

half yearly
report
december 31,

20
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ENVISIONING A
PROSPEROUS
FUTURE



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CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Credit Rating

JCR-VIS Credit Rating Company Limited

Legal Advisors

M/s. Bawaney & Partners

Management Rating

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

Bank

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

Registrar & Share Transfer Office

Share Registrar Department
 Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block-B
 S.M.C.H.S., Main 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

Islamabad Branch

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

Rawalpindi Branch:

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

Lahore Branch

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

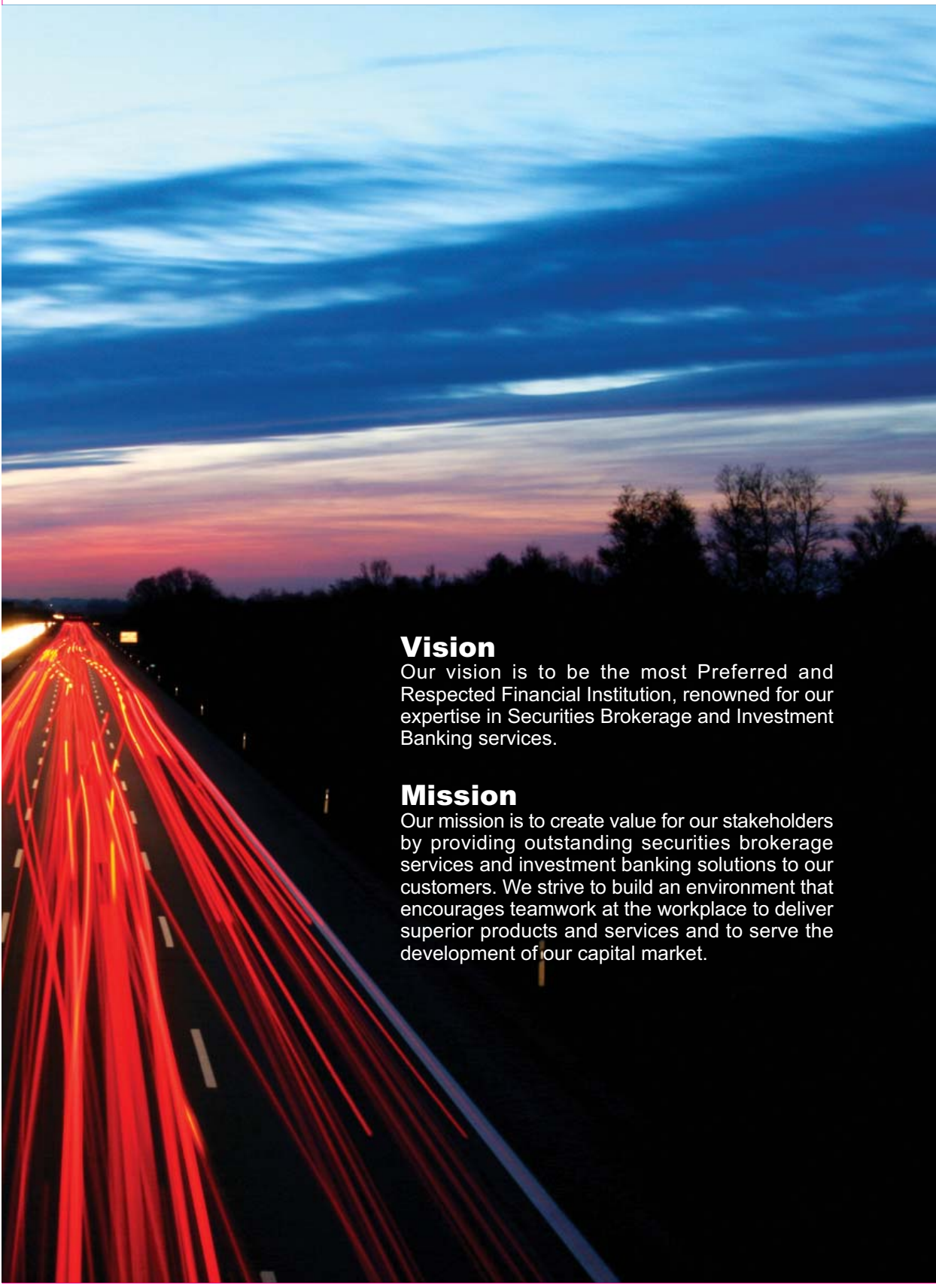
Faisalabad Branch

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

Peshawar Branch

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





Vision

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

Mission

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

DIRECTORS' REPORT

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the half year and second quarter ended December 31, 2020.

Economic Review:

Economic recovery of the country has continued during the outgoing quarter with good pace on the back of supportive actions and policies of the GoP/SBP. Rebound in the cyclical indicators has managed to post impressive LSM numbers with LSM Index posting a jump of 14.5% YoY during Nov'20 (12-Yr high) and 7.4% YoY during 5MFY21, led by the Textile and Food Sectors. Inflation during the outgoing quarter tamed down to an average of 8.4% against 8.8% during 1QFY21, while CPI during 1HFY21 came down to an average of 8.6% vis-à-vis 11.1% SPLY. Core inflation has come down significantly to an average of 6.4% during 1HFY21 against 8.1% SPLY. On the external front, the Current Account posted a surplus of USD 1,131mn during 1HFY21 against a deficit of USD 2,032mn SPLY, with a surplus each month barring December.

The strong external performance has been fueled by robust workers' remittances which clocked in at USD 14.2bn, up 25% YoY, attributable to SBP/GoP initiatives to promote the use of formal banking channels, curb on unofficial avenues such as Hundi/Hawala, and travel restrictions. Imports during the said period depicted a 4.8% YoY jump owing to increase in machinery imports (utilization of TERF) as well as raw materials, while exports showed a 4.8% YoY decline due to dampened global demand as major trading partners such as US and UK continue to reel from the ongoing global pandemic. Reserves have continued to beef up, with SBP reserves reaching USD 13.4bn as at Dec'20 against USD 12.1bn as at Jun'20 and USD 11.3bn as at Dec'19. With strengthening FOREX reserves, consolidating external position, sentiments in the currency market have shown optimism, with the PKR/USD parity appreciating ~4% QoQ during 2QFY21. On the monetary policy front, the SBP decided to hold the policy rate at 7%, highlighting its satisfaction with the overall financial conditions of the country. Inflationary concerns have swayed on the back of narrowing food inflation, as the government stepped in to close the demand-supply gap.

Stock Market Review:

Better handling of COVID than rest of the World as well as improving macro-economic fundamentals started paying dividends to Pakistan in the shape of a robust recovery in KSE100. The benchmark Index posted a phenomenal gain of 27% in 1HFY21 (2QFY21: 8% QoQ). On 9M basis, the Index has so far returned 62% over the bottom it touched in March 2020. SBP has maintained interest rates at 7% throughout 1HFY21, since the decision was taken end June 2020. This accommodative monetary policy was coincided with TERF (Temporary Economic Relief Fund), which has garnered significant investments from the Corporate sector during the ongoing Financial year. Pakistan has also achieved a feat of posting Current Account surpluses during the past months, which is unheard of during the past several years. Workers remittances have also supported the Economy in these testing times and made all time high, while maintaining a monthly average in excess of US\$ 2bn for FY21, hinting a major contributor to Pakistan's Current Account by year end. All these measures and successes indicate a turnaround story for Pakistan.

During 1HFY21, major contribution to the Index came from Banks (+1921pts), Cement (+1372pts), Technology (+1251pts), Textile Composite (+585pts) and Fertilizer (+524pts). Amongst the categories of Investors, Foreigners remained persistent Sellers with an outflow of US\$ 279mn, followed by Banks & DFIs (US\$ 69mn). On the buying side, Individuals, Companies and Insurance contributed the most with US\$ 159mn, US\$ 91mn and US\$ 83mn respectively.

Your Company's Performance

During the period under review, your Company has performed exceptionally well and achieved strong profitability during the 1HFY21. The Company has posted highest ever after-tax-profit of PKR 1,315 million for 1HFY21, which is 307% higher than the corresponding period last year and translates into earnings per share of PKR 22.14.

During 1H-FY21, the brokerage division revenue increased by 88% from the same period last year and posted a total brokerage revenue of PKR 295.13 million (1HFY20: PKR 156.64 million). The investment banking division's revenue increased significantly by 382% and resulted in a total revenue of PKR 282.31 million (1HFY20: PKR 58.53 million). We have successfully completed IPOs of TPL Trakker Pakistan Limited and Agha Steel Industries Limited, later being the largest steel sector IPO and second largest private sector IPO in Pakistan. Further, we have also successfully completed numerous advisory transactions during the 1HFY21.

The short term investment portfolio posted an exceptional performance and has recorded massive realized and unrealized gains of PKR 1,150 million (1HFY20: PK 444 million) resulting in an overall increase of 159% from the same period last year.

During the period, operating expenses increased by 66% as compared to the same period last year and posted a total of PKR 261.86 million (1HFY20: PKR 157.37 million), as your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. Further, some of the compensation for the brokerage and investment banking team is also linked to the revenues generated for the Company, this variable compensation has increased in view of the increase in related revenues. During the said period, our financing costs have decreased significantly due to decrease in monetary policy rates and effective management of funds by the Company.

The equity of your Company as at the balance sheet date is PKR 4.16 billion (June 2020: PKR 3.26 billion), which translates into book value per share of PKR 70.00 (June 30, 2020: PKR 54.99). The equity level increased even after accounting for PKR 148.5 million reserves for cash dividends approved in the AGM held on September 19, 2020, which is a clear indication of the strong performance of the Company.

DIRECTORS' REPORT

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

Future Prospects

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

Acknowledgement

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

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

For and on behalf of the Board of Directors,



Muhammad Shahid Ali Habib
Chief Executive Officer and Director



Zafar Alam
Chairman

Karachi.

Dated: January 26, 2021



**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL INFORMATION**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARIF HABIB LIMITED

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. :(021) 34549345-9
E-Mail :info@rsrir.com
Website: www.rsrir.com Other Offices at
Lahore - Rawalpindi / Islamabad

Report on Review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **M/s. Arif Habib Limited** ("the Company") as at December 31, 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes thereto for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim unconsolidated statement of profit or loss and the condensed interim unconsolidated statement of comprehensive income for the three-month period ended December 31, 2020.

Conclusion

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

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: January 26, 2021

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	3	69,363,892	65,052,322
Right-of-use assets	4	36,128,765	42,319,024
Intangible assets		6,766,811	6,975,504
Long term investments-unquoted	5	140,550,761	126,614,761
Investment property	6	1,830,915,232	1,678,415,232
Long-term advances and deposits		5,355,015	5,584,545
		<u>2,089,080,476</u>	<u>1,924,961,388</u>
Current assets			
Short term investments	7	3,005,396,668	3,827,444,572
Trade debts	8	267,135,309	156,938,894
Receivable against margin financing	9	236,485,462	37,754,624
Advances, deposits and prepayments	10	297,091,495	12,392,213
Loan to related party	11	-	15,000,000
Accrued markup on margin financing		2,525,369	2,712,600
Other receivables	12	177,730,493	109,276,320
Cash and bank balances	13	1,219,829,651	806,181,448
		<u>5,206,194,447</u>	<u>4,967,700,671</u>
Total assets		<u><u>7,295,274,923</u></u>	<u><u>6,892,662,059</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
75,000,000 (June 30, 2020: 75,000,000) ordinary shares of Rs. 10/- each		750,000,000	750,000,000
<i>Issued, subscribed and paid-up capital</i>			
59,400,000 (June 30, 2020: 59,400,000) ordinary shares of Rs. 10/each		594,000,000	594,000,000
<i>Capital reserves</i>			
Surplus on revaluation of property		15,432,500	15,432,500
(Deficit) / surplus on re-measurement of investment in equity securities		(13,314,840)	483,759,375
		2,117,660	499,191,875
<i>Revenue reserves</i>			
Unappropriated profits		3,561,980,019	2,173,236,272
		<u>4,158,097,679</u>	<u>3,266,428,147</u>
Non-current liabilities			
Lease liability		17,568,732	25,108,587
Long term loan	14	291,666,666	333,320,594
		<u>309,235,398</u>	<u>358,429,181</u>
Current liabilities			
Short term borrowings	15	1,299,832,489	1,836,074,716
Current maturity of non-current liabilities	16	182,058,839	479,942,066
Trade and other payables	17	1,247,376,579	794,780,142
Unclaimed dividend		15,078,637	13,827,308
Payable against purchase of securities-net		332,250	28,513,698
Markup accrued on borrowings		21,466,486	61,636,631
Taxes payable-net	18	61,796,566	53,030,170
		<u>2,827,941,846</u>	<u>3,267,804,731</u>
Contingencies and commitments	19		
Total equity and liabilities		<u><u>7,295,274,923</u></u>	<u><u>6,892,662,059</u></u>

The annexed notes from 1 to 30 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

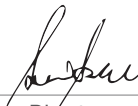
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	Six months ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
— Rupees —					
Operating revenue	20	579,030,338	262,004,231	400,592,701	180,220,875
Capital gain / (loss) on sale of short term investments		448,227,998	(294,388,382)	110,448,065	(199,235,971)
Unrealized gain on re-measurement of long term and short term investments	21	700,474,573	559,248,441	323,956,637	720,428,781
Unrealized gain on re-measurement of property	6	-	132,500,000	-	-
		1,727,732,909	659,364,290	834,997,403	701,413,685
Administrative and operating expenses	22	(261,859,756)	(157,373,345)	(157,422,201)	(89,579,710)
Finance costs	23	(83,386,016)	(226,195,132)	(32,632,453)	(118,793,402)
Other charges		(17,710,127)	(6,441,895)	(17,710,127)	(6,441,895)
Other operating income	24	35,704,145	77,119,614	15,811,830	33,250,222
Profit before taxation		1,400,481,155	346,473,532	643,044,452	519,848,900
Taxation	18.1	(85,276,163)	(23,265,961)	(66,703,171)	(10,369,835)
Profit after taxation		1,315,204,992	323,207,571	576,341,281	509,479,065
Earnings per share- basic and diluted	25	22.14	5.31	9.70	8.37

The annexed notes from 1 to 30 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees			
Profit after taxation	1,315,204,992	323,207,571	576,341,281	509,479,065
Other comprehensive loss				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net change in fair value of the investment in equity securities	(275,035,460)	-	(79,047,054)	-
Total comprehensive income for the period classified as at fair value through other comprehensive income	1,040,169,532	323,207,571	497,294,227	509,479,065

The annexed notes from 1 to 30 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Issued, subscribed and paid up capital	Revenue Reserve	Capital Reserves		Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of investment in equity securities		
Rupees						
Balance as at June 30, 2019	660,000,000	2,242,134,654	15,432,500	-	2,257,567,154	2,917,567,154
<i>Total comprehensive income for the six months ended December 31, 2019</i>						
- Profit after taxation	-	323,207,571	-	-	323,207,571	323,207,571
- Other comprehensive income	-	-	-	-	-	-
	-	323,207,571	-	-	323,207,571	323,207,571
<i>Transaction with owners</i>						
- Buy back of 10% shares under tender offer	(66,000,000)	(165,000,000)	-	-	(165,000,000)	(231,000,000)
Balance as at December 31, 2019	594,000,000	2,400,342,225	15,432,500	-	2,415,774,725	3,009,774,725
Balance as at June 30, 2020	594,000,000	2,173,236,272	15,432,500	483,759,375	2,672,428,147	3,266,428,147
<i>Total comprehensive income for the six months ended December 31, 2020</i>						
- Profit after taxation	-	1,315,204,992	-	-	1,315,204,992	1,315,204,992
- Other comprehensive loss	-	-	-	(275,035,460)	(275,035,460)	(275,035,460)
	-	1,315,204,992	-	(275,035,460)	1,040,169,532	1,040,169,532
Gain realized on disposal of investment in equity securities classified as at fair value through other comprehensive income	-	222,038,755	-	(222,038,755)	-	-
<i>Transaction with owners</i>						
- Cash dividend paid @ 25% for the year June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at December 31, 2020	594,000,000	3,561,980,019	15,432,500	(13,314,840)	3,564,097,679	4,158,097,679



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT


FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		December 31, 2020	December 31, 2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	Note	1,400,481,155	346,473,532
<i>Adjustments for:</i>			
- Impairment of investment in ordinary shares of M/s. Arif Habib 1857 (Private) Limited	5.1	-	6,441,895
- Unrealized gain on re-measurement of investment property	6	-	(132,500,000)
- Gain on disposal of investment property		-	(775,000)
- Capital (gain) / loss on sale of short term investments		(448,227,998)	294,388,382
- Provision for expected credit losses	8.1	17,710,127	-
- Dividend income	20	(1,592,201)	(46,830,128)
- Gain on re-measurement of long term investments	21	(13,936,000)	-
- Gain on re-measurement of short term investments	21	(686,538,573)	(559,248,441)
- Depreciation on property and equipment	22	6,127,000	3,686,886
- Depreciation on right-of-use assets	22	10,389,270	10,071,688
- Amortization of intangible asset	22	208,693	251,907
- Finance costs	23	83,386,016	226,195,132
- Mark up on reverse repo transactions	24	(1,804,420)	-
		(1,034,278,086)	(198,317,679)
Cash generated from operating activities before working capital changes		366,203,069	148,155,853
Effect on cash flow due to working capital changes			
<i>(Increase)/decrease in current assets</i>			
- Short-term investments		1,681,779,014	130,206,074
- Trade debts		(127,906,542)	(19,790,547)
- Receivable against margin financing		(198,730,838)	(133,239,116)
- Short term loans		-	50,002
- Advances, deposits and prepayments		(284,699,282)	275,250,177
- Repayment of loan previously guaranteed to related party		15,000,000	-
- Receivable against purchase of securities- net		-	(385,620)
- Accrued markup on margin financing		187,231	12,899,294
- Other receivables		(157,876,753)	26,961,416
<i>Increase/(decrease) in current liabilities</i>			
- Trade and other payables		452,596,437	491,065,469
- Payable against purchase of securities- net		(28,181,448)	(30,970,319)
		1,352,167,819	752,046,830
Cash generated from operations		1,718,370,888	900,202,683
Taxes paid		(76,509,767)	(39,271,691)
Finance costs paid		(123,556,161)	(197,513,276)
Net cash generated from operating activities		1,518,304,960	663,417,716
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(10,438,569)	-
Acquisition of intangible assets		-	(457,933)
Additions to investment property	6	(152,500,000)	-
Proceeds from disposal of investment property		-	156,480,000
Dividend received		92,819,201	46,830,128
Long-term advances and deposits received		229,530	1,243,578
Net cash (used in) / generated from investing activities		(69,889,838)	204,095,773
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment against lease liability		(9,622,093)	(10,550,231)
Repayment of long term loan from banking company-secured	14.1	(41,653,928)	-
Repayment of long term loan from related party-unsecured	16.1	(300,000,000)	-
Dividend paid		(147,248,671)	-
Buy-back of 10% shares under tender offer		-	(231,000,000)
Net cash used in financing activities		(498,524,692)	(241,550,231)
Net increase in cash and cash equivalents		949,890,430	625,963,258
Cash and cash equivalents at the beginning of the period		(1,029,893,268)	(1,281,777,368)
Cash and cash equivalents at the end of the period	26	(80,002,838)	(655,814,110)

The annexed notes from 1 to 30 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

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

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

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

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

2.2 Basis of measurement of items in these interim financial statements

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

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

2.3 Functional and presentation currency

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

2.4 Judgements and sources of estimation uncertainty

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

2.5 Significant accounting policies

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
3. PROPERTY AND EQUIPMENT			
Owned assets	3.1	<u>69,363,892</u>	<u>65,052,322</u>

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
4. RIGHT-OF-USE-ASSETS			
Opening net book value/ cost		42,319,024	62,462,399
Add: Addition during the period	4.1	4,199,011	-
		<u>46,518,035</u>	<u>62,462,399</u>
Less: Depreciation charged during the period / year		(10,389,270)	(20,143,375)
Closing net book value	4.1	<u>36,128,765</u>	<u>42,319,024</u>

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

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
5. LONG TERM INVESTMENTS - unquoted			
Investment in subsidiaries-at cost less accumulated impairment	5.1	81,558,105	81,558,105
Investment in other entities-at fair value through profit or loss	5.2	58,992,656	45,056,656
		140,550,761	126,614,761
5.1 Investment in subsidiaries - at cost less accumulated impairment			
Arif Habib Commodities (Private) Limited-cost		38,000,000	38,000,000
Arif Habib 1857 (Private) Limited-cost		50,000,000	50,000,000
Less: accumulated impairment losses		(6,441,895)	(6,441,895)
		43,558,105	43,558,105
		81,558,105	81,558,105
5.2 Investment in other entities - at fair value through profit or loss			
ISE Towers REIT Management Company Limited	5.2.1	43,783,059	31,620,574
LSE Financial Services Limited	5.2.1	15,209,597	13,436,082
	5.2.2	58,992,656	45,056,656
5.2.1			
This represents the investment in 3,034,604 unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited.			
5.2.2			
The Company, as per its policy, carried out the internal 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.			
		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
6. INVESTMENT PROPERTY			
Opening carrying amount		1,678,415,232	1,726,419,800
Sale during the period / year		-	(159,475,000)
Transfer to property and equipment during the period / year		-	(32,473,333)
Development charges paid during the period / year		-	11,943,765
Purchase of plots in naya nazimabad project during the period / year		152,500,000	-
		1,830,915,232	1,546,415,232
Increase in fair value during the year		-	132,000,000
Closing carrying amount	6.1	1,830,915,232	1,678,415,232

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
7. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Quoted equity / debt securities	7.1	2,865,050,253	2,999,866,197
At fair value through other comprehensive income			
Quoted equity securities	7.2	140,346,415	827,578,375
		3,005,396,668	3,827,444,572

- 7.1 These investments include an investment in 5,699,328 ordinary shares (June 30, 2020: 7,699,328 ordinary shares) of M/s. Safemix Concrete Limited (SCL), an associated concern of the Company in terms of section 2(4) of the Companies Act, 2017. The said investment gives the Company 22.80% (June 30, 2020: 30.80%) 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 the indirect investment held through the Company are in a position to exert control over SCL and 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' as defined in the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

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

(Un-audited) December 31, 2020	(Audited) June 30, 2020		(Un-audited) December 31, 2020	(Audited) June 30, 2020
---- (Number of shares) ----			Rupees	
		<i>Cost:</i>		
65,942,500	-	Opening balance	343,819,000	-
3,000,000	69,736,000	Investment made during the period / year	34,188,455	363,545,200
(43,143,500)	(3,793,500)	Investment disposed of during the period / year	(224,346,200)	(19,726,200)
25,799,000	65,942,500		153,661,255	343,819,000
		<i>Unrealized gain / (loss):</i>		
		Opening balance	483,759,375	-
		Gain realized on sale of investments	(222,038,755)	(36,245,185)
		Net change in the fair value of the investments during the period / year	(275,035,460)	520,004,560
			(13,314,840)	483,759,375
			140,346,415	827,578,375

- 7.2.1 As of the reporting date, the quoted price of ordinary shares classified at fair value through other comprehensive income amounted to Rs. 5.44 per share (June 30, 2020: Rs. 12.55 per share).

- 7.2.2 During the reporting period, the Company did not receive any dividend from ordinary shares classified at fair value through other comprehensive income (June 30, 2020: Nil).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

8.	TRADE DEBTS	Note	(Un-audited)	(Audited)
			December 31, 2020	June 30, 2020
			Rupees	
	<i>Considered good</i>			
	- Brokerage receivable		172,311,762	83,576,900
	- Advisory and consultancy fee		94,823,547	73,361,994
			267,135,309	156,938,894
	<i>Considered doubtful</i>			
	- Brokerage receivable		872,427,522	869,146,841
	- Advisory and consultancy fee		51,604,192	37,174,746
			924,031,714	906,321,587
			1,191,167,023	1,063,260,481
	Less: provision for expected credit losses	8.1	(924,031,714)	(906,321,587)
		8.2	267,135,309	156,938,894
8.1	Movement in provision for expected credit losses			
	Balance at the beginning of the period/ year		906,321,587	902,969,044
	Add: Charged for the period/ year		17,710,127	3,822,301
	Less: Reversed during the period/ year		-	(469,758)
	Balance at the end of the period/ year		924,031,714	906,321,587

8.2 This includes Rs. 5.1 million (June 2020: Rs. 1.7 million) due from related parties. As of reporting date, the Company held equity securities having fair value of Rs. 53,498 million (June 2020: Rs. 38,874 million) owned by its clients, as collaterals against trade debts.

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

	(Unaudited)		(Audited)	
	December 31, 2020		June 30, 2020	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
Rupees				
Not past due	2,247,875	-	102,727,820	-
Past due 1 day - 30 days	228,430,013	407,494	43,956,442	-
Past due 31 days - 180 days	41,773,262	4,908,347	15,357,392	5,102,760
Past due 181 days - 1 year	2,578,802	2,578,802	10,249,257	10,249,257
Past due more than one year	916,137,071	916,137,071	890,969,570	890,969,570
	1,191,167,023	924,031,714	1,063,260,481	906,321,587

9.	RECEIVABLE AGAINST MARGIN FINANCING	Note	(Un-audited)	(Audited)
			December 31, 2020	June 30, 2020
			Rupees	
	Considered good		236,485,462	37,754,624
	Considered doubtful		1,917,749	1,917,749
		9.1	238,403,211	39,672,373
	Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
			236,485,462	37,754,624

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
<i>Advances</i>			
Advance to consultant		12,379,090	9,393,760
Advance against expenses		1,697,291	721,481
Advance against salary		301,003	334,988
Advance to Arif Habib Commodities (Private) Limited		373,930	358,992
		<u>14,751,314</u>	<u>10,809,221</u>
<i>Trade deposits</i>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.1	279,259,180	1,142,542
<i>Prepayments</i>			
Insurance		3,081,001	440,450
		<u>297,091,495</u>	<u>12,392,213</u>

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

11. LOAN TO RELATED PARTY

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
12. OTHER RECEIVABLES			
Receivable against reverse repo transactions		212,315,615	52,152,387
Dividend receivable		-	91,227,000
Others		5,126,534	5,608,589
		<u>217,442,149</u>	<u>148,987,976</u>
Less: provision for other receivables		<u>(39,711,656)</u>	<u>(39,711,656)</u>
		<u>177,730,493</u>	<u>109,276,320</u>
13. CASH AND BANK BALANCES			
Cash in hand		294,677	271,588
Cash at bank:			
- current accounts		24,899,577	47,166,085
- savings accounts		1,194,635,397	758,743,775
	13.1	<u>1,219,534,974</u>	<u>805,909,860</u>
		<u>1,219,829,651</u>	<u>806,181,448</u>

13.1 This includes the balances held in bank accounts designated to customers amounting to Rs. 1,162.795 million (June 30, 2020: Rs. 777.251 million).

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
14. LONG TERM LOAN			
Loan from a banking company-secured	14.1	291,666,666	333,320,594
14.1 Loan from a banking company-secured			
Balance at the beginning of the period / year		499,987,261	-
Add: Short-term running finance converted into long-term loan	14.1.1	-	499,987,261
Less: Repayments made during the period / year		(41,653,928)	-
Balance at the end of the period / year		458,333,333	499,987,261
As at the end of the period / year:			
- Current maturity		166,666,667	166,666,667
- Non-current maturity		291,666,666	333,320,594
		458,333,333	499,987,261

14.1.1 In June 2020, the Company signed a facility letter with M/s. Allied Bank limited (ABL) whereby the outstanding running finance facility, amounting to Rs. 499.99 million, was converted into a long-term loan carrying markup at the rate of 3-Month KIBOR + 1% to be paid on a quarterly basis. The loan is repayable in twelve quarterly installments ending on June 30, 2023 and is secured against pledge of shares as per ABL's ALCO approved shares list with respective margins.

14.1.2 As of the reporting date, the number and fair value of the quoted equity securities pledged with ABL in respect of the long-term loan facility were as follows:

	December 31, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	27,850,000	810,435,000	34,350,000	918,175,500
House	10,000	291,000	10,000	267,300
		810,726,000		918,442,800

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
15. SHORT TERM BORROWINGS			
Running finance facilities from banking companies-secured	15.1	469,832,489	1,836,074,716
Loan from a related party-unsecured	15.2	830,000,000	-
		1,299,832,489	1,836,074,716

15.1 Short term running finance facilities are available from commercial banks as disclosed above, under mark-up arrangements, having limit amounting to Rs. 4,100 million (June 2020: Rs. 5,000 million). These facilities have various maturity dates up to September 2021 (June 2020: May 06, 2021). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.75% to 1% and 3 month KIBOR 0.75% to 1.5% (June 2020: 1 month KIBOR + 0.75% to 1.0% and 3 month KIBOR + 0.55% to 1.5%). The markup is calculated on a daily product basis and is payable quarterly.

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	December 31, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	85,885,000	2,505,185,650	83,400,000	2,186,712,000
House	67,660,330	1,440,885,640	119,315,760	2,190,184,650
		3,946,071,290		4,376,896,650
			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
15.2 Loan from a related party-unsecured				
Balance at the beginning of the period / year		-	-	
Add: Loan obtained during the period / year	15.2.1	1,410,000,000	800,000,000	
Less: Repayments made during the period / year		(580,000,000)	(800,000,000)	
Balance at the end of the period / year		830,000,000		-
15.2.1			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
16. CURRENT MATURITY OF NON-CURRENT LIABILITIES				
Current maturity of:				
- Lease liability		15,392,172	13,275,399	
- Long term loan from a banking company-secured	14.1	166,666,667	166,666,667	
- Long term loan from a related party-unsecured	16.1	-	300,000,000	
		182,058,839	479,942,066	
16.1			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17. TRADE AND OTHER PAYABLES				
Trade creditors	17.1	1,162,795,437	747,901,751	
Commission payable to staff		39,803,208	19,605,841	
Accrued expenses		18,130,930	6,820,150	
Taxes payable		19,695,960	13,301,083	
Advance from related party	17.2	4,000,000	2,500,000	
Other liabilities		2,951,044	4,651,317	
		1,247,376,579	794,780,142	
17.1			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17.2			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17.1			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17.2			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17.1			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees
17.2			(Un-audited)	(Audited)
			December 31,	June 30,
			2020	2020
	Note			Rupees

This includes Rs. 20.95 million (June 30, 2020: Rs 3.85 million) payable to related parties of the Company.

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
18. TAXES PAYABLE- NET			
Provision for taxation-current year		85,276,163	69,428,732
Less: advance income tax deducted/ collected		(23,479,597)	(16,398,562)
	18.1	<u>61,796,566</u>	<u>53,030,170</u>
18.1 Movement in tax payable- net			
Balance at the beginning of the period/ year		53,030,170	47,437,361
Add: Provision for the period/ year		85,276,163	69,428,732
Less: Tax paid during the period/ year		(76,509,767)	(63,835,923)
Balance at the end of the period/ year		<u>61,796,566</u>	<u>53,030,170</u>
19. CONTINGENCY AND COMMITMENTS			
19.1 Contingency			
There has been no change in the status of the contingent liability as reported in note 26.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.			
		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
19.2 Commitments			
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading		706,544,443	112,323,212
- Outstanding settlements against (purchase)/ sale of securities in regular market.		46,864,370	53,073,167
- Financial guarantees given by a commercial banks of the Company		<u>500,000,000</u>	<u>250,000,000</u>
		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	Note	Rupees	
20. OPERATING REVENUE			
Brokerage revenue		295,131,137	156,642,176
Advisory and consultancy fee		282,307,000	58,531,927
Dividend income		1,592,201	46,830,128
		<u>579,030,338</u>	<u>262,004,231</u>
21. UNREALIZED GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS			
Short term investments		686,538,573	559,248,441
Long term investments	5.2	13,936,000	-
		<u>700,474,573</u>	<u>559,248,441</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	Note	Rupees	
22. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits	22.1	152,937,756	71,125,212
Rent, rates and taxes		155,545	4,007,344
Depreciation on property and equipment		6,127,000	3,686,886
Depreciation on right-of-use assets		10,389,270	10,071,688
Amortisation of intangible assets		208,693	251,907
C.D.C and clearing house charges		12,074,007	9,848,286
Building maintenance		10,271,154	10,251,751
Communication		9,403,076	7,020,526
Motor vehicle expense		12,089,968	11,275,516
Travelling expenses		863,339	9,117,706
Printing and stationery		2,128,540	622,213
Conveyance and meals		154,885	313,495
Insurance		3,187,844	3,089,556
Legal and professional charges		3,450,733	2,957,880
Repairs and maintenance		4,664,290	1,805,084
Advertisement and business promotion		367,910	215,305
Business representation		6,198,365	1,126,923
Audit fees		310,000	108,000
Write off of trade receivables		452,000	-
Meeting expenses		125,000	309,829
Donation		5,000,000	-
Fees and subscription		5,708,785	4,218,444
Man power services	22.2	11,400,000	3,800,000
Others		4,191,596	2,149,794
		261,859,756	157,373,345
22.1 Salaries and other benefits			
Salaries and other benefits		105,096,039	55,239,356
Commission		47,841,717	15,885,856
		152,937,756	71,125,212
22.2 This represents charges paid to Group Company - M/s. Arif Habib Consultancy (Private) Limited in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.			
		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
Rupees			
23. FINANCE COSTS			
Interest on unwinding of the lease liability		3,149,291	2,339,943
Markup on long term loan from banking company		15,660,004	-
Markup on short term borrowings from banking companies		45,511,099	218,422,263
Markup on loan from related party		8,103,389	-
Guarantee charges to parent company		954,566	-
Markup on margin trading system securities		1,088,808	315,753
Bank charges and others		8,918,859	5,117,173
		83,386,016	226,195,132

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	Rupees	
24. OTHER OPERATING INCOME		
Mark-up on loan to related party	610,703	-
Mark-up on margin financing	8,232,399	11,883,908
Profit on savings accounts maintained with banks	12,623,892	9,603,769
Profit on exposure deposits placed with PSX and NCCPL	2,107,065	2,796,937
Mark-up on reverse repo transactions	1,804,420	30,140,550
Gain on disposal of investment property	-	775,000
Mark-up on debt securities- short term investment	10,325,666	21,919,450
	<u>35,704,145</u>	<u>77,119,614</u>
25. EARNINGS PER SHARE		
25.1 Basic earnings per share		
Profit after taxation attributable to ordinary shareholders	<u>1,315,204,992</u>	<u>323,207,571</u>
	Number	
Weighted average number of ordinary shares during the period	<u>59,400,000</u>	<u>60,834,783</u>
	Rupees	
Earnings per share-basic	<u>22.14</u>	<u>5.31</u>
25.2 Diluted earnings per share		
There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at December 31, 2020 and December 31, 2019.		
26. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows forming part of these interim financial statements reconcile to the related items in the statement of financial position as follows:		
	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
Note	Rupees	
Cash and bank balances	13 <u>1,219,829,651</u>	1,202,471,697
Short term borrowings	15 <u>(1,299,832,489)</u>	<u>(1,858,285,807)</u>
	<u>(80,002,838)</u>	<u>(655,814,110)</u>

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

27. RELATED PARTY TRANSACTIONS AND BALANCES

<i>Transaction with related parties</i>	Six months period ended	
	December 31, 2020	December 31, 2019
	Rupees	
PARENT COMPANY		
Arif Habib Corporation Limited		
Brokerage commission earned during the period on sale and purchase of securities	3,451,808	2,383,558
Guarantee commission paid/ payable	337,276	-
SUBSIDIARY		
Arif Habib Commodities (Private) Limited		
Brokerage commission earned during the period on sale and purchase of securities	188,831	13,877
Mark-up income earned on loan	469,875	102,687
OTHER RELATED PARTIES		
Javedan Corporation Limited		
Purchase of plots	152,500,000	-
KEY MANAGEMENT PERSONNEL		
Zafar Alam (Chairman of the Board of Directors)		
Brokerage commission earned during the period on sale and purchase of securities	49,734	-
Muhammad Shahid Ali (CEO)		
Brokerage commission earned during the period on sale and purchase of securities	7,427,705	3,092,229
Muhammad Haroon (Director)		
Brokerage commission earned during the period on sale and purchase of securities	140,375	97,160
Sharmin Shahid (Director)		
Brokerage commission earned during the period on sale and purchase of securities	1,796,058	301,533
Nida Ahsan (Director)		
Brokerage commission earned during the period on sale and purchase of securities	125,000	1,340,170
Mohsin Madni (Director)		
Brokerage commission earned during the period on sale and purchase of securities	7,599	-
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of securities	3,950,860	4,607,829
Loan repaid	-	-
Loan received	1,410,000,000	-
Mark-up paid	16,745,906	-
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	1,083,783	187,350
Muhammad Kashif A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	-	6,363
POST EMPLOYMENT BENEFIT PLAN		
Provident fund trust-Contribution paid during the period	3,494,491	2,919,804

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

<i>Balances with related parties at the end of the reporting period:</i>	December 31, 2020	June 30, 2020
	-----Rupees-----	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Trade receivable	31,359	80,477
Guarantee commission payable	-	454,370
<u>SUBSIDIARY</u>		
Arif Habib Commodities (Private) Limited		
Advance against sale of investment property	4,000,000	2,500,000
Loan receivable	-	15,000,000
Advance	373,930	256,305
Markup receivable on loan	-	102,687
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the board of Directors)		
Trade payable	913,508	2,148,473
Muhammad Shahid Ali (CEO)		
Trade payable	18,824,598	3,150,901
Sharmin Shahid (Director)		
Trade receivable	4,948,605	50,302
Nida Ahsan (Director)		
Trade receivable	25,981	65,419
Muhammad Haroon (Director)		
Trade payable	750,753	700,697
Mohsin Madni (Director)		
Trade payable	401,718	175
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Loan payable	830,000,000	300,000,000
Trade receivable	46,403	42,574
Abdus Samad A. Habib		
Trade payable	54,373	-
Trade receivable	-	1,451,078
Muhammad Kashif A. Habib		
Trade receivable	10,584	19,630
<u>OTHER RELATED PARTIES</u>		
Rotocast Engineering Company (Private) Limited		
Prepaid rent	11,494,032	11,675,375

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

28. FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
<u>As on December 31, 2020</u>				
<i>Financial assets measured at fair value</i>				
Short term investments	3,005,396,668	-	-	3,005,396,668
Long term investments (Note 5.2)	-	-	58,992,656	58,992,656
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,830,915,232	-	1,830,915,232
<u>As on June 30, 2020</u>				
<i>Financial assets measured at fair value</i>				
Short term investments	3,827,444,572	-	-	3,827,444,572
Long term investments (Note 5.2)	-	-	45,056,656	45,056,656
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,678,415,232	-	1,678,415,232

29. OPERATING SEGMENT

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

All non current assets of the Company as at December 31, 2020 were located in Pakistan.

30. GENERAL

30.1 Impact of COVID-19 on these interim financial statements

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

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

30.2 Date of authorization for issue of these interim financial statements

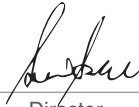
These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 26, 2021.

30.3 Level of rounding

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



Chief Executive Officer



Director



Chief Financial Officer




**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	3	70,316,203	65,769,260
Right-of-use assets	4	36,128,765	42,319,024
Intangible assets		10,266,811	10,475,504
Long term investments-unquoted	5	58,992,656	45,056,656
Investment property	6	1,830,915,232	1,678,415,232
Long-term advances and deposits		31,369,720	31,599,250
		<u>2,037,989,387</u>	<u>1,873,634,926</u>
Current assets			
Short term investments	7	3,029,175,977	3,851,084,572
Trade debts	8	267,135,309	156,938,894
Receivable against margin financing	9	236,485,462	37,754,624
Advances, deposits and prepayments	10	366,623,540	87,109,871
Accrued markup on margin financing		2,525,369	2,712,600
Other receivables	11	177,730,493	109,276,320
Cash and bank balances	12	1,225,060,690	814,097,234
		<u>5,304,736,840</u>	<u>5,058,974,115</u>
Total assets		<u>7,342,726,227</u>	<u>6,932,609,041</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
75,000,000 (June 30, 2020: 75,000,000) ordinary shares of Rs. 10/- each		750,000,000	750,000,000
<i>Issued, subscribed and paid-up capital</i>			
59,400,000 (June 30, 2020: 59,400,000) ordinary shares of Rs. 10/each		594,000,000	594,000,000
<i>Capital reserves</i>			
Surplus on revaluation of property		15,432,500	15,432,500
(Deficit) / Surplus on re-measurement of investment in equity securities		(13,314,840)	483,759,375
		2,117,660	499,191,875
<i>Revenue reserves</i>			
Unappropriated profits		3,608,450,066	2,208,771,925
		<u>4,204,567,726</u>	<u>3,301,963,800</u>
Non-current liabilities			
Lease liability		17,568,732	25,108,587
Long term borrowings	13	291,666,666	333,320,594
		<u>309,235,398</u>	<u>358,429,181</u>
Current liabilities			
Short term borrowings	14	1,299,832,489	1,836,074,716
Current maturity of non-current liabilities	15	182,058,839	479,942,066
Trade and other payables	16	1,244,456,817	794,656,576
Unclaimed dividend		15,078,637	13,827,308
Payable against purchase of securities-net		332,250	28,513,698
Loan from related party		3,862,500	3,862,500
Markup accrued on borrowings		21,466,486	61,636,631
Taxes payable-net	17	61,835,085	53,702,565
		<u>2,828,923,103</u>	<u>3,272,216,060</u>
Contingencies and commitments	18		
Total equity and liabilities		<u>7,342,726,227</u>	<u>6,932,609,041</u>

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	Six months ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Rupees			
Operating revenue	19	595,986,489	272,766,323	409,464,292	186,420,381
Capital gain / (loss) on sale of short term investments		448,227,998	(294,388,382)	110,448,065	(199,235,971)
Unrealized gain on re-measurement of long term and short term investments	20	700,474,573	559,248,441	323,956,337	720,428,781
Unrealized gain on re-measurement of investment property	6	-	132,500,000	-	-
		<u>1,744,689,060</u>	<u>670,126,382</u>	<u>843,868,694</u>	<u>707,613,191</u>
Administrative and operating expenses	21	(269,170,710)	(169,737,783)	(160,794,438)	(97,291,401)
Finance costs	22	(83,399,916)	(226,203,635)	(32,646,353)	(118,797,441)
Other charges	8.1	(17,710,127)	-	(17,710,127)	-
Other operating income	23	37,591,210	82,214,949	15,019,906	40,548,813
Profit before taxation		<u>1,411,999,517</u>	<u>356,399,913</u>	<u>647,737,682</u>	<u>532,073,162</u>
Taxation	17.1	(85,860,131)	(25,533,945)	(66,956,632)	(12,357,557)
Profit after taxation		<u>1,326,139,386</u>	<u>330,865,968</u>	<u>580,781,050</u>	<u>519,715,605</u>
Earnings per share - basic and diluted	24	<u>22.33</u>	<u>5.44</u>	<u>9.78</u>	<u>8.54</u>

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees			
Profit after taxation	1,326,139,386	330,865,968	580,781,050	519,715,605
Other comprehensive loss				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Net change in fair value of the investment in equity securities	(275,035,460)	-	(79,047,054)	-
Total comprehensive income for the period classified as at fair value through other comprehensive income	1,051,103,926	330,865,968	501,733,996	519,715,605

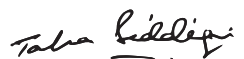
The annexed notes from 1 to 29 form an integral part of these condensed interim Consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Revenue Reserves		Capital Reserves		Sub-total	Total
	Issued, subscribed and paid up capital	Unappropriated profits	Surplus on revaluation of property	Surplus on remeasurement of investment in equity securities		
Rupees						
Balance as at June 30, 2019	660,000,000	2,264,332,324	15,432,500	-	2,279,764,824	2,939,764,824
<i>Total comprehensive income for the six months ended December 31, 2019</i>						
- Profit after taxation	-	330,865,968	-	-	330,865,968	330,865,968
- Other comprehensive income	-	-	-	-	-	-
	-	330,865,968	-	-	330,865,968	330,865,968
<i>Transaction with owners</i>						
- Buy back of 10% shares under tender offer	(66,000,000)	(165,000,000)	-	-	(165,000,000)	(231,000,000)
Balance as at December 31, 2019	594,000,000	2,430,198,292	15,432,500	-	2,445,630,792	3,039,630,792
Balance as at June 30, 2020	594,000,000	2,208,771,925	15,432,500	483,759,375	2,707,963,800	3,301,963,800
<i>Total comprehensive income for the six months ended December 31, 2020</i>						
- Profit after taxation	-	1,326,139,386	-	-	1,326,139,386	1,326,139,386
- Other comprehensive loss	-	-	-	(275,035,460)	(275,035,460)	(275,035,460)
	-	1,326,139,386	-	(275,035,460)	1,051,103,926	1,051,103,926
Gain realized on disposal of investment in equity securities classified as at fair value through other comprehensive income	-	222,038,755	-	(222,038,755)	-	-
<i>Transaction with owners</i>						
- Cash dividend paid @ 25% for the year June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at December 31, 2020	594,000,000	3,608,450,066	15,432,500	(13,314,840)	3,610,567,726	4,204,567,726

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

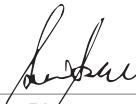
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		December 31, 2020	December 31, 2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Profit before taxation		1,411,999,517	356,399,913
<i>Adjustments for:</i>			
- Unrealized gain on re-measurement of investment property	6	-	(132,500,000)
- Gain on disposal of investment property		-	(775,000)
- Capital (gain) / loss on sale of short term investments		(448,227,998)	294,388,382
- Provision for expected credit losses	8.1	17,710,127	-
- Dividend income	19	(1,592,201)	(46,830,128)
- Gain on re-measurement of long term investments	20	(13,936,000)	14,166,764
- Gain on re-measurement of short term investments	20	(686,538,573)	(573,415,205)
- Depreciation on property and equipment	21	6,228,125	3,686,886
- Depreciation on right-of-use assets	21	10,389,270	10,184,944
- Amortization of intangible asset	21	208,693	251,907
- Finance costs	22	83,399,916	226,203,635
- Mark up on reverse repo	23	(1,804,420)	-
		(1,034,163,061)	(204,637,815)
Cash generated from operating activities before working capital changes		377,836,456	151,762,098
Effect on cash flow due to working capital changes			
<i>(Increase)/decrease in current assets</i>			
- Short-term investments		1,681,639,705	136,151,330
- Trade debts		(127,906,542)	(19,790,547)
- Receivable against margin financing		(198,730,838)	(133,239,116)
- Short term loans		-	100,002
- Advances, deposits and prepayments		(279,513,669)	268,983,565
- Receivable against purchase of securities- net		-	(385,620)
- Accrued markup on margin financing		187,231	12,899,294
- Other receivables		(157,876,753)	26,843,521
<i>Increase/(decrease) in current liabilities</i>			
- Trade and other payables		449,800,241	492,932,047
- Loan from related party		-	62,500
- Payable against purchase of securities- net		(28,181,448)	(30,970,319)
		1,339,417,927	753,586,657
Cash generated from operations		1,717,254,383	905,348,755
Taxes paid		(77,727,611)	(39,620,010)
Finance costs paid		(123,570,061)	(197,521,779)
Net cash generated from operating activities		1,515,956,711	668,206,966
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(10,775,066)	(54,550)
Acquisition of intangible assets		-	(457,933)
Additions to investment property	6	(152,500,000)	-
Proceeds from disposal of investment property		-	156,480,000
Dividend received		92,819,201	46,830,128
Long-term advances and deposits received		229,530	1,243,578
Net cash (used in) / generated from investing activities		(70,226,335)	204,041,223
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment against lease liability	13.1	(9,622,093)	(9,869,542)
Repayment of long term loan		(41,653,929)	-
Repayment of long term subordinated loan	13.2	(300,000,000)	-
Dividend paid		(147,248,671)	-
Buy-back of 10% shares under tender offer		-	(231,000,000)
Net cash used in financing activities		(498,524,693)	(240,869,542)
Net increase in cash and cash equivalents		947,205,683	631,378,647
Cash and cash equivalents at the beginning of the period		(1,021,977,482)	(1,251,661,273)
Cash and cash equivalents at the end of the period	25	(74,771,799)	(620,282,626)

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

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

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

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

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

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

2.2 Basis of measurement of items in these interim financial statements

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

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

2.3 Functional and presentation currency

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

2.4 Judgements and sources of estimation uncertainty

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

2.5 Significant accounting policies

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	Rupees
3. PROPERTY AND EQUIPMENT			
Owned assets	3.1	70,316,203	65,769,260

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	Rupees
4. RIGHT-OF-USE-ASSETS			
Opening net book value/ cost		42,319,024	62,462,399
Add: Addition during the period	4.1	4,199,011	-
		46,518,035	62,462,399
Less: Depreciation charged during the period / year		(10,389,270)	(20,143,375)
Closing net book value	4.1	36,128,765	42,319,024

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

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
5. LONG TERM INVESTMENTS - unquoted			
Investment in other entities-at fair value through profit or loss	5.1	58,992,656	45,056,656
		<u>58,992,656</u>	<u>45,056,656</u>
5.1 Investment in other entities-at fair value through profit or loss			
ISE Towers REIT Management Company Limited	5.1.1	43,783,059	31,620,574
LSE Financial Services Limited	5.1.1	15,209,597	13,436,082
	5.1.2	<u>58,992,656</u>	<u>45,056,656</u>

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

5.1.2 The Company, as per its policy, carried out the internal 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.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
6. INVESTMENT PROPERTY			
Opening carrying amount		1,678,415,232	1,726,419,800
Sale during the period / year		-	(159,475,000)
Transfer to property and equipment		-	(32,473,333)
Development charges paid		-	11,943,765
Purchase of plots in naya nazimabad project		152,500,000	-
		<u>1,830,915,232</u>	<u>1,546,415,232</u>
Increase in fair value during the year		-	132,000,000
Closing carrying amount	6.1	<u>1,830,915,232</u>	<u>1,678,415,232</u>

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
7. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
Quoted equity / debt securities	7.1	2,888,829,562	3,023,506,197
At fair value through other comprehensive income			
Quoted equity securities	7.2	140,346,415	827,578,375
		<u>3,029,175,977</u>	<u>3,851,084,572</u>

7.1 These investments include an investment in 5,699,328 ordinary shares (June 30, 2020: 7,699,328 ordinary shares) of M/s. Safemix Concrete Limited (SCL), an associated concern of the Company in terms of section 2(4) of the Companies Act, 2017. The said investment gives the Company 22.80% (June 30, 2020: 30.80%) 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 the indirect investment held through the Company are in a position to exert control over SCL and 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' as defined in the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures'.

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

(Un-audited) December 31, 2020	(Audited) June 30, 2020		(Un-audited) December 31, 2020	(Audited) June 30, 2020
---- (Number of shares) ----			Rupees	
		<i>Cost:</i>		
65,942,500	-	Opening balance	343,819,000	-
3,000,000	69,736,000	Investment made during the period / year	34,188,455	363,545,200
(43,143,500)	(3,793,500)	Investment disposed of during the period / year	(224,346,200)	(19,726,200)
<u>25,799,000</u>	<u>65,942,500</u>		<u>153,661,255</u>	<u>343,819,000</u>
		<i>Unrealized gain / (loss):</i>		
		Opening balance	483,759,375	-
		Loss / (gain) realized on sale of investments	(222,038,755)	(36,245,185)
		Net change in the fair value of the investments during the period / year	(275,035,460)	520,004,560
			<u>(13,314,840)</u>	<u>483,759,375</u>
			<u>140,346,415</u>	<u>827,578,375</u>

7.2.1 As of the reporting date, the quoted price of ordinary shares classified at fair value through other comprehensive income amounted to Rs. 5.44 per share (June 30, 2020: Rs. 12.55 per share).

7.2.2 During the reporting period, the Company did not receive any dividend from ordinary shares classified at fair value through other comprehensive income (June 30, 2020: Nil).

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

8.	TRADE DEBTS	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
			Rupees	
	<i>Considered good</i>			
	- Brokerage receivable		172,311,762	83,576,900
	- Advisory and consultancy fee		94,823,547	73,361,994
			<u>267,135,309</u>	<u>156,938,894</u>
	<i>Considered doubtful</i>			
	- Brokerage receivable		872,427,522	869,146,841
	- Advisory and consultancy fee		51,604,192	37,174,746
			<u>924,031,714</u>	<u>906,321,587</u>
	Less: provision for expected credit losses	8.1	(924,031,714)	(906,321,587)
		8.2	<u>267,135,309</u>	<u>156,938,894</u>
8.1	Movement in provision for expected credit losses			
	Balance at the beginning of the period/ year		906,321,587	902,969,044
	Add: Charged for the period/ year		17,710,127	3,822,301
	Less: Reversed during the period/ year		-	(469,758)
	Balance at the end of the period/ year		<u>924,031,714</u>	<u>906,321,587</u>

8.2 This includes Rs. 5.1 million (June 2020: Rs. 1.7 million) due from related parties. As of reporting date, the Company held equity securities having fair value of Rs. 53,498 million (June 2020: Rs. 38,874 million) owned by its clients, as collaterals against trade debts.

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

	(Unaudited) December 31, 2020		(Audited) June 30, 2020	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	2,247,875	-	102,727,820	-
Past due 1 day - 30 days	228,430,010	407,494	43,956,442	-
Past due 31 days - 180 days	41,773,262	4,908,347	15,357,392	5,102,760
Past due 181 days - 1 year	2,578,802	2,578,802	10,249,257	10,249,257
Past due more than one year	916,137,071	916,137,071	890,969,570	890,969,570
	<u>1,191,167,020</u>	<u>924,031,714</u>	<u>1,063,260,481</u>	<u>906,321,587</u>

9.	RECEIVABLE AGAINST MARGIN FINANCING	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
			Rupees	
	Considered good		236,485,462	37,754,624
	Considered doubtful		1,917,749	1,917,749
		9.1	<u>238,403,211</u>	<u>39,672,373</u>
	Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
			<u>236,485,462</u>	<u>37,754,624</u>

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
<i>Advances</i>			
Advance to consultant		12,379,090	9,393,760
Advance against expenses		1,921,186	2,081,149
Advance against salary		4,478,628	4,362,988
		<u>18,778,904</u>	<u>15,837,897</u>
<i>Trade deposits</i>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.1	280,380,650	2,264,012
Exposure deposit with NECL		64,043,536	68,393,709
<i>Prepayments</i>			
Insurance		3,420,450	614,253
		<u>366,623,540</u>	<u>87,109,871</u>
10.1	This represents deposits held at the reporting date against exposure arising out of the trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.		
		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	
11. OTHER RECEIVABLES			
Receivable against reverse repo transactions		212,315,615	52,152,387
Dividend receivable		-	91,227,000
Others		5,126,534	5,608,589
		<u>217,442,149</u>	<u>148,987,976</u>
Less: provision for other receivables		<u>(39,711,656)</u>	<u>(39,711,656)</u>
		<u>177,730,493</u>	<u>109,276,320</u>
12. CASH AND BANK BALANCES			
Cash in hand		294,677	271,588
Cash at bank:			
- current accounts		25,202,436	47,229,518
- savings accounts		1,199,563,577	766,596,128
	12.1	<u>1,224,766,013</u>	<u>813,825,646</u>
		<u>1,225,060,690</u>	<u>814,097,234</u>
12.1	This includes the balance held in bank accounts designated to customers amounting to Rs. 1,162.795 million (June 30, 2020: Rs. 777.251 million).		

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
13. LONG TERM LOAN			
Loan from a banking company - secured	13.1	291,666,666	333,320,594
13.1 Loan from a banking company - secured			
Balance at the beginning of the period / year		499,987,261	-
Add: Short-term running finance converted into long-term loan		-	499,987,261
Less: Repayments made during the period / year		(41,653,929)	-
Balance at the end of the period / year		458,333,332	499,987,261
As at the end of the period / year:			
- Current maturity		166,666,667	166,666,667
- Non-current maturity		291,666,665	333,320,594
		458,333,332	499,987,261

13.1.1 In June 2020, the Company signed a facility letter with M/s. Allied Bank limited (ABL) whereby the outstanding running finance facility, amounting to Rs. 499.99 million, was converted into a long-term loan carrying markup at the rate of 3-Month KIBOR + 1% to be paid on a quarterly basis. The loan is repayable in twelve quarterly installments ending on June 30, 2023 and is secured against pledge of shares as per ABL's ALCO approved shares list with respective margins.

13.1.2 As of the reporting date, the number and fair value of the quoted equity securities pledged with ABL in respect of the long-term loan facility were as follows:

	December 31, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	27,850,000	810,435,000	34,350,000	918,175,500
House	10,000	291,000	10,000	267,300
		810,726,000		918,442,800

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
14. SHORT TERM BORROWINGS			
Running finance facilities from banking companies-secured	14.1	469,832,489	1,836,074,716
Loan from a related party-unsecured	14.2	830,000,000	-
		1,299,832,489	1,836,074,716

14.1.1 Short term running finance facilities are available from commercial banks as disclosed above, under mark-up arrangements, amounting to Rs. 4,100 million (June 2020: Rs. 5,000 million). These facilities have various maturity dates up to September 2021 (June 2020: May 06, 2021). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.75% to 1%, 3 month KIBOR 0.75% to 1.5% (June 2020: 1 month KIBOR + 0.75% to 1.0% and 3 month KIBOR + 0.55% to 1.5%). The markup is calculated on a daily product basis and is payable quarterly.

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	December 31, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	85,885,000	2,505,185,650	83,400,000	2,186,712,000
House	67,660,330	1,440,885,640	119,315,760	2,190,184,650
		<u>3,946,071,290</u>		<u>4,376,896,650</u>
		(Un-audited) December 31, 2020	(Audited) June 30, 2020	
		Rupees		
14.2 Loan from a related party - unsecured				
Balance at the beginning of the period / year		-	-	
Add: Loan obtained during the period / year		1,410,000,000	800,000,000	
Less: Repayments made during the period / year		(580,000,000)	(800,000,000)	
Balance at the end of the period / year		<u>830,000,000</u>	<u>-</u>	
14.2.1	During the period, the Company obtained a short term, unsecured loan from Mr. Arif Habib, the controlling shareholder of the Parent Company. The loan is repayable on demand and carries interest at the rate of 6 month KIBOR + 2% (payable on the settlement of loan).			
		(Un-audited) December 31, 2020	(Audited) June 30, 2020	
		Rupees		
15. CURRENT MATURITY OF NON-CURRENT LIABILITIES	Note			
Current maturity of:				
- Lease liability		15,392,172	13,275,399	
- Long term loan from a banking company-secured	13.1	166,666,667	166,666,667	
- Long term loan from a related party-unsecured	15.1	-	300,000,000	
		<u>182,058,839</u>	<u>479,942,066</u>	
15.1	During the last financial year, the Company obtained a long term, unsecured loan, from Mr. Arif Habib, the controlling shareholder of the Parent Company. The loan was repayable on demand after 13 months of disbursement of loan and carried interest at the rate of 6 month KIBOR + 2% (payable semi-annually).			
15.1.1	During the period, the Company has repaid the loan amount on August 06, 2020, as substantial cash flows were available with the Company.			
		(Un-audited) December 31, 2020	(Audited) June 30, 2020	
		Rupees		
16. TRADE AND OTHER PAYABLES	Note			
Trade creditors	16.1	1,162,795,437	747,901,751	
Commission payable to staff		39,803,207	19,605,841	
Accrued expenses		18,479,525	9,196,584	
Taxes payable		20,406,644	13,301,083	
Other liabilities		2,972,004	4,651,317	
		<u>1,244,456,817</u>	<u>794,656,576</u>	
16.1	This includes Rs. 20.95 million (June 30, 2020: Rs 3.85 million) payable to related parties of the Company.			

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
17. TAXES PAYABLE- NET			
Provision for taxation-current year		85,860,131	70,533,136
Less: advance income tax deducted/ collected		<u>(24,025,046)</u>	<u>(16,830,571)</u>
		61,835,085	53,702,565
17.1 Movement in tax payable- net			
Balance at the beginning of the period/ year		53,702,565	47,437,361
Add: Provision for the period/ year		85,860,131	70,533,136
Less: Tax paid during the period/ year		<u>(77,727,611)</u>	<u>(64,267,932)</u>
Balance at the end of the period/ year		61,835,085	53,702,565
18. CONTINGENCY AND COMMITMENTS			
18.1 Contingency			
There has been no change in the status of the contingent liability as reported in note 26.1 to the annual Consolidated financial statements of the Company for the year ended June 30, 2020.			
		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Rupees	
18.2 Commitments			
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading		706,544,443	112,323,212
- Outstanding settlements against (purchase)/ sale of securities in regular market.		<u>46,864,370</u>	<u>53,073,167</u>
- Financial guarantees given by a commercial banks of the Company		<u>500,000,000</u>	<u>250,000,000</u>
		686,538,573	(Un-audited) December 31, 2019
	Note	Rupees	
19. OPERATING REVENUE			
Brokerage revenue		312,082,577	167,404,268
Advisory and consultancy fee		282,311,711	58,531,927
Dividend income		<u>1,592,201</u>	<u>46,830,128</u>
		595,986,489	272,766,323
20. UNREALIZED GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS			
Short term investments		686,538,573	559,248,441
Long term investments	5.1	<u>13,936,000</u>	<u>-</u>
		700,474,573	559,248,441

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

	Note	(Un-audited)	(Un-audited)
		December 31, 2020	December 31, 2019
		Rupees	
21. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits	21.1	155,544,206	71,125,212
Rent, rates and taxes		84,224	5,798,574
Depreciation on property and equipment		6,228,125	3,800,142
Depreciation on right-of-use assets		10,389,270	10,071,688
Amortisation of intangible assets		208,693	251,907
C.D.C and clearing house charges		12,074,007	9,848,286
Building maintenance		10,271,154	10,251,751
Communication		9,896,169	7,420,142
Motor vehicle expense		12,519,338	11,909,316
Travelling expenses		1,140,710	9,117,706
Printing and stationery		2,133,540	627,213
Conveyance and meals		154,885	313,495
Insurance		3,268,490	3,159,509
Legal and professional charges		3,738,566	3,270,220
Repairs and maintenance		5,191,438	2,030,802
Advertisement and business promotion		2,195,309	438,324
Business representation		6,198,365	1,126,923
Audit fees		370,000	1,480,929
Write off of trade receivables		452,000	-
Meeting expenses		125,000	309,829
Donation		5,000,000	-
Fees and subscription		5,896,737	4,218,444
Man power services	21.2	11,400,000	3,800,000
Others		4,690,484	3,123,500
		269,170,710	163,493,912
21.1 Salaries and other benefits			
Salaries and other benefits		107,686,489	55,239,356
Commission		47,857,717	15,885,856
		155,544,206	71,125,212
21.2	This represents charges paid to Group Company - M/s. Arif Habib Consultancy (Private) Limited in respect of recruitment services obtained for providing senior and highly qualified consultants to lead the Company's investment banking department.		
		(Un-audited)	(Un-audited)
		December 31, 2020	December 31, 2019
		Rupees	
22. FINANCE COSTS			
Interest on unwinding of the lease liability		3,149,291	2,339,943
Markup on long term loan from banking company		15,660,004	-
Markup on short term borrowings from banking companies		45,511,099	218,422,263
Markup to sponsor		8,103,389	-
Guarantee charges to parent company		954,566	-
Markup on MTS securities		1,088,808	315,753
Bank charges and others		8,932,759	5,125,676
		83,399,916	226,203,635

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
		Rupees	
23. OTHER OPERATING INCOME			
Mark-up on loan to related party		8,927,396	30,140,550
Profit on savings accounts maintained with banks		12,644,675	11,161,321
Profit on exposure deposits placed with PSX and NCCPL		2,782,403	2,796,937
Mark-up on reverse repo transactions		1,804,420	11,883,908
Gain on disposal of investment property		-	775,000
Mark-up on debt securities- short term investment		11,432,316	25,457,233
		<u>37,591,210</u>	<u>82,214,949</u>
24. EARNINGS PER SHARE			
24.1 Basic earnings per share			
Profit after taxation attributable to ordinary shareholders		<u>1,326,139,386</u>	<u>330,865,968</u>
		Number	
Weighted average number of ordinary shares during the period		<u>59,400,000</u>	<u>60,834,783</u>
		Rupees	
Earnings per share-basic		<u>22.33</u>	<u>5.44</u>
24.2 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 December 31, 2020 and June 30, 2020.			
25. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows forming part of these interim financial statements reconcile to the related items in the statement of financial position as follows:			
		(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
		Rupees	
Cash and bank balances	12	1,225,060,690	1,238,003,181
Short term borrowings	14	(1,299,832,489)	(1,858,285,807)
		<u>(74,771,799)</u>	<u>(620,282,626)</u>

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

26. RELATED PARTY TRANSACTIONS AND BALANCES

<i>Transaction with related parties</i>	Six months period ended	
	December 31, 2020	December 31, 2019
	----- Rupees -----	
<u>ULTIMATE PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Brokerage commission earned during the period on sale and purchase of securities	3,451,808	2,383,558
Guarantee commission paid/ payable	337,276	-
<u>OTHER RELATED PARTIES</u>		
Javedan Corporation Limited		
Purchase of plots	152,500,000	-
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	49,734	-
Muhammad Shahid Ali (CEO of Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	7,427,705	3,092,229
Muhammad Haroon (Director of Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	140,375	97,160
Sharmin Shahid (Director of Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	1,796,058	301,533
Nida Ahsan (Director of Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	125,000	1,340,170
Mohsin Madni (Director of Parent Company)		
Brokerage commission earned during the period on sale and purchase of securities	7,599	-
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of securities	3,950,860	4,607,829
Loan repaid	1,130,000,000	-
Loan received	1,410,000,000	-
Mark-up paid	16,745,906	-
Abdus Samad A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	1,083,783	187,350
Muhammad Kashif A. Habib		
Brokerage commission earned during the period on sale and purchase of securities	-	6,363
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
Provident fund trust-Contribution paid during the period	3,494,491	2,919,804

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

<i>Balances with related parties at the end of the reporting period:</i>	December 31, 2020	June 30, 2020
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
Trade receivable	31,359	80,477
Guarantee commission payable	-	454,370
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman of the board of Directors)		
Trade payable	913,508	2,148,473
Muhammad Shahid Ali (CEO of Parent Company)		
Trade payable	18,824,598	3,150,901
Sharmin Shahid (Director of Parent Company)		
Trade receivable	4,948,605	50,302
Nida Ahsan (Director of Parent Company)		
Trade receivable	25,981	65,419
Muhammad Haroon (Director of Parent Company)		
Trade payable	750,753	700,697
Mohsin Madni (Director of Parent Company)		
Trade payable	401,718	175
Ahsan Mehanti (Director of The Subsidiary Company)		
Loan payable	3,862,500	3,862,500
Advance receivable	4,000,000	4,000,000
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>		
Arif Habib		
Loan payable	830,000,000	300,000,000
Trade receivable	46,403	42,574
Abdus Samad A. Habib		
Trade payable	54,373	-
Trade receivable	-	1,451,078
Muhammad Kashif A. Habib		
Trade receivable	10,584	19,630
<u>OTHER RELATED PARTIES</u>		
Rotocast Engineering Company (Private) Limited		
Prepaid rent	11,494,032	11,675,375

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

27. FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
As on December 31, 2020				
<i>Financial assets measured at fair value</i>				
Short term investments	3,029,175,977	-	-	3,029,175,977
Long term investments	-	-	58,992,656	58,992,656
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,830,915,232	-	1,830,915,232
As on June 30, 2020				
<i>Financial assets measured at fair value</i>				
Short term investments	3,827,444,572	-	-	3,827,444,572
Long term investments	-	-	45,056,656	45,056,656
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,678,415,232	-	1,678,415,232

28. OPERATING SEGMENT

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

All non current assets of the Company as at December 31, 2020 were located in Pakistan.

29. GENERAL

29.1 Impact of COVID-19 on these interim financial statements

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2020 (UNAUDITED)

29.2 Date of authorization for issue of these interim financial statements

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 26, 2021.

29.3 Level of rounding

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



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUHAMMAD HAROON	1	1,557.00	0.00
NIDA AHSAN	1	1,099.00	0.00
SHARMIN SHAHID	1	1,099.00	0.00
MOHSIN MADNI	1	500.00	0.00
MUHAMMAD SHAHID ALI	1	878.00	0.00
ZAFAR ALAM	1	41,600.00	0.07
MUHAMMAD SOHAIL SALAT	1	600.00	0.00
Associated Companies, undertakings and related parties			
M/S. ARIF HABIB CORPORATION LIMITED	2	41,245,884.00	69.44
ARIF HABIB	1	3,896,008.00	6.56
Public Sector Companies and Corporations			
	1	55,420.00	0.09
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	2	25,054.00	0.04
Mutual Funds			
CDC - TRUSTEE ABL STOCK FUND	1	500.00	0.00
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	3,500.00	0.01
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	500.00	0.00
General Public			
a. Local	2,852	12,189,077.00	20.52
b. Foreign	1	12,000.00	0.02
Foreign Companies			
	0	0.00	0.00
Others			
	48.00	1,924,724.00	3.24
Totals	2,917	59,400,000	100








Share holders holding 5% or more	Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED	41,245,884	69.44
ARIF HABIB	3,896,008	6.56



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