,597
10	40001	To 45000	416,398
12	45001	To 50000	569,502
5	50001	To 55000	270,645
8	55001	To 60000	466,396
3	60001	To 65000	188,262
3	65001	To 70000	200,700
2	70001	To 75000	144,500
4	75001	To 80000	307,048
2	85001	To 90000	174,666
1	90001	To 95000	93,940
1	95001	To 100000	100,000
1	105001	To 110000	105,050
1	110001	To 115000	114,000
1	115001	To 120000	118,800
1	120001	To 125000	121,000
2	130001	To 135000	264,000
3	135001	To 140000	414,817
1	165001	To 170000	168,500
1	185001	To 190000	190,000
1	205001	To 210000	210,000
2	215001	To 220000	436,500
1	220001	To 225000	224,950
1	245001	To 250000	248,500
1	250001	To 255000	253,000
1	300001	To 305000	304,220
1	325001	To 330000	330,000
1	435001	To 440000	436,700
1	455001	To 460000	457,274
1	500001	To 505000	501,800
1	6475001	To 6480000	6,478,050
1	41170001	To 41175000	41,170,472
3,657			65,340,000

ہم اس مدت کے دوران کمپنی کے تمام ٹیم ممبران کی طرف سے کی گئی محنت کے معترف ہیں اور ان کو خراج تحسین پیش کرتے ہیں۔ ہم بورڈ کمیٹیوں کے ممبران کی گرانقدر شراکت اور فعال کردار کو بھی تسلیم کرتے ہیں جو انتہائی اہمیت کے حامل معاملات پر انتظامیہ کی مدد اور رہنمائی کرتے ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور ان کی طرف سے

ظفر عالم

چیئرمین

محمد شاہد علی حبیب

چیف ایگزیکٹو افسر اور ایگزیکٹو ڈائریکٹر

کراچی

تاریخ: اگست 31، 2022

بعد از بیلنس شیٹ صورتحال / منافع

بورڈ آف ڈائریکٹرز نے 30 جولائی 2022 کو منعقدہ اپنے اجلاس میں 6 روپیہ فی حصص مجموعہ 392,040,000 ملین روپیہ حتمی نقد منافع 15 اکتوبر 2022 کو ہونے والے سالانہ عام اجلاس میں ممبروں کی منظوری کے لئے تجویز کیا ہے۔ یہ غیر منضبط مالی بیانات اس تخصیص کی عکاسی نہیں کرتے ہیں۔

پارٹی سے متعلق ترسیلات

فہرست سازی کے ضوابط کی ضروریات کی تعمیل کرنے کے لئے، کمپنی نے پارٹی سے متعلقہ تمام ترسیلات کو آڈٹ کمیٹی اور بورڈ کے سامنے جائزہ اور منظوری کے لئے پیش کیا ہے۔ ان ترسیلات کو آڈٹ کمیٹی اور بورڈ نے اپنے اجلاسوں میں منظور کر لیا ہے۔ متعلقہ فریقوں سے متعلق تمام ترسیلات کی تفصیلات منسلک آڈٹ شدہ مالی بیانات کے نوٹ 34 اور 35 میں فراہم کی گئی ہیں۔

آڈیٹر

سبکدوش ہونے والے آڈیٹرز میسرز چارٹرڈ اکاؤنٹنٹ رحمان سرفراز رحیم اقبال رفیق نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ ان کی دوبارہ تقرری کی سفارش کرتا ہے۔ ایک قرارداد میسرز رحمن سرفراز رحیم اقبال رفیق کو مالی سال 2022-23 کے لئے بطور آڈیٹر منظوری کے لئے آئندہ سالانہ جنرل اجلاس میں پیش کی جائے گی۔

مستقبل کے امکانات

آپ کی کمپنی کے مستقبل کے امکانات کمپنی کے مارکیٹ شیئر کو بڑھانے کے لیے انتظامیہ کی کوششوں اور ڈیجیٹل آن بورڈنگ کے ذریعے اس کے تمام کاروباری حصوں خاص طور پر آن لائن اور ریٹیل ڈویژن میں وسیع تر شرکت کی وجہ سے امید افزا ہیں۔ کمپنی اپنے موجودہ کلائنٹس کے ساتھ ساتھ ممکنہ ملکی اور غیر ملکی کلائنٹس سے کمپنی کے پریمیم سوٹ آف سروسز کے ذریعے ان کے ساتھ تعلقات کو بڑھا کر بہتر حجم حاصل کرنے کی کوشش کر رہی ہے۔ اس میں کمپنی کی اعلیٰ معیار کی تحقیق کو بڑھانے کے ذریعے نئی مصنوعات اور خدمات کی پیشکش بھی شامل ہے۔

انتظامیہ نئی ایکویٹی اور قرض کی فہرستوں، انضمام اور حصول، نجی طور پر رکھے گئے TFCS اور سکوک کے ساتھ ساتھ رائٹ حصص کے ذریعے ایکویٹی بڑھانے کی ایڈوانسری اور انڈر رائٹنگ کی وجہ سے بڑھتی ہوئی سرگرمی کی پیش گوئی بھی کرتی ہے جس کے لیے انوسٹمنٹ بینکنگ ڈویژن مکمل طور سے تیار ہے۔

انتظامیہ سمجھتی ہے کہ ایکویٹی سیکیورٹیز کی قدر اس وقت انتہائی پرکشش سطح پر ہے اور IMF پروگرام کی حالیہ منظوری کے ساتھ، مارکیٹ صرف مستحکم ہونے کے لیے تیار ہے۔ بہتر ایکویٹی ریٹرن میں حصہ ڈالنا۔ اس سے مالیاتی خدمات سے کمپنی کی بنیادی آمدنی کو بڑھانے میں بھی مدد ملے گی۔

کمپنی اپنی رئیل اسٹیٹ کی سرمایہ کاری کو REIT موڈ میں تبدیل کرنے کا ارادہ رکھتی ہے جس سے درمیانی مدت میں اچھا منافع حاصل ہونے کا امکان ہے۔ مجموعی طور پر کمپنی مضبوط بنیادوں پر ہے۔

اعتراف

ہم کمپنی کے شیئر ہولڈرز کے مسلسل اعتماد اور سرپرستی کے لیے ان کے شکر گزار ہیں۔ ہم تمام اسٹیک ہولڈرز، اپنی پرنٹ کمپنی، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کو ان کی غیر متزلزل حمایت اور رہنمائی کے لیے اپنا مخلصانہ خراج تحسین پیش کرتے ہیں۔

-	-	-	ڈائریکٹر	جناب محسن مدنی
-	-	-	ڈائریکٹر	جناب محمد ہارون
-	-	-	ڈائریکٹر	محترمہ ندا احسن
-	-	-	چیف ایگزیکٹو آفیسر	جناب محمد شاہد علی
-	-	-	چیف فنانس آفیسر اور کمپنی سیکرٹری	محمد طی صدیقی
-	-	-	-	شوہرزوج
-	-	-	-	نابالغ اولاد

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی نے اپنے فرائض اور ذمہ داریوں کو بورڈ کی طرف سے منظور شدہ شرائط کے مطابق مؤثر انداز میں ادائیگی کو جاری رکھا۔ اس رپورٹ کے ساتھ کمیٹی کی تشکیل بھی منسلک کر دی گئی ہے۔

کارپوریٹ اور سیکریٹریل عملدرآمد

کمپنی سیکرٹری نے سالانہ ریٹرن کے جز کے طور پر سیکریٹریل کمپلائنس کا سرٹیفیکٹ رجسٹرار آف کمپنیز کو تصدیق کے لئے پیش کیا کہ سیکریٹریل اور کارپوریٹ شرائط جیسا کہ کمپنیز آرڈیننس 1984 ، میمورنڈم اور آرٹیکل آف ایسوسی ایشن آف دی کمپنی اور لسٹنگ ضوابط پر کلی طور سے عمل کیا گیا ہے

اخلاقیات اور کاروباری مشق

کارپوریٹ گورننس کے رہنما اصولوں کے مطابق ، کمپنی نے عمل درآمد کے لئے "ضابطہ اخلاق" مرتب کیا ہے۔ اس پر کمپنی کے تمام ڈائریکٹرز اور ملازمین نے سمجھ کر قبول کرتے ہوئے دستخط کیے ہیں ۔

شیئر ہولڈنگ کا خاکہ

کمپنی کے حصص یافتگان اور زمرے کے تفصیلی خاکوں کو 30 جون 2022 تک ، فہرست سازی کے ضوابط کے تحت شرائط کے مطابق ، اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

شراکت داروں کے لئے معلومات

پچھلے سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار کا خلاصہ کیا گیا ہے اور اسے صفحہ نمبر 51 پر پیش کیا گیا ہے۔

i. سال کے دوران بروکر کے ذریعے کوئی ایسا لین دین نہیں کیا گیا ہے جو دھوکہ دہی، غیر قانونی یا کسی بھی سیکیورٹیز مارکیٹ کے قوانین کی خلاف ورزی کی گئی ہو۔

j. کمپنی کے ملازمین کے پروویڈنٹ فنڈ میں کمپنی نے 10,530,815 روپے کی رقم ادا کی ہے۔ نیز کمپنی پر سال کے آخر میں کوئی بقایا ذمہ داری نہیں ہے کیونکہ پروویڈنٹ فنڈ کا انتظام ایک الگ ٹرسٹ کے ذریعے کیا جاتا ہے۔

بورڈ میں تبدیلیاں

زیر جائزہ سال کے دوران بورڈ کے ڈھانچے میں کوئی تبدیلی واقع نہیں ہوئی۔

بورڈ اور آڈٹ کمیٹی کے اجلاس اور حاضری

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس اور آڈٹ کمیٹی کے چار اجلاس 01 جولائی 2021 سے 30 جون 2022 کے درمیان منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے اراکین کی حاضری حسب ذیل تھی:

ڈائریکٹرز کے نام	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب ظفر عالم	4	نا قابل اطلاق
محترمہ شرمین شاہد	4	نا قابل اطلاق
محترمہ ندا احسن	4	ن قابل اطلاق
جناب محمد ہارون	3	3
جناب محسن مدنی	4	4
جناب محمد شاہد علی	4	نا قابل اطلاق
جناب محمد سہیل سلات	4	4

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے اراکین کو غیر حاضری کی رخصت دی گئی۔

ڈائریکٹرز اور ایگزیکٹوز کی جانب سے کمپنی کے حصص کی تجارت

سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص کی مندرجہ ذیل تجارت کی گئی:

ڈائریکٹر	عہدہ	خرید کردہ حصص	فروخت شدہ حصص	تبصرہ
جناب ظفر عالم	چیئرمین	7,500	-	-
جناب محمد سہیل سلات	ڈائریکٹر	-	-	-
محترمہ شرمین شاہد	ڈائریکٹر	-	-	-

رسک مینجمنٹ

ہمارے کاروبار میں خطرات ناگزیر ہیں اور ان میں لیکویڈیٹی، مارکیٹ، کریڈٹ، آپریشنل، قانونی، ریگولیٹری، اور ساکھ کے خطرات شامل ہیں۔ AHL کی رسک مینجمنٹ گورننس ہمارے بورڈ سے شروع ہوتی ہے، جو رسک مینجمنٹ کی پالیسیوں اور طریقوں کا جائزہ لینے اور ان کی منظوری دینے میں ایک لازمی کردار ادا کرتا ہے۔

ہمارا رسک مینجمنٹ فریم ورک اور سسٹم دیرینہ، معیاری اور بہت مضبوط ہیں۔ ہم سمجھتے ہیں کہ کمپنی کی کامیابی کے لیے مؤثر رسک مینجمنٹ بنیادی اہمیت کا حامل ہے۔ اسی مناسبت سے، ہم نے رسک مینجمنٹ کے لئے ایک جامع عمل شروع کیا ہے جس کے ذریعے ہم اپنی سرگرمیوں کے انعقاد میں جو خطرات لاحق ہوتے ہیں ان کی نگرانی، جائزہ اور ان کا انتظام کرتے ہیں۔ حدود کا ایک سخت فریم ورک متعدد لین دین، مصنوعات، کاروبار اور بازاروں میں خطرے کو کنٹرول کرنے کے لیے لاگو کیا جاتا ہے جن میں ہم کام کرتے ہیں۔ اس میں مختلف سطحوں پر کریڈٹ اور مارکیٹ کے خطرے کی حدیں طے کرنا اور ان حدود کی باقاعدگی سے نگرانی کرنا شامل ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی نے متعدد فلاحی سرگرمیوں کے ذریعے ایک سماجی طور پر ذمہ دار تنظیم کے طور پر معاشرے اور کاروباری برادری کے لیے اپنا تعاون جاری رکھا۔ AHL اپنی کارپوریٹ سماجی ذمہ داری کی تکمیل کے لیے پرعزم ہے اور صحت کی دیکھ بھال، تعلیم، ماحولیات اور کمیونٹی کی بہبود پر توجہ دینے والے منصوبوں میں اپنی شمولیت جاری رکھے ہوئے ہے۔ ہم مستقبل میں بھی ایسے نیک مقاصد میں اپنی شمولیت اور شراکت جاری رکھنے کا ارادہ رکھتے ہیں۔

کمپنی کی طرف سے کیے گئے تعاون کی تفصیلات صفحہ نمبر 16 پر پیش کی گئی ہیں۔

کارپوریٹ گورننس کا ضابطہ

کمپنی کا بورڈ اور انتظامیہ اس بات کو یقینی بنانے کے لیے پرعزم ہے کہ کوڈ آف کارپوریٹ گورننس کی ضروریات پوری طرح مکمل ہوں۔ کمپنی نے مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے مقصد کے ساتھ مضبوط کارپوریٹ گورننس کے طریقوں کو اپنایا ہے۔

ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں شفاف طور پر اس کے معاملات، اس کے کاموں کے نتائج، نقد رقوم کی آمد و رفت اور ایکویٹی میں تبدیلیاں پیش کی جاتی ہیں۔
- کمپنی کے اکاؤنٹس کی کتابیں باقاعدگی سے ترتیب دی گئی ہیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالی بیانات کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- داخلی کنٹرول کے نظام کا ڈیزائن درست ہے اور جسے مؤثر طریقے سے لاگو کیا گیا اور اس کی نگرانی کی گئی ہے۔
- کمپنی کے معاملات جاری رکھنے کے سلسلے میں کوئی واضح خدشات موجود نہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی روگردانی نہیں کی گئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے؛
- کمپنی کے پاس ٹیکس، ڈیوٹیز، لیویز اور چارجز کی قانونی ادائیگی کی وجہ سے بیلنس شیٹ کی تاریخ کے مطابق کوئی بقایا ذمہ داری نہیں ہے۔

ایوارڈز اور اعتراف

ہمیں یہ اعلان کرتے ہوئے بے حد فخر ہے کہ مالی سال 22 میں کمپنی کی کارکردگی کو بین الاقوامی شہرت یافتہ تنظیموں جیسے کہ Asiamoney، FinanceAsia اور The Asset کے ساتھ ساتھ انتہائی قابل احترام CFA سوسائٹی پاکستان نے بھی تسلیم کیا ہے۔ اس سال اے ایچ ایل نے درج ذیل ایوارڈز جیتے:

1. پاکستان میں 2022 کے لیے بہترین سیکیورٹیز ہاؤس Asiamoney -
2. بہترین سرمایہ کاری بینک Asiamoney2022 -
3. پاکستان میں سب سے نمایاں کمپنی - فنانشل سیکٹر Asiamoney2021 -
4. بہترین انویسٹمنٹ بینک - ڈومیسٹک 2022 - فنانس ایشیا کنٹری ایوارڈز 2022
5. بہترین بانڈ ایڈوائزر - دی ایسٹ ٹریل اے کنٹری اینڈ ریجنل ایوارڈز 2021
6. بہترین ایکویٹی ایڈوائزر - دی ایسٹ ٹریل اے کنٹری اینڈ ریجنل ایوارڈز 2021
7. بہترین کارپوریٹ اور ادارہ جاتی مشیر - دی ایسٹ ٹریل اے کنٹری اینڈ ریجنل ایوارڈز 2021
8. سال 2020 کا بہترین کارپوریٹ فنانس ہاؤس CFA - سوسائٹی پاکستان
9. سال 2021 کا بہترین ایکویٹی بروکریج ہاؤس CFA - سوسائٹی پاکستان
10. سال 2021 کا بہترین اکنامک ریسرچ ہاؤس CFA - سوسائٹی پاکستان
11. سال 2021 کا بہترین ایکویٹی تجزیہ کار CFA - سوسائٹی پاکستان
12. بہترین منی مارکیٹ بروکر (اسلامک) - فنانشل مارکیٹ ایسوسی ایشن آف پاکستان
13. روشن ڈیجیٹل اکاؤنٹس کھولنے کے لیے ٹاپ بروکریج ہاؤس - سینٹرل ڈیپازٹری کمپنی

کریڈٹ ریٹنگ

کمپنی کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) کے ذریعے 'AA-/A-1' (ڈبل اے مائنس/A-One) کی اینٹی ریٹنگ دوبارہ تفویض کی گئی ہے۔ تفویض کردہ ریٹنگز پر آؤٹ لک 'مستحکم' ہے۔ اس سرٹیفیکیشن نے مسلسل ترقی کے لیے انتظامیہ کے وزن کو مزید واضح کیا ہے اور امید کی جاتی ہے کہ اس سے کمپنی کے صارفین کو "عارف حبیب" برانڈ کی ساکھ اور استحکام کے حوالے سے مزید اعتماد ملے گا۔

انتظامی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے کمپنی کو BMR1 کی انتظامی درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ ریٹنگز پر آؤٹ لک 'مستحکم' ہے۔ اس سرٹیفیکیشن نے مضبوط کنٹرول اور گورننس فریم ورک کو برقرار رکھنے، کلانٹ سروسنگ ٹولز کی مسلسل اپ ڈیٹ اور سرمایہ کاری کی سرگرمیوں سے پیدا ہونے والے خطرات خاص طور پر لیکویڈیٹی اور مفادات کے ٹکراؤ کی محتاط نگرانی میں کمپنی کی صلاحیت کی توثیق کی ہے۔

ہے۔ سیلز ٹیم اور ریٹیل/آن لائن ٹیموں نے بھی نئے اکاؤنٹس کی رفتار کو رواں رکھنے میں غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔ ہمیں غیر مقیم پاکستانیوں کے لیے سب سے زیادہ تعداد میں RDA اکاؤنٹس کھولنے اور انہیں کیپیٹل مارکیٹ کے مواقع سے منسلک رکھنے پر بہت فخر ہے۔ ہم اپنی کمپلائنس ٹیم کی کارکردگی کا اعتراف بھی کرنا چاہیں گے جو مستعدی سے کھاتہ کھولنے کی بڑھتی ہوئی تعداد کے درمیان KYC/AML پر کام کر رہی ہے۔ ہم اپنے سیٹلمنٹ ڈیپارٹمنٹ کی انتھک کوششوں کا اعتراف بھی کریں گے جنہوں نے بلا تاخیر سرعت کے ساتھ تصفیوں کا انتظام کیا۔

ہماری منی مارکیٹ ڈیسک ایک چمکتا روشن ستارہ، جس نے 95 ملین روپے (9% YoY) کی ریکارڈ بروکریج کی آمدنی حاصل کی، جو کہ 2013 میں اپنے قیام کے بعد سے اب تک شعبہ کے لیے سب سے زیادہ آمدنی کی کارکردگی ہے۔ ہم نے اپنی منی مارکیٹ اور FX کے شعبہ جات میں مزید تاجروں کو شامل کیا ہے جس کی وجہ سے مارکیٹ شیئر میں بھرپور اضافہ ہوا ہے۔

اللہ تعالیٰ کے فضل و کرم سے اے ایچ ایل نے ایک بار پھر عالمی اور مقامی اداروں سے بے شمار تعریفیں حاصل کیں۔ مالی سال 22 میں اے ایچ ایل کو حاصل ہونے والے چند بڑے ایوارڈز میں، سی ایف اے سوسائٹی کا 'بہترین ایکویٹی بروکریج ہاؤس' ایوارڈ، ایشیا منی کا 'بیسٹ سیکیورٹیز ہاؤس'، فنانانس ایشیا کا 'پاکستان میں بہترین بروکر' اور 'بیسٹ منی مارکیٹ بروکر (اسلامک)' فنانشل مارکیٹ ایسوسی ایشن آف پاکستان، شامل ہیں۔

بڑھتے ہوئے قدموں کے نشانات - آگے بڑھنے کا ڈیجیٹل راستہ

نیشنل کلیننگ کمپنی پاکستان لمیٹڈ (این سی سی پی ایل) نے 30 جون 2022 کو 279,522 منفرد شناختی نمبر (UINs) کا اعلان کیا، جو پاکستان کی کل آبادی کے تناظر میں سمندر میں قطرہ کی مثل ہے۔ اے ایچ ایل کا خیال ہے کہ یو آئی این کی تعداد کو کئی گنا بڑھایا جا سکتا ہے جس کے لیے ٹیکنالوجی اہم کردار ادا کرے گی۔ AHL اپنے صارفین کی رسائی کو بڑھانے کے لیے مسلسل کام کر رہا ہے اور ہم نے 4,286 نئے اکاؤنٹس کھولے ہیں جو کہ پچھلے سال کے مقابلے میں 9% زیادہ ہیں جن میں سے تقریباً 98% آن لائن ہیں۔ مزید برآں، ہم نے کلائنٹس کے لیے ایک نئی موبائل ایپلیکیشن تیار کی ہے جو کہ گزشتہ سے بہتر ایک بڑا اپ گریڈ ہے اور صارفین کے اطمینان، صارف دوستی اور معلومات تک رسائی کے حوالے سے بڑی کامیابی ہے۔

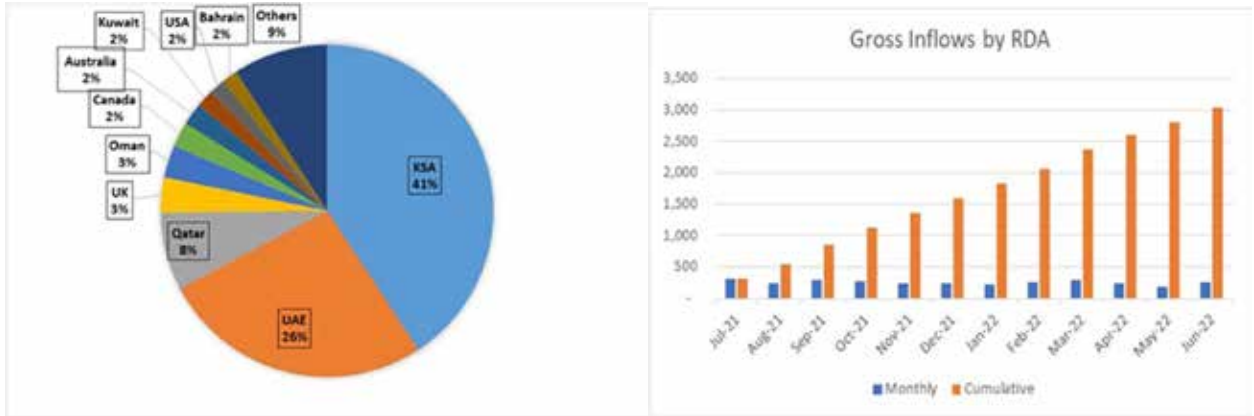
انویسٹمنٹ بینکنگ آپریشنز

ہمارے انویسٹمنٹ بینکنگ آپریشنز نے کل آمدنی Rs. 408 ملین ظاہر کی، جو مالی سال 21 کے مقابلے میں 39 فیصد کم ہے۔ کمی کی بنیادی وجہ مین بورڈ میں مکمل طور پر خشک IPO سرگرمی ہے۔ یاد دہانی کے لیے، اے ایچ ایل نے مالی سال 21 میں 10 میں سے 8 آئی پی اوز پر عمل درآمد کیا۔ FY22 میں انویسٹمنٹ بینکنگ ریونیو میں نجی طور پر رکھے گئے TFCs اور Sukuks کے ساتھ ساتھ انضمام اور حصول کی ایڈوائزری اور رائٹ شیئرز کے ذریعے ایکویٹی بڑھانے کی انڈر رائٹنگ شامل تھی۔ ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی ایک مشکل ماحول میں مارکیٹ لیڈر بنی ہوئی ہے۔ آئی ایم ایف پروگرام کا دوبارہ آغاز اور موجودہ حکومت کی جانب سے اقتصادی استحکام کے اقدامات مالی سال 23 میں کاروباری سرگرمیوں میں بہتری کے لیے امیدافزا ہیں۔ ہمیں بورس میں کئی نئی فہرستوں کا اندازہ ہے اور ہمیں یقین ہے کہ AHL اپنی مارکیٹ لیڈر شپ کی پوزیشن کو برقرار رکھے گا اور مزید IPOs کو مارکیٹ میں لائے گا۔

سرمایہ کاری بینکنگ ڈویژن کے شعبے میں ہماری مسلسل کارکردگی کو بین الاقوامی اداروں جیسے کہ Asiamoney، FinanceAsia اور The Asset کی جانب سے تسلیم کیا گیا ہے۔ اے ایچ ایل کو ایشیا منی کی طرف سے "بہترین سرمایہ کاری بینک 2022" سے نوازا گیا، جبکہ فنانانس ایشیا کنٹری ایوارڈز 2022 نے اے ایچ ایل کو "بہترین سرمایہ کاری بینک - ڈومیسٹک 2022" کے طور پر تسلیم کیا، آپ کی کمپنی نے مسلسل 8ویں بار CFA سوسائٹی پاکستان سے سال (2021-2014)۔ "بہترین کارپوریٹ فنانانس ہاؤس (ایکویٹیز)" جیت کر تاریخ رقم کی ہے۔

انتظامیہ نئی ایکویٹی/قرض کی فہرستوں اور انضمام اور حصول اور نجی ایکویٹی سرمایہ کاری کے شعبوں کی سرگرمی میں اضافے کی پیش گوئی کرتی ہے۔ ہم اپنے صارفین کو بہترین خدمات فراہم کر کے اپنے مارکیٹ شیئر کو مزید بڑھانے کے لئے بھی پراعتماد ہیں۔

اے ایچ ایل کو حکومت اور اسٹیٹ بینک آف پاکستان کی قیادت میں اس اقدام میں سب سے اگلی صف میں ہونے پر فخر ہے۔ جون کے آخر تک مجموعی طور پر 429,364 RDAs قائم کیے گئے ہیں اور پاکستان کی مجموعی آمدن میں USD 4.6 بلین کا حصہ ڈالا ہے۔ RDAs کا بڑا حصہ نیا پاکستان سرٹیفکیٹس پر مرکوز ہے جس میں 9,712 RDAs، نے 40 ملین امریکی ڈالر کی مجموعی آمد کے ساتھ ایکویٹی سرمایہ کاری کا انتخاب کیا ہے۔ AHL نے RDA موکلین کو معاونت فراہم کرنے کے لیے ایک خصوصی مددگار ڈیسک قائم کیا ہے اور RDA کلانٹس کو بڑھانے کے لیے اپنی افرادی قوت میں اضافہ کر رہا ہے۔ اللہ تعالیٰ کے فضل و کرم سے، آپ کی کمپنی نے روشن ڈیجیٹل اکاؤنٹس کے لیے 27% کا سب سے زیادہ مارکیٹ شیئر حاصل کر لیا ہے۔ اس کارکردگی کا اعتراف سنٹرل ڈپازٹری کمپنی آف پاکستان نے کیا جس نے عارف حبیب لمیٹڈ کو آر ڈی اے اکاؤنٹس کھولنے پر "ٹاپ بروکریج ہاؤس" کے خطاب سے نوازا ہے۔



مالیاتی کارکردگی

ہمیں آپ کو یہ بتاتے ہوئے خوشی ہے کہ مالی سال 22 کے لیے اے ایچ ایل کی مالی کارکردگی متعدد مشکلات کے باوجود پورے بورڈ میں مضبوط رہی ہے۔ آپ کی کمپنی نے 517.08 ملین روپے کی بروکریج آمدنی اور انوسٹمنٹ بینکنگ ریونیو 408.34 ملین روپیہ کی سرمایہ کاری حاصل کی ہے۔ مالی سال 22 میں بروکریج، انوسٹمنٹ بینکنگ اور ایڈوائزری سے 977.38 ملین روپیہ کا حصول ہوا جو مالی سال 21 کے 1,409.39 ملین روپیہ کے مقابلے میں 31% سالانہ کی کمی ظاہر کرتا ہے۔ گزرنے والے مالی سال میں مارکیٹ کی کم قیمتوں اور زیادہ اتار چڑھاؤ کے درمیان ٹریڈڈ ویلیو میں 54% کمی اور مین بورڈ پر کوئی ایکویٹی IPO نہ ہونے کے پس منظر میں یہ کارکردگی قابل تحسین ہے۔

قلیل مدتی سرمایہ کاری کے پورٹ فولیو کو بھی مارکیٹ کی انحطاط پذیر صورتحال کی وجہ سے دھچکا پہنچا، تاہم، یہ جزوی طور پر ہمارے رئیل اسٹیٹ انوسٹمنٹ پورٹ فولیو پر حقیقی اور غیر حقیقی فوائد سے پورا ہوا جس کے نتیجے میں مجموعی طور پر 537.94 ملین روپیہ کی آمدنی ہوئی۔

اے ایچ ایل اپنی خدمات کو بہتر بنانے کے لیے مسلسل کام کر رہا ہے اور اس نے اپنے صارفین کی بہتر خدمت کے لیے ٹیکنالوجی اور افرادی قوت میں سرمایہ کاری کی ہے۔ اس کے نتیجے میں مقررہ لاگت میں اضافہ ہوا ہے اور آپریٹنگ اخراجات میں کمی کو 10.11% سالانہ تک محدود کر دیا ہے۔ کمپنی کی مالیاتی لاگت میں سود کی بلند شرحوں کی بنا پر 49.69 فیصد اضافہ ہوا جس کی وجہ مرکزی بینک کی جانب سے جارحانہ مالیاتی قدغن کے ساتھ ساتھ بہتر مواقع میں کمپنی کی سرمایہ کاری کو متنوع بنانے کے لیے قرض لینے کی لائنوں کے استعمال میں اضافہ ہے۔

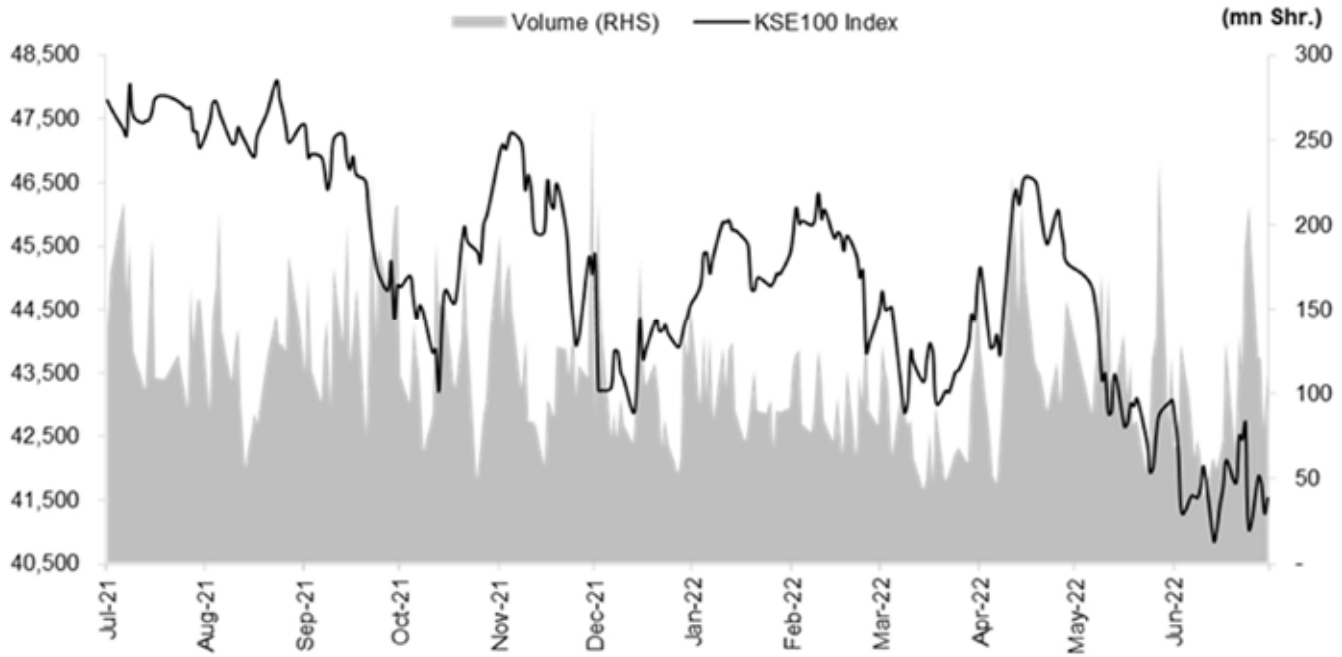
بروکریج آپریشنز

مالی سال 22 میں بروکنگ آپریشنز نے کل آمدنی Rs. 517 ملین کا اجرا کیا، جو مالی سال 21 کے مقابلے میں 27 فیصد کم ہے حالانکہ تجارتی قدروں میں سالانہ 54 فیصد کی کمی دیکھی گئی۔ نمو پذیر، خوردہ اور آن لائن مارکیٹ میں زیادہ رسائی کے ذریعے ہم نے اپنے مارکیٹ شیئر کو بڑھانے کی شعوری کوشش کی۔ مزید، ہم نے تاجروں کو بہتر خدمات کے ادارہ جاتی اور HNWI کلانٹس میں شامل کیا ہے جس کے نتیجے میں ہمارے مارکیٹ شیئر میں اضافہ ہوا ہے۔

ہمارے آئی ٹی ڈیپارٹمنٹ نے ٹریڈنگ اور سیٹلمنٹ ڈیسک کے لیے ایک مضبوط اور ہموار کام کرنے والے ماحول کو یقینی بنانے اور ہمارے بیک آفس سافٹ ویئر سلوشنز کو اپ گریڈ کرنے کے لیے مستقل مزاجی سے کام کرنے میں بھی کلیدی کردار ادا کیا

اسٹاک مارکیٹ کارکردگی:

مالی سال 21 میں دیکھی گئی کارکردگی کے برعکس، گزرنے والا مالی سال 22 مقامی ایکویٹیز کے لیے ایک آزمائشی سال رہا۔ سال کے دوران بڑھتے ہوئے بیرونی کھاتوں کے خسارے، اشیاء کے سپر سائیکل کی وجہ سے بڑھتے ہوئے افراط زر کے دباؤ، بڑھتی ہوئی سیاسی بے چینی اور سیاسی قیادت میں تبدیلی، آئی ایم ایف کے چھٹے اور ساتویں جائزے کی منظوری میں تاخیر اور MSCI ایمرجنگ مارکیٹس سے فرنٹیئر مارکیٹس میں دوبارہ درجہ بندی نے مارکیٹ کے حوصلوں کو مزید کمزور کیا۔



مالی سال 22 بنچ مارک KSE-100 انڈیکس 5,815 / 12.28% پوائنٹس کی کمی سے 41,541 پوائنٹس پر بند ہوا۔ پاک روپیہ کی قدر میں غیر معمولی کمی نے US\$ پر مبنی منافع کو منفی 32.54% تک پہنچا دیا، جو مالی سال 19 سے اب تک کی (38.60%) بدترین کارکردگی ہے۔ مختلف خارجی اور معاشی اشاریوں کے منفی رجحان کی بنیاد پر، مارکیٹ کی شراکت کم رہی جس کی وجہ سے اوسط حجم 44.76% سالانہ بنیاد پر، کم ہو کر 291 ملین حصص رہ گیا جبکہ اوسط تجارت کی قدر 54.69% کم ہو کر 55 ملین امریکی ڈالر ہو گئی۔ ٹیکنالوجی (YoY -48%)، ریفائنری (YoY -47%)، سیمنٹ (YoY -44%)، انجینئرنگ (YoY -40%)، ٹیکسٹائل (YoY -30%)، کاغذ اور بورڈ (YoY -28%)، تمباکو (YoY -27%)، فارماسیوٹیکلز (YoY -24%)، اور آئل مارکیٹنگ (YoY -18%) وغیرہ FY22 کے دوران بڑے ناقص کارکردگی والے تھے۔ اس کے برعکس، کیمیکلز (YoY +37%)، آئوز (YoY +11%)، فرٹیلائزر (YoY +10%)، تیل اور گیس کی تلاش (YoY +0.1%) اور کمرشل بینک (YoY -6%) وغیرہ نمایاں طور پر بہتر کارکردگی کے حامل رہے۔ غیر ملکی سرمایہ کار مسلسل ساتویں سال خالص فروخت کنندہ رہے جس کا خالص اخراج US\$298 ملین (FY21: US\$387 million) بنیادی طور پر ان میں مرکوز رہا (i) کمرشل بینکوں US\$204 million)، (ii) سیمنٹس (US\$61 million) اور (iii) کھاد (امریکی ڈالر 52 ملین)۔ اس کے برخلاف، غیر ملکی (i) ٹیکنالوجی (US\$55 ملین)، (ii) پاور جنریشن (US\$11 million) اور (iii) ٹیکسٹائل (US\$4 million) میں خالص خریدار رہے۔

روشن ڈیجیٹل اکاؤنٹ میں سب سے زیادہ شرکت

سمندر پار پاکستانیوں کو سرمایہ کاری کی دعوت دینے کے لئے روشن ڈیجیٹل اکاؤنٹ ایک کامیاب ذریعہ ثابت ہوا ہے۔ زرمبادلہ ذخائر اکٹھا کرنے کے لیے ترسیلات زر کو راغب کرنے کے علاوہ، یہ اقدام پاکستانی تارکین وطن کو مختلف اثاثوں کی کلاسوں میں سرمایہ کاری کے ذریعے پاکستان کی بحالی میں حصہ لینے کے قابل بناتا ہے۔ پہلے ایسے فنڈز رسمی ذرائع سے نہیں آتے تھے اور بنیادی طور پر رئیل اسٹیٹ میں سرمایہ کاری کی جاتی تھی، تاہم، حکومت نے اب روایتی رئیل اسٹیٹ سرمایہ کاری گاڑیوں کے علاوہ نیا پاکستان سرٹیفکیٹ اور اسٹاک مارکیٹ میں سرمایہ کاری جیسی نئی راہیں پیش کی ہیں۔ جیسا کہ یہ چینل مستحکم ہو رہا ہے، اسٹیٹ بینک تجارتی بینکوں کے ذریعے اضافی مالیاتی مصنوعات جیسے کہ RDA کے ذریعے گاڑیوں کی خریداری کی سہولت پیش کرنے کی کوششیں کر رہا ہے۔

ڈائریکٹر کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022 کو اختتام پذیر ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ بشمول قانونی معیارات و ضروریات کے مطابق آڈٹ شدہ سالانہ مالیاتی گوشوارہ پیش کرتے ہوئے مجھے از حد مسرت ہے۔

معاشی کارکردگی:

اقتصادی محاذ پر، FY22 کا آغاز عالمی اقتصادی کساد بازاری سے ہوا کیونکہ عالمی معیشتوں کو فراہمی کے دباؤ اور توانائی کی بڑھتی قیمتوں کے امتزاج کی بنا پر قیمتوں میں اضافے کے ساتھ اشیاء کے سپر سائیکل اثرات کا سامنا کرنا پڑا۔ پاکستان بھی اس سے مستثنیٰ نہیں رہا کیونکہ اسے افراط زر کے بڑھتے ہوئے دباؤ کا سامنا کرنا پڑا جس کے ساتھ جون 2022 میں CPI بڑھ کر 21.32% ہو گیا جو FY22 میں اوسطاً 12.15% تھا جو گزشتہ سال میں 8.90% ریکارڈ کیا گیا تھا۔ تاہم، سخت عالمی اقتصادی پس منظر کے باوجود، پاکستان کی معیشت نے اپنی ترقی کی رفتار کو جاری رکھا، جس کی عکاسی 5.97% جی ڈی پی کی نمو معاون میکرو اکنامک پالیسیوں کی وجہ سے ہوئی جس سے مجموعی طلب کو تقویت فراہم ہوئی۔ وسیع بنیادوں پر ترقی میں مینوفیکچرنگ کا شعبہ سرفہرست رہا جس نے (مالی سال 22 میں 11.70% بمقابلہ گزشتہ سال 11.24%) عددی طاقت کا اظہار کیا جس کی پشت پر تمام گردش شعبہ جات کی انتھک سرگرمی تھی۔ گزشتہ سال کے دوران ذراعت کے شعبے میں بھی 4.40% تک تیزی آئی جبکہ ایک سال قبل یہ شرح 3.48% ریکارڈ کی گئی تھی جبکہ خدمات کے شعبے نے 6.19% (FY21: 6.00%) کی صحت مند نمو شائع کی۔ ٹیکس ریونیو بھی مستحکم رہا جو 28% YoY بڑھ کر PKR 6.76trn ہو گئی جس کے ساتھ FBR کی آمدنی PKR 6.1trn (+29% YoY) PKR 6.14trn کے نظر ثانی شدہ ہدف سے زیادہ ہے۔

تاہم، جی ڈی پی کی تیز رفتار نمو، روس-یوکرین تنازعہ کے عالمی اجناس کی قیمتوں پر اثرات کے ہمراہ موافق مانیٹری اور مالیاتی پالیسیوں کے بموجب اضافی مجموعی طلب کی وجہ سے، جاری اکاؤنٹ خسارہ میں اضافہ ہوا جو 17.3 بلین امریکی ڈالر تک پہنچ گیا (FY21: US\$ 2.8bn)۔ جس کے نتیجے میں 30 جون 2022 کو غیر ملکی زرمبادلہ کے ذخائر گر کر 9.8 بلین امریکی ڈالر تک آگئے اور گزرے ہوئے مالی سال کے دوران روپیہ کی قدر میں امریکی ڈالر کے مقابلے میں 23.1 فیصد کی کمی واقع ہوئی۔ مرکزی بینک کو، بڑھتے ہوئے افراط زر کے دباؤ کے ساتھ کرنٹ اکاؤنٹ کے بلند خسارے نے مالی سال 22 کے دوران مالیاتی قدغن کے مجموعی 675 بی پی ایس کے ساتھ 13.75 فیصد تک، پالیسی کی سمت تبدیل کرنے پر مجبور کیا۔

ایسا ہی طریقہ کار مالیاتی محاذ پر بھی اپنایا گیا جہاں نئی حکومت نے توانائی کی سبسڈی کو جارحانہ انداز میں کم کیا اور درآمدات کو کم کرنے کے لیے ٹیرف اور نان ٹیرف اقدامات بھی اپنائے۔

ان تمام بڑی کمزوریوں کے باوجود ایک امید کی کرن آئی ایم ایف کے توسیعی فنڈ سہولت (ای ایف ایف) پروگرام کا دوبارہ آغاز تھا جس نے 1 بلین امریکی ڈالر (3 بلین امریکی ڈالر کی مجموعی فنڈنگ) کی چھٹی قسط کے اجراء کی راہ ہموار کی تھی جبکہ پروگرام کے مذاکرات معطل کر دیے گئے تھے۔ مارچ 2022 میں ایک بار پھر پچھلی حکومت کی کارکردگی کے کچھ معیارات خاص طور پر توانائی کی سبسڈیز کو پس پشت ڈالنے کے فیصلے کے بعد، یہ پروگرام اب جولائی میں اسٹاف لیول کے معاہدے پر دستخط کرنے اور 29 اگست کو آئی ایم ایف کے ایگزیکٹو بورڈ کی \$1.16 بلین (ساتویں اور آٹھویں قسط) کے اجراء کی منظوری کے بعد دوبارہ پٹری پر آ گیا ہے۔

دیگر اور مثبت پیش رفت میں، FATF کی مکمل کمیٹی نے گزشتہ چند مہینوں میں منی لانڈرنگ اور دہشت گردی کی مالی معاونت (AML/CFT) کے خلاف ملک کی طرف سے کی گئی پیش رفت کو تسلیم کیا اور پاکستان کو تمام 34 عملی نکات پر عمل کرنے والا قرار دیا۔ اس نے یہ بھی واضح کیا کہ اگر ستمبر میں ہونے والا ملک کا دورہ کامیاب رہا تو پاکستان کو FATF کی گرے لسٹ سے نکال دیا جائے گا۔

Form of Proxy

18th Annual General Meeting

The Company Secretary

Arif Habib Limited
Arif Habib Centre
23-M.T. Khan Road
Karachi

I/we _____ of _____ being a member(s) of Arif Habib Limited holding _____ ordinary shares as per CDC A/c. No. _____ hereby appoint Mr./Mrs./Miss _____ of (full address) _____ or failing

him/her Mr./Mrs./Miss _____ of (full address) _____

(being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the Sixteen Annual General Meeting of the Company to be held on October 15, 2022 and /or any adjournment thereof.

Signed this _____ day of _____ 2022.

WITNESSES:

1. Name : _____
Address : _____
NIC No. : _____
Signature : _____
2. Name : _____
Address : _____
NIC No. : _____
Signature : _____

Signature on
Rs. 5/-
Revenue Stamp

NOTICE:

01. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
02. Proxy shall authenticate his/her identity by showing his/her CNIC or original passport and bring folio number at the time of attending the meeting.
03. In order to be effective, the proxy forms must be received at the Registered Office of the Company; Arif Habib Centre, 23-M.T. Khan Road, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.
04. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
05. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



ARIF HABIB LIMITED

Arif Habib Centre,
23-M.T. Khan Road, Karachi

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پراکسی فارم

18 واں سالانہ جنرل اجلاس

کمپنی سیکریٹری
عارف حبیب لمیٹڈ
عارف حبیب سینٹر
23، ایم ٹی خان روڈ
کراچی۔

میں/ہم ----- بحیثیت عارف حبیب لمیٹڈ ہولڈنگ کے رکن (اراکین) ----- آرڈینری شیئرمطابق سی ڈی سی اکاؤنٹ نمبر -----
اپنی جانب سے مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ ----- یا ناکامی
مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ -----
بحیثیت رکن کمپنی میری/ہماری، کمپنی کے صوبہوں سالانہ اجلاس میں شرکت اور ووٹ دینے کے لئے، میرے/ہمارے لئے یا ہماری جانب سے
جو کہ 15 اکتوبر 2022ء کو منعقد ہوا اور یا التوا کا شکار ہوا۔

دستخط: ----- بروز/بتاریخ ----- 2022

گواہان:

1	نام: -----	2	نام: -----
پتہ: -----	پتہ: -----	شناختی کارڈ نمبر: -----	شناختی کارڈ نمبر: -----
دستخط: -----	دستخط: -----	پانچ روپے کے اسٹامپ ٹکٹ پر دستخط	

فارم برائے نمائندہ ستر ہواں سالانہ اجلاس عام 15 اکتوبر 2022ء

اطلاع:

- ایک رکن جو اجلاس میں حاضر ہونے اور ووٹ ڈالنے کا اہل ہے اپنی جگہ کسی اور رکن کو اپنے نمائندے کے طور پر مقرر کر سکتا ہے جو ایسے حقوق جیسے حاضر ہونے، بات کرنے اور اجلاس میں ووٹ ڈالنے کیلئے اہل ہو جائے گا/گی جیسے حقوق ایک رکن کو دستیاب ہیں۔
- نمائندہ اجلاس میں حاضری کے وقت اپنی شناخت کا ثبوت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ دکھا کر یا اصل پاسپورٹ دکھا کر ظاہر کرے گا/گی اور فوٹیو نمبر بھی ہمراہ لائے گا/گی۔
- نمائندہ خازن (پراکسی فارمز) موثر ہونے کی غرض سے ہماری کمپنی کے رجسٹرڈ دفتر، عارف حبیب سینٹر، 23، ایم ٹی خان روڈ، کراچی، پروانہ دفتر پر اچھی طرح دستخط اور مہر اور دو اشخاص کی گواہی مع انکے دستخط، نام پتہ اور شناختی کارڈ نمبر جو فارم پر دیا گیا ہے اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹوں قبل موصول ہونا لازمی ہیں۔
- مستفید ہونے والے مالکان اور نمائندے کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول نمائندہ فارم (پراکسی فارم) کے ہمراہ قابہ کرنے ہو گئے اگر معاملہ افراد کی صورت میں ہے۔
- اگر معاملہ ایک کاروباری ادارے کی جانب سے نمائندہ (پراکسی) کا ہے تو بورڈ آف ڈائریکٹرز/مقرر امداد/مختار نامہ (وکالت نامہ) اور نمائندہ کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقول یا پاسپورٹ نمائندہ فارم (پراکسی فارم) کے ہمراہ لازمی طور پر جمع کرانا ہوگا۔



ARIF HABIB LIMITED

Arif Habib Centre,
23-M.T. Khan Road, Karachi

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Form of Proxy for E-Voting

18th Annual General Meeting

The Company Secretary

Arif Habib Limited
Arif Habib Centre
23-M.T. Khan Road
Karachi

I/we, _____ of _____, holder of _____ Share(s) as per Registered Folio No./CDC A/c. No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution officer Mr./Mrs./Miss _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signed this _____ day of _____ 2022.

WITNESSES:

1. Name : _____
Address : _____
NIC No. : _____
Signature : _____
2. Name : _____
Address : _____
NIC No. : _____
Signature : _____

Signature on
Rs. 5/-
Revenue Stamp

NOTICE:

01. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
02. In order to be effective, the instructions/proxy forms must be received at the Company's registered office address at Arif Habib Centre, 23, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on October 05, 2022), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures. Further the same instructions/proxy scanned copy may also be sent to our official email id evoting@arifhabibltd.com.
03. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
04. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



ARIF HABIB LIMITED

Arif Habib Centre,
23-M.T. Khan Road, Karachi

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الیکٹرونک ووٹنگ کیلئے پراکسی فارم

18واں سالانہ اجلاس عام

کمپنی سیکریٹری

عارف حبیب لیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ،

کراچی

کا تعلق

میں / ہم، _____ کے تحت _____ شیئرز کے مالک ہیں، اور ہم ثالث کے ذریعے الیکٹرانک ووٹنگ کا
انتخاب کرتے ہیں اور جناب / محترمہ _____ کو بطور ایگزیکوشن افسر برائے پراکسی مقرر کیے جانے کے حوالے سے اپنی رضامندی کا اظہار کرتے ہیں
جو کمپنیز (الیکٹرانک ووٹنگ) ریگولیشنز 2016 کے تحت الیکٹرانک ووٹنگ پر عمل کریں گے اور قرارداد کیلئے پولنگ کا مطالبہ کرتے ہیں۔
میرا ای میل ایڈریس _____ ہے، براہ کرم لاگ ان کی تفصیلات، پاس ورڈ اور الیکٹرانک دستخط اسی ایڈریس پر بھیجیں۔

دستخط

مورخہ _____

گواہان:

1

2

نام: _____

نام: _____

پتہ: _____

پتہ: _____

شناختی کارڈ نمبر: _____

شناختی کارڈ نمبر: _____

دستخط: _____

دستخط: _____

نوٹس:

۱۔ ووٹنگ کی تقریب میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی ایک اور رکن یا غیر رکن کو اپنا پراکسی مقرر کر سکتا ہے۔

۲۔ موثر انداز سے عمل کیلئے ضروری ہے کہ ہدایت نامہ / پراکسی فارم کمپنی کے رجسٹرڈ دفتر، عارف حبیب سینٹر، 23، ایم ٹی خان روڈ، کراچی، پر اجلاس سے 10 روز قبل پہنچ جانا چاہئے (یعنی 05 اکتوبر 2022ء کو
کاروباری سرگرمیوں کے اختتام تک)، جس پر دو گواہان کے نام، پتہ، شناختی کارڈ اور دستخط ہونا چاہئیں۔ مزید برآں، ہدایت نامہ / پراکسی کی اسکیمن کی ہوئی کاپی ہمارے ای میل ایڈریس
evoting@arifhabibltd.com پر بھی ارسال کریں۔

۳۔ افراد کی صورت میں بینیفیشل اونرز کے تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ جمع کرائی جائے۔

۴۔ کارپوریٹ ادارے کے پراکسی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی پراکسی فارم کے ساتھ جمع کرائیں۔



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