



**ARIF HABIB CENTRE**

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



# Passion for **Performance**

Half Yearly Report December 31, **2021**





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



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



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



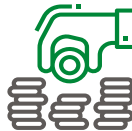
**50% growth**  
in new clientele



**100%**  
market share in  
Debt listing



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



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



**Best Corporate  
Finance House**  
CFA Society Pakistan



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



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



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



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



**Best  
Equity Analyst**  
CFA Society Pakistan



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

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# inform

## Corporate

### Board of Directors

Mr. Zafar Alam  
Mr. Muhammad Shahid Ali Habib  
Mr. Haroon Usman  
Ms. Sharmin Shahid  
Ms. Nida Ahsan  
Dr. Muhammad Sohail Salat  
Mr. Mohsin Madni

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

### Audit Committee

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

Chairman  
Member  
Member

### Human Resource & Remuneration Committee

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

Chairman  
Member  
Member  
Member

### Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

### Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Credit Rating

JCR-VIS Credit Rating Company Limited

### Management Rating & Broker Fiduciary Rating

The Pakistan Credit Rating Agency

### Legal Advisors

Muhammad Zubair  
Advocate High Court

# nation

## **Bankers**

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

## **Registrar & Share Transfer Office**

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

## **Registered Office**

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

## **Lahore Branch**

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

## **Islamabad Branch**

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

## **Peshawar Branch**

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

## **Rawalpindi Branch**

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

## **Faisalabad Branch**

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

## **Multan Branch**

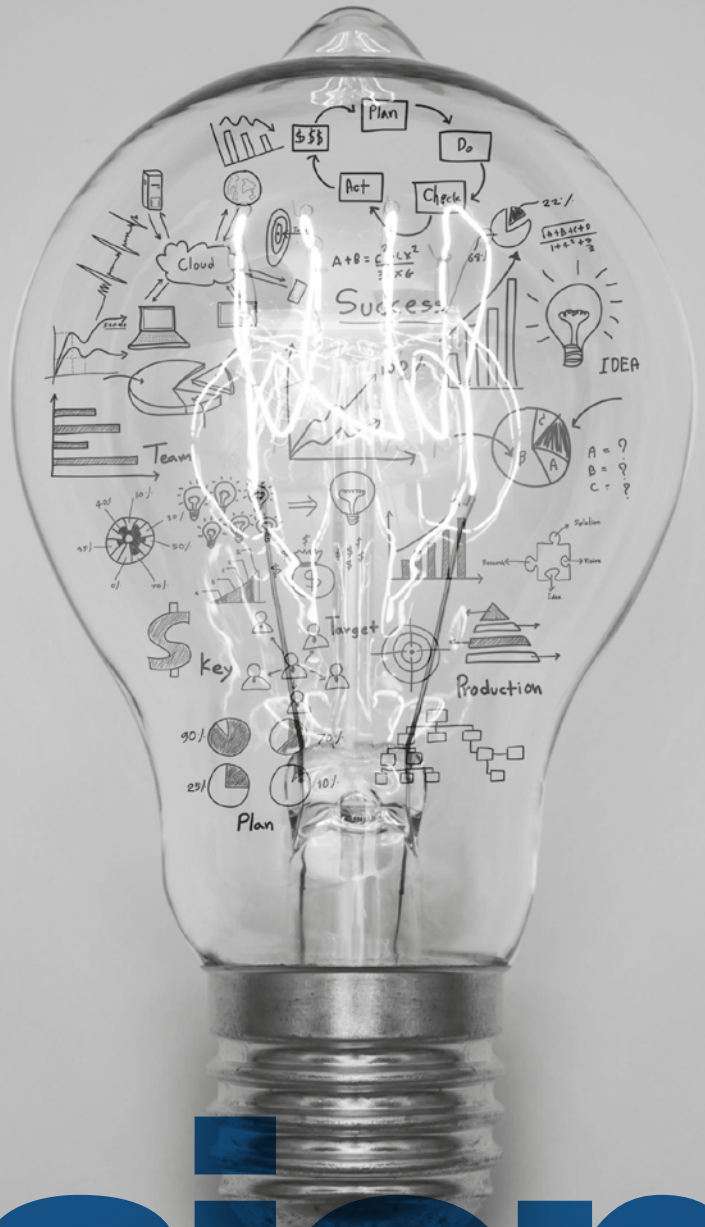
Office No. 16-18, 1st Floor, Khan Center, Abdali Road,  
Near SP Chowk, Multan  
Tel: +92 61 4514413  
+ 92 61 4514412

## **Rahim Yar Khan**

Office No. 2, Basement, Basheer Plaza, Opposite  
Town Hall, 12 A Model Town, Rahim Yar Khan.  
Tel: +9268 2011901-9,  
+9268 5870230-31

## **I.I. Chundrigar Road**

Office No. 1001, 1002 & 1003, 10th Floor, Gul  
Tower, Seral Quarters, I.I. Chundrigar Road,  
Karachi.  
Tel: +9268 2011901-9,  
+9268 5870230-31



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

# Vision

# Mission

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

# Director's Report

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the for the half year and second quarter ended December 31, 2021.

## Economic Review:

After solidifying at 5.57% in the outgoing fiscal year, economic growth showed signs of moderation towards the end of 2021. While high frequency indicators to the likes of auto, cement and petroleum sales stabilized, overall Large Scale Manufacturing index growth slowed down to 3.26% in November 2021. On the flipside, growth in the agriculture sector remained strong on the back of improved Rabi crop offsetting the lower cotton output.

On the external front, pressure was evident in the first half of current fiscal year, despite growth in remittances and exports, mainly due to strong domestic demand and high global commodity prices. This resulted in higher current account deficit which rose to USD 9.1bn during this period against a surplus of USD 1.2bn last year. While the growth in remittances was noteworthy (+11% to an all-time high during 1H of USD 15.8bn) and exports too performed well (+25%), the impact was offset by imports (+66% YoY). In addition, the Pak Rupee single handedly bore the brunt of rising current account deficit, declining 10.8% against the dollar in first half of FY22. While the external account remained under pressure, the fiscal front showed significant improvement during the first half of current fiscal year. The revenue collection was up largely on the back of 32.5% YoY growth in tax collection. Moreover, the fiscal deficit shrank to 1.1% of GDP during July-October 2021 whereas primary surplus improved to 0.4% of GDP.

Moreover, in order to ensure longevity of economic growth, curtail inflation and bring down current account deficit, the State Bank of Pakistan undertook measures like: a cumulative 275bps hike to 9.75%, higher bank cash reserve requirements, regulatory tightening of consumer finance, and curtailment of non-essential imports, during first half of FY22. The fiscal authorities too played their role in normalizing domestic demand by introducing Finance supplementary Act 2022. With this, Pakistan also fulfilled pre-conditions of IMF for approval of disbursement of USD 1bn post successful sixth review of Extended Fund Facility program.

## Stock Market Performance

The KSE-100 index closed at 44,596 points at the end of Dec'21 compared to 44,900 points in Sep'21 (down by 0.7% / 304 points) while posting a slight uptick of 1.9% YoY from 43,755 points in Dec'20. A spectrum of factors influenced the market in 2Q, particularly surge in imports and a record high trade deficit in Nov'21 led by higher international commodity prices which exerted immense pressure on headline CPI and the Pak Rupee. As a result, the State Bank of Pakistan undertook more aggressive tightening in the benchmark policy rate, which put pressure on leveraged companies. Apart from economic concerns, participants of the equity bourse remained wary of the delay in approval of IMF's sixth review whereas foreign selling on the back of transition from MSCI Emerging Market to the Frontier Market also hammered stocks. Although emerging wave of Omicron initially caused investors to panic, less severity of the variant improved sentiment quickly. PKR too gained some ground, as the quantum of CAD slowed down and Saudi Arabia pledged some support, whereas potential resolution of gas circular debt, clear forward guidance by the SBP of no further hikes as well as Cabinet's approval of the Finance Bill, reignited optimism towards end of the year.

Volumes at the index appeared dull during 2QFY22 at 275mn shares in comparison to 394mn shares in 2QFY21 while traded value too remained unimpressive at USD 59mn vs. USD 96mn in the same period of last year as most investors lingered on the sidelines given concerns over the economy. On the foreign front, selling continued unabated at USD 167mn in the quarter under review led by reclassification from MSCI Emerging Markets Index to MSCI Frontier Markets Index. This was largely absorbed by local Insurance companies (USD 56mn), Companies (USD 47mn) and Individuals (USD 39mn). Major contribution to the index downside during this time was led by Technology (-469 points), Oil and Gas Marketing Companies (-132 points), and Refinery (-116points) whereas investors preferred Commercial Banks (+513 points), Fertilizer (+248 points), and Oil and Gas Exploration Companies (+247 points) in 2QFY22.



## Your Company's Performance

During the period under review, your Company has performed well and achieved an after-tax-profit of PKR 758 million which translates into basic & diluted earnings per share of PKR 11.60.

During the six months ended December 31, 2021, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 629.77 million (1HFY21: PKR 596.00 million), although the market registered a decline of 22% in its traded values. In addition, our brokerage revenue in the 2nd Quarter witnessed a growth of 14% as compared to a 31% decline in Market traded values in the same period, mainly driven by our digital trading, retail and branch expansions. We have successfully completed some M&A advisory transaction during the period.

Our Investment property and Equities Portfolio managed to perform well and posted a total realized and unrealized gains of PKR 498.33 million.

During the period, operating expenses decreased by 10% as compared to the same period last year and posted a total of PKR 286.84 million (1HFY21: PKR 261.86 million), as your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. During the said period, our financing costs have slightly decreased due to considerable efforts made management in effectively & efficiently managing the Company's liquidity.

The equity of your Company as at the balance sheet date is PKR 5.12 billion (June 2021: PKR 4.99 billion), which translates into book value per share of PKR 78.35 (June 30, 2021: PKR 84.10). The equity level decreased mainly after the accounting for PKR 594 million reserves for cash dividends & 10% stock dividend approved in the AGM held on September 25, 2021, which is a clear indication of the strong performance of the Company.

During the period under review, your Company has continued to be recognized by receiving accolades from international leading global financial publications. These include the Most Outstanding Company in Pakistan – Financial Sector 2021 award by AsiaMoney. Further, AHL has received Best Bond Adviser, Best Corporate & Institutional Advisor – Domestic and Best Equity Adviser – Pakistan for 2021 award by The Asset for the third consecutive year. In addition, AHL has achieved the distinction of winning all the three House awards, Brokerage/Corporate Finance/Economic Research, in any award ceremony organized by the CFA Society of Pakistan.

## Future Prospects

The future prospects of your Company are encouraging on account of our efforts in increasing the Company's market share, through wider participation in all its business segments and our expectations of positive market performance in this quarter. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities. Further, we are expecting IPO's in the next two 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: Jaunary 28, 2022

# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

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

## 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, 2021 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 per our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2021. 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, 2021.

### 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 28, 2022

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

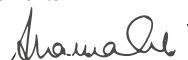
**AS AT DECEMBER 31, 2021**

**(Un-audited)  
December 31,  
2021**

**Audited  
June 30,  
2021**

	<b>Note</b>	<b>Rupees</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	89,584,474	76,101,492
Right-of-use assets	4	22,923,405	27,657,325
Intangible assets		6,421,179	6,583,336
Long term investments	5	125,191,778	136,312,876
Investment property	6	975,982,190	1,968,800,000
Long-term advances and deposits		25,523,800	6,103,800
Deferred tax asset - net	7	6,721,520	-
		<b>1,252,348,346</b>	<b>2,221,558,829</b>
<b>Current assets</b>			
Short term investments	8	3,901,970,749	2,746,710,495
Trade debts	9	341,368,163	235,192,150
Receivable against margin financing	10	369,172,667	245,655,746
Advances, deposits and prepayments	11	61,762,686	60,858,054
Accrued markup on margin financing		15,917,180	7,650,726
Other receivables	12	363,119,950	279,777,689
Cash and bank balances	13	1,865,920,815	2,674,098,470
		<b>6,919,232,210</b>	<b>6,249,943,330</b>
		<b>8,171,580,556</b>	<b>8,471,502,159</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized capital</i>			
75,000,000 (June 30, 2021: 75,000,000) ordinary shares of Rs. 10/- each		750,000,000	750,000,000
<i>Issued, subscribed and paid-up capital</i>			
65,340,000 (June 30, 2021: 59,400,000) ordinary shares of Rs. 10/each		653,400,000	594,000,000
<i>Capital reserves</i>			
Surplus on revaluation of property (Deficit)/ surplus on re-measurement of investment in equity securities		15,432,500	15,432,500
		(12,301,655)	27,944,785
		3,130,845	43,377,285
<i>Revenue reserves</i>			
Unappropriated profits		4,462,770,026	4,358,006,084
		<b>5,119,300,871</b>	<b>4,995,383,369</b>
<b>Non-current liabilities</b>			
Lease liability		5,450,343	3,525,415
<b>Current liabilities</b>			
Short term borrowings	14	1,550,311,041	1,369,369,349
Current portion of lease liability		13,111,382	26,696,871
Trade and other payables	15	1,158,983,359	1,789,995,005
Unclaimed dividend		19,262,333	14,920,013
Payable against purchase of securities- net		157,065,139	53,758,623
Markup accrued on borrowings		43,622,955	18,639,958
Taxation - net	16	104,473,133	199,213,556
		<b>3,046,829,342</b>	<b>3,472,593,375</b>
<b>Contingencies and commitments</b>			
	17		
<b>Total equity and liabilities</b>		<b>8,171,580,556</b>	<b>8,471,502,159</b>

The annexed notes from 1 to 31 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, 2021 (UNAUDITED)

		Six months ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Note	Rupees			
Operating revenue	18	685,755,736	597,588,403	421,635,008	400,592,701
Capital gain on sale of short term investments		161,216,575	448,227,998	107,228,133	110,448,065
Unrealized (loss) / gain on re-measurement of long term and short term investments	19	(116,064,574) 45,152,001	700,474,573 1,148,702,571	63,477,356 170,705,489	323,956,637 434,404,702
		730,907,737	1,746,290,974	592,340,497	834,997,403
Administrative and operating expenses	20	(286,843,276)	(261,859,756)	(165,942,980)	(157,422,201)
Other charges		(204,639)	(17,710,127)	(204,639)	(17,710,127)
Other operating income	21	29,077,162	17,146,080	7,019,985	15,811,830
Gain on investment property:					
- Unrealized gain on remeasurement to fair value	6	97,682,190	-	(183,817,810)	-
- Realized gain on disposal		355,500,000	-	355,500,000	-
		453,182,190	-	171,682,190	-
<b>Operating profit</b>		<b>926,119,174</b>	<b>1,483,867,171</b>	<b>604,895,053</b>	<b>675,676,905</b>
Finance costs	22	(75,601,994)	(83,386,016)	(53,362,992)	(32,632,453)
<b>Profit before taxation</b>		<b>850,517,180</b>	<b>1,400,481,155</b>	<b>551,532,061</b>	<b>643,044,452</b>
Taxation	23	(92,353,238)	(85,276,163)	(42,365,613)	(66,703,171)
<b>Profit after taxation</b>		<b>758,163,942</b>	<b>1,315,204,992</b>	<b>509,166,448</b>	<b>576,341,281</b>
			(Restated)		(Restated)
<b>Earnings per share - basic and diluted</b>	24	<b>11.60</b>	<b>20.13</b>	<b>7.79</b>	<b>8.82</b>

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



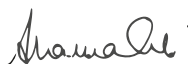
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

	Six months ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	————— Rupees —————			
Profit after taxation	758,163,942	1,315,204,992	509,166,448	576,341,281
<b>Other comprehensive (loss) / income</b>				
<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	(40,246,440)	(275,035,460)	12,383,520	(79,047,054)
<b>Total comprehensive income for the period</b>	<b>717,917,502</b>	<b>1,040,169,532</b>	<b>521,549,968</b>	<b>497,294,227</b>

The annexed notes from 1 to 31 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, 2021 (UNAUDITED)

	Revenue reserve		Capital reserves		Sub-total	Total
	Issued, subscribed & paid up capital	Unappropriated profits	Surplus on revaluation of property	Surplus on re-measurement of equity securities at FVOCI		
	Rupees					
Balance as at June 30, 2020 - restated refer (note 27)	594,000,000	2,238,562,577	15,432,500	423,338,700	2,677,333,777	3,271,333,777
Total comprehensive income for the six months ended December 31, 2020						
- Profit after taxation	-	1,315,204,992	-	-	1,315,204,992	1,315,204,992
- Other comprehensive income	-	-	-	(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 ordinary shares classified as at fair value through other comprehensive income - restated refer (note 27)	-	156,712,450	-	(156,712,450)	-	-
Transaction with owners						
- Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at December 31, 2020 - restated	594,000,000	3,561,980,019	15,432,500	(8,409,210)	3,569,003,309	4,163,003,309
Balance as at June 30, 2021	594,000,000	4,358,006,084	15,432,500	279,447,785	4,401,383,369	4,995,383,369
Total comprehensive income for the six months ended December 31, 2021						
- Profit after taxation	-	758,163,942	-	-	758,163,942	758,163,942
- Other comprehensive loss	-	-	-	(40,246,440)	(40,246,440)	(40,246,440)
	-	758,163,942	-	(40,246,440)	717,917,502	717,917,502
Transaction with owners						
- Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
- Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
Balance as at December 31, 2021	653,400,000	4,462,770,026	15,432,500	(12,301,655)	4,465,900,871	5,119,300,871

The annexed notes from 1 to 31 form an integral part of these condensed interim unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

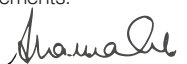
# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)

December 31, 2021 December 31, 2020

	Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		850,517,180	1,400,481,155
<b>Adjustments for:</b>			
- Unrealized gain on re-measurement of investment property	6	(97,682,190)	-
- Gain on disposal of investment property		(355,500,000)	-
- Provision for expected credit losses		204,639	17,710,127
- Gain on re-measurement of long term investments	19	11,121,098	(13,936,000)
- Depreciation on property and equipment	20	8,303,712	6,127,000
- Depreciation on right-of-use assets	20	11,495,356	10,389,270
- Amortization of intangible asset	20	162,157	208,693
- Finance costs	22	75,601,994	83,386,016
- Mark up on reverse repo transactions	21	(14,568,701)	(1,804,420)
- Profit on savings accounts maintained with banks	21	(12,912,393)	(12,623,892)
		(373,774,328)	89,456,794
<b>Cash generated from operating activities before working capital changes</b>		476,742,852	1,489,937,949
<b>Effect on cash flow due to working capital changes</b>			
<b>(Increase)/decrease in current assets</b>			
- Short-term investments		(1,195,506,694)	547,012,443
- Trade debts		(106,380,652)	(127,906,542)
- Receivable against margin financing		(123,516,921)	(198,730,838)
- Advances, deposits and prepayments		(904,632)	(284,699,282)
- Accrued markup on margin financing		(8,266,454)	187,231
- Other receivables		(20,809,019)	(66,649,753)
<b>Increase/(decrease) in current liabilities</b>			
- Trade and other payables		(631,011,646)	452,596,437
- Payable against purchase of securities- net		103,306,516	(28,181,448)
		(1,983,089,502)	293,628,248
<b>Cash (used in) / generated from operations</b>		(1,506,346,650)	1,783,566,197
Taxes paid		(193,815,181)	(76,509,767)
Finance costs paid		(50,618,997)	(123,556,161)
<b>Net cash (used in) / generated from operating activities</b>		(1,750,780,828)	1,583,500,269
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(21,786,694)	(10,438,569)
Additions to investment property	6	-	(152,500,000)
Proceeds from disposal of investment property		1,400,000,000	-
Repayment of loan previously granted to related party		-	15,000,000
Interest received on savings accounts maintained with banks		10,947,852	12,623,892
Long-term advances and deposits (paid) / refunded		(19,420,000)	229,530
<b>Net cash generated from / (used in) investing activities</b>		1,369,741,158	(135,085,147)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal repayment against lease liability		(18,421,997)	(9,622,093)
Repayment of long term loan from banking company - secured		-	(41,653,928)
Repayment of long term loan from related party - unsecured		-	(300,000,000)
Dividend paid		(589,657,680)	(147,248,671)
<b>Net cash used in financing activities</b>		(608,079,677)	(498,524,692)
Net (decrease) / increase in cash and cash equivalents		(989,119,347)	949,890,430
Cash and cash equivalents at the beginning of the period		1,304,729,121	(1,029,893,268)
<b>Cash and cash equivalents at the end of the period</b>		25315,609,774	(80,002,838)

The annexed notes from 1 to 31 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 ENDED DECEMBER 31, 2021 (UNAUDITED)

## 1 STATUS AND NATURE OF BUSINESS

**1.1** Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2021: 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, Rizwan Arcade, Adam Jee Road, Saddar.
- Multan	Regional office	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan
- Karachi	Regional office	Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi

**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 provisions of, and directives issued under, the Companies Act, 2017 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, 2021.

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 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; and
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value.

## 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.

## 2.4 Judgments 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, 2021.

## 2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these 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, 2021.

		<b>(Un-audited) December 31, 2021</b>	Audited June 30, 2021
	<b>Note</b>	<b>Rupees</b>	
<b>3. PROPERTY AND EQUIPMENT</b>			
Owned assets	3.1	<u><b>89,584,474</b></u>	<u>76,101,492</u>
<b>3.1</b>	During the period ended December 31, 2021, additions made amounting to Rs. 21.85 million (June 2021: Rs. 24.5 million) which comprised of office equipment, furniture and fixtures, vehicles and computer and allied items. However, no disposals were made during the period.		

		<b>(Un-audited) December 31, 2021</b>	Audited June 30, 2021
	<b>Note</b>	<b>Rupees</b>	
<b>4. RIGHT-OF-USE-ASSETS</b>			
Opening net book value/ cost		<u><b>27,657,325</b></u>	42,319,024
Add: Addition during the period		<u><b>6,761,436</b></u>	6,540,869
		<u><b>34,418,761</b></u>	48,859,893
Less: Depreciation charged during the period / year		<u><b>(11,495,356)</b></u>	(21,202,568)
Closing net book value	4.1	<u><b>22,923,405</b></u>	<u>27,657,325</u>

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)	Regional Office (Rawalpindi)	Regional Office (Multan)	Regional Office (Rahim Yar Khan)	Regional Office (Karachi)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood	Mr. Tahir Rizwan	Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas	Mr. Khalid Bashir	Mr. Raheel
Address of the leased property	Block-B, 2nd Floor Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt.	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City	Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan	Shop No. 2, Basement, Bashee Plaza, Model Town Rahim Yar Khan	Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I. Chundrigar Road, Karachi
Lease agreement date	July 01, 2019	March 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021	August 8, 2021	September 15, 2021
Lease commencement date	July 01, 2019	March 01, 2019	October 15, 2020	July 1, 2020	March 1, 2021	September 1, 2021	October 1, 2021
Initial contractual term of the lease	3 years	5 years	5 years	3 years	3 years	5 years	3 years
Availability of extension option?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	Indefinite	5 years	Indefinite	Indefinite	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease)	3 years	5 years	5 years	3 years	3 years	5 years	3 years

		(Un-audited) December 31, 2021	Audited June 30, 2021
<b>5. LONG TERM INVESTMENTS - unquoted</b>	<b>Note</b>	<b>Rupees</b>	
Investment in subsidiaries	5.1	81,558,105	81,558,105
Investment in other entities	5.2	43,633,673	54,754,771
		<b>125,191,778</b>	<b>136,312,876</b>
<b>5.1 Investment in subsidiaries - at cost less accumulated impairment</b>			
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)
		<b>43,558,105</b>	<b>43,558,105</b>
		<b>81,558,105</b>	<b>81,558,105</b>
<b>5.2 Investment in other entities - at fair value through profit or loss</b>			
ISE Towers REIT Management Company Limited	5.2.1	28,889,430	37,841,512
LSE Financial Services Limited	5.2.1	14,744,243	16,913,259
		<b>43,633,673</b>	<b>54,754,771</b>

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

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	Audited June 30, 2021
6.	INVESTMENT PROPERTY	Rupees	
	Opening carrying amount	1,968,800,000	1,678,415,232
	Increase in fair value during the period / year - realized on disposal	355,500,000	-
		2,324,300,000	1,678,415,232
	Sale during the period / year	(1,446,000,000)	(152,500,000)
	Purchase of plots in Naya Nazimabad project during the year	-	152,500,000
		(1,446,000,000)	-
		878,300,000	1,678,415,232
	Increase in fair value during the period / year - unrealized	97,682,190	290,384,768
	Closing carrying amount	975,982,190	1,968,800,000
6.1	This represents sale of 49 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to Javedan Corporation limited (a related party). Fair value of these plots amounted to Rs. 1,090.5 Million and Rs. 1,446 Million on June 30, 2021 and December 23, 2021 (transaction date) respectively. Total sale proceeds of the transaction amounted to Rs. 1,446 Million out of which Rs. 46 Million are still receivable at reporting date (refer note 12).		
6.2	This represents investment in plots of land 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 M/s. Javedan Corporation Limited (a related party of the Company).		
		(Un-audited) December 31, 2021	Audited June 30, 2021
7.	DEFERRED TAX ASSET - net	Rupees	
	Deferred tax (asset) / liability in respect of:		
	- Unrealized loss on remeasurement of short term investments	(10,487,947)	-
	- Other temporary differences	3,766,427	-
		(6,721,520)	-
7.1	Deferred tax (asset) / liability in respect of other temporary differences		
	<i>Deferred tax liabilities - Taxable temporary differences</i>		
	Accelerated depreciation	10,219,385	11,093,498
	Right-of-use assets	6,647,787	8,020,624
	Long term investment	-	2,072,141
	Short term investments	-	9,192,951
	Capital gain on sale of investments at FVTPL	-	91,271,482
		16,867,172	121,650,696
	<i>Deferred tax assets - Deductible temporary differences</i>		
	Intangible assets	(6,815,000)	(6,815,000)
	Long term investment	(346,698)	-
	Provision for doubtful debts and other receivables	(556,147)	(268,015,283)
	Lease liability	(5,382,900)	(8,764,463)
		(13,100,745)	(283,594,746)
	<b>Deferred tax (asset) / liability - net</b>	<b>3,766,427</b>	<b>(161,944,050)</b>
	Deferred tax asset recognized to the extent of deferred tax liability	-	(121,650,696)
	Unrecognised deferred tax asset in the books	-	(40,293,354)
		-	(161,944,050)

CONDENSED INTERIM SELECTED NOTES TO THE  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

	(Un-audited) December 31, 2021	Audited June 30, 2021
<b>8. SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		<b>Rupees</b>
Quoted equity / debt securities	3,735,309,209	2,539,802,515
<b>At fair value through other comprehensive income</b>		
Quoted equity securities	166,661,540	206,907,980
	<b>3,901,970,749</b>	<b>2,746,710,495</b>

		(Un-audited) December 31, 2021	Audited June 30, 2021
9. TRADE DEBTS	Note	Rupees	
<i>Considered good</i>			
- Brokerage receivable		193,702,234	120,088,055
- Advisory and consultancy fee		147,870,568	115,104,095
		<u>341,572,802</u>	<u>235,192,150</u>
<i>Considered doubtful</i>			
- Brokerage receivable		870,668,691	870,668,691
- Advisory and consultancy fee		51,604,192	51,604,192
		<u>922,272,883</u>	<u>922,272,883</u>
		1,263,845,685	1,157,465,033
		<u>(922,477,522)</u>	<u>(922,272,883)</u>
Less: provision for expected credit losses	9.1 9.2	<u>341,368,163</u>	<u>235,192,150</u>

### 9.1 Movement in provision for expected credit losses

Balance at the beginning of the period/ year	<b>922,272,883</b>	906,321,587
Add: Charged for the period/ year	<b>204,639</b>	15,951,296
Less: Reversed during the period/ year	-	-
Balance at the end of the period/ year	<b>922,477,522</b>	922,272,883

**9.2** This includes Rs. 0.27 million (June 2021: Rs. 4.3 million) due from related parties. The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 249.70 million (June 2021: Rs. 331.80 million)

**9.3** The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts.

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

	(Unaudited) December 31, 2021		(Audited) June 30, 2021	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	<b>Rupees</b>			
Not past due	120,494,077	-	4,562,014	-
Past due 1 day - 30 days	165,165,598	9,892,228	182,731,378	-
Past due 31 days - 180 days	17,030,845	3,540,309	33,791,562	5,904,661
Past due 181 days - 1 year	27,972,027	439,365	9,521,312	2,465,878
Past due more than one year	927,533,138	908,400,981	931,985,501	913,902,344
	<b>1,258,195,685</b>	<b>922,272,883</b>	1,162,591,767	922,272,883

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	Audited June 30, 2021
Note		Rupees	
<b>10. RECEIVABLE AGAINST MARGIN FINANCING</b>			
		369,172,667	245,655,746
		1,917,749	1,917,749
	10.1	371,090,416	247,573,495
		(1,917,749)	(1,917,749)
		369,172,667	245,655,746
<b>10.1</b>	Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2021: 12.00% to 15.00%) per annum.		
		(Un-audited) December 31, 2021	Audited June 30, 2021
Note		Rupees	
<b>11. ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
<b>Advances</b>			
Advance to consultant		9,293,760	9,293,760
Advance against expenses		539,000	1,068,956
Advance against salary		1,878,465	833,119
		11,711,225	11,195,835
<b>Trade deposits</b>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	11.1	45,068,801	49,110,315
<b>Prepayments</b>			
Insurance		4,982,660	551,904
		61,762,686	60,858,054
<b>11.1</b>	This represents deposits held at the reporting date against exposure arising out of trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.		
		December 31, 2021	June 30, 2021
Note		Rupees	
<b>12. OTHER RECEIVABLES</b>			
Receivable against reverse repo transactions		303,946,237	268,568,516
Receivable against sale of plots		51,126,734	5,126,734
Others		8,046,979	6,082,439
		363,119,950	279,777,689
<b>12.1</b>	This includes receivable against sale of plots amounting to Rs. 46 million from M/s. Javedan Corporation Limited (a related party).		
<b>13. CASH AND BANK BALANCES</b>			
Cash in hand		680,066	650,596
Cash at bank:			
- current accounts		332,225,967	157,186,618
- savings accounts		1,533,014,782	2,516,261,256
	13.1	1,865,240,749	2,673,447,874
		1,865,920,815	2,674,098,470

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

**13.1** This includes the balances held in bank accounts designated to customers amounting to Rs. 1,023.375 million (June 30, 2021: Rs. 1,563 million).

		(Un-audited) December 31, 2021	Audited June 30, 2021
14. SHORT TERM BORROWINGS	Note	Rupees	

Running finance facilities from banking companies - secured

14.1

**1,550,311,041**

1,369,369,349

**14.1** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,500 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.65% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.

**14.1.1** Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at December 31, 2021 amounted to Rs. 6,165.35 million (June 2021: Rs. 5,642.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as follows:

	December 31, 2021		June 30, 2021	
	Number of Securities	Amount (Rupees)	Number of Securities	Amount (Rupees)
Client	122,850,000	4,421,371,500	140,335,000	4,086,425,400
House	58,063,755	1,743,975,950	66,582,755	1,554,857,660
<b>Total</b>	<b>180,913,755</b>	<b>6,165,347,450</b>	<b>206,917,755</b>	<b>5,641,283,060</b>

		(Un-audited) December 31, 2021	Audited June 30, 2021
15. TRADE AND OTHER PAYABLES	Note	Rupees	

Trade creditors

15.1

**1,021,439,488**

1,554,805,840

Commission payable to staff

15.2

**78,790,289**

102,628,723

Accrued expenses

**3,706,528**

19,968,931

Withholding tax payable

**17,748,713**

71,302,613

Sindh sales tax and federal excise duty payable

**17,350,751**

22,809,898

Advance from related party

15.3

**8,243,695**

6,743,695

Other liabilities

**11,703,895**

11,735,305

**1,158,983,359**

1,789,995,005

**15.1** This includes Rs. 86.24 million (June 30, 2021: Rs 126.1 million) payable to related parties of the Company.

**15.2** This includes Rs. 22.11 million (June 30, 2021: Rs. 49.15 million) payable to related parties of the Company.

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

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	Audited June 30, 2021
	Note	Rupees	
<b>16. TAXATION- NET</b>			
Balance at the beginning of the period/ year		199,213,556	53,030,170
Add: Provision for the period/ year		99,074,758	309,097,181
Less: Tax paid during the period/ year		(193,815,181)	(162,913,795)
Balance at the end of the period/ year		104,473,133	199,213,556

## 17. CONTINGENCY AND COMMITMENTS

### 17.1 Contingency

There has been no change in the status of the contingent liability as reported in note 24.1 to the annual unconsolidated financial statements of the Company for the year ended June 30, 2021.

		(Un-audited) December 31, 2021	Audited June 30, 2021
		Rupees	
<b>17.2 Commitments</b>			
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading contracts		673,989,503	788,579,531
- Outstanding settlements against (purchase)/ sale of securities in regular market.		26,965,350	34,264,836
- Financial guarantees given by a commercial banks on behalf of the Company		750,000,000	750,000,000

		(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
	Note	Rupees	
<b>18. OPERATING REVENUE</b>			
Brokerage revenue	18.1	275,031,339	295,131,137
Advisory and consultancy fee	18.2	323,444,056	282,307,000
Dividend income		55,188,045	1,592,201
Mark-up on margin financing	30	24,982,118	8,232,399
Mark-up on corporate debt securities	30	7,110,178	10,325,666
		685,755,736	597,588,403



# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
	Note	Rupees	
<b>18.1 Brokerage revenue</b>			
Gross revenue		316,127,976	339,231,192
Less: Sales tax		(41,096,637)	(44,100,055)
Net revenue		275,031,339	295,131,137
<b>18.2 Advisory and consultancy fee</b>			
Gross revenue		371,774,777	324,490,805
Less: Sales tax		(48,330,721)	(42,183,805)
Net revenue		323,444,056	282,307,000
<b>19. UNREALIZED (LOSS) / GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS</b>			
Short term investments		(104,943,476)	686,538,573
Long term investments		(11,121,098)	13,936,000
		(116,064,574)	700,474,573
<b>20. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	20.1	157,090,841	152,937,756
Motor vehicle expense		18,930,893	12,089,968
C.D.C and clearing house charges		15,208,500	12,074,007
Building maintenance		12,792,075	10,271,154
Depreciation on right-of-use assets		11,495,356	10,389,270
Man power services	20.2	11,400,000	11,400,000
Communication		10,364,351	9,403,076
Legal and professional charges		9,144,346	3,450,733
Depreciation on property and equipment		8,303,712	6,127,000
Insurance		5,991,507	3,187,844
Repairs and maintenance		5,912,197	4,664,290
Fees and subscription		3,878,145	5,708,785
Travelling expenses		3,532,816	863,339
Others		3,354,571	4,191,596
Business representation		2,646,147	6,198,365
Printing and stationery		2,352,368	2,128,540
Rent, rates and taxes		2,009,237	155,545
Advertisement and business promotion		1,008,617	367,910
Audit fees		468,211	310,000
Write off of trade receivables		370,739	452,000
Conveyance and meals		301,490	154,885
Amortisation of intangible assets		162,157	208,693
Meeting expenses		125,000	125,000
Donation		-	5,000,000
		286,843,276	261,859,756

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
		Rupees	
<b>20.1</b>	<b>Salaries and other benefits</b>		
	Salaries and other benefits	87,822,908	105,096,039
	Commission	69,267,933	47,841,717
		<u>157,090,841</u>	<u>152,937,756</u>
<b>20.2</b>	This represents charges paid to 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, 2021	(Un-audited) December 31, 2020
<b>21.</b>	<b>OTHER OPERATING INCOME</b>		
	Note	Rupees	
	Mark-up on loan to related party	-	610,703
	Profit on savings accounts maintained with banks	12,912,393	12,623,892
	Profit on exposure deposits placed with PSX and NCCPL	1,596,068	2,107,065
	Mark-up on reverse repo transactions	14,568,701	1,804,420
		<u>29,077,162</u>	<u>17,146,080</u>
<b>22.</b>	<b>FINANCE COSTS</b>		
	Markup on short term borrowings from banking companies	42,554,973	45,511,099
	Markup on loan from related party	20,112,499	8,103,389
	Bank charges and others	8,204,008	8,918,859
	Interest on unwinding of the lease liability	1,917,134	3,149,291
	Markup on margin trading system securities	1,862,362	1,088,808
	Guarantee charges to parent company	951,018	954,566
	Markup on long term loan from banking company	-	15,660,004
		<u>75,601,994</u>	<u>83,386,016</u>
<b>22.1</b>	This includes markup on finance facility amounting to PKR 1 billion availed from Javedan Corporation Limited (a related party of the Company) on 1st October, 2021 to finance its working capital requirements. The markup on daily outstanding principal is payable quarterly in arrears as per the applicable rate of 3 months KIBOR + 1.75% within 30 days of the following quarter.		
		(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
<b>23.</b>	<b>TAXATION</b>		
	Current tax - for the year	107,301,293	85,276,163
	- for prior years	(8,226,535)	-
		<u>99,074,758</u>	<u>85,276,163</u>
	Deferred	(6,721,520)	-
		<u>92,353,238</u>	<u>85,276,163</u>

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
24. EARNINGS PER SHARE	Note	Rupees	
24.1 Basic earnings per share			
Profit after taxation attributable to ordinary shareholders		<b>758,163,942</b>	1,315,204,992
			(Restated)
Weighted average number of ordinary shares outstanding during the period	24.1.1	<b>65,340,000</b>	Number 65,340,000
			Rupees
Earnings per share - basic	24.1.1	<b>11.60</b>	20.13

**24.1.1** In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Company for the six-month period and the quarter ended December 31, 2020 has been retrospectively adjusted for the effect of bonus shares issued during the period. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1.

## 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 the reporting dates.

	(Un-audited) December 31, 2021	(Un-audited) December 31, 2020
25. CASH AND CASH EQUIVALENTS	Rupees	
Cash and bank balances	<b>1,865,920,815</b>	1,219,829,651
Short term borrowings	<b>(1,550,311,041)</b>	(1,299,832,489)
	<b>315,609,774</b>	(80,002,838)

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 26. RELATED PARTY TRANSACTIONS AND BALANCES

Transaction with related parties

Six months period ended	
December 31, 2021	December 31, 2020
Rupees	

### PARENT COMPANY

Arif Habib Corporation Limited

Brokerage commission earned during the period on sale and purchase of securities

4,026,249 3,451,808

Guarantee commission paid / payable

951,018 954,566

Mark-up on loan paid / payable

3,099,721 -

Loan received

650,000,000 -

Loan repaid

650,000,000 -

### SUBSIDIARY

Arif Habib Commodities (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

263,388 188,831

Mark-up income earned on loan

- 469,875

### OTHER RELATED PARTIES

#### Javedan Corporation Limited

Purchase of plots

- 152,500,000

Sale of plots

1,446,000,000 -

Mark-up on loan paid / payable

17,012,778 -

Loan received

880,000,000 -

Loan repaid

880,000,000 -

Brokerage commission earned during the period on sale and purchase of securities

322,500 -

#### Rotocast Engineering Company (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

190,507 -

#### Arif Habib Equity (Private) Limited

Brokerage commission earned during the period on sale and purchase of securities

754,625 -

#### Arif Habib Dolmen REIT Management Limited

Brokerage commission earned during the period on sale and purchase of securities

516,000 -

### KEY MANAGEMENT PERSONNEL

#### Zafar Alam (Chairman of the Board of Directors)

Brokerage commission earned during the period on sale and purchase of securities

160,278 49,734

#### Muhammad Shahid Ali (CEO)

Brokerage commission earned during the period on sale and purchase of securities

4,509,074 7,427,705

#### Muhammad Haroon (Director)

Brokerage commission earned during the period on sale and purchase of securities

265,800 140,375

#### Sharmin Shahid (Director)

Brokerage commission earned during the period on sale and purchase of securities

366,548 1,796,058

#### Nida Ahsan (Director)

Brokerage commission earned during the period on sale and purchase of securities

218,935 125,000

#### Mohsin Madni (Director)

Brokerage commission earned during the period on sale and purchase of securities

9,562 7,599

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

	Six months period ended	
	December 31, 2021	December 31, 2020
	Rupees	
<b>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</b>		
Arif Habib		
Brokerage commission earned during the period on sale and purchase of securities	2,493,459	3,950,860
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	364,687	1,083,783
<b>POST EMPLOYMENT BENEFIT PLAN</b>		
Provident fund trust - Contribution paid during the period	4,807,416	3,494,491
	December 31, 2021	June 30, 2021
	Rupees	
Balances with related parties at the end of the reporting period:		
<b>PARENT COMPANY</b>		
Arif Habib Corporation Limited		
Trade receivable	77,015	33,093
Guarantee charges payable	951,018	464,883
Mark-up payable	3,099,721	4,447,132
<b>SUBSIDIARY</b>		
Arif Habib Commodities (Private) Limited		
Advance received against sale of investment property	8,243,695	6,743,695
Advance paid for subscription of shares	2,000,000	2,000,000
Trade payable	4,458,508	1,801,990
Advances	256,305	256,305
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Zafar Alam (Chairman of the board of Directors)</b>		
Trade payable	669	1,104,484
<b>Muhammad Shahid Ali (CEO)</b>		
Trade payable	81,100,384	112,754,445
<b>Sharmin Shahid (Director)</b>		
Trade receivable	11,017	8,340
<b>Nida Ahsan (Director)</b>		
Trade payable	-	9,346,762
Trade receivable	7,283	-
<b>Muhammad Haroon (Director)</b>		
Trade payable	122,759	29,147
<b>Mohsin Madni (Director)</b>		
Trade payable	52,586	191,512
<b>Muhammad Sohail Salat (Director)</b>		
Trade receivable	599	-

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

	December 31, 2021	June 30, 2021
	Rupees	
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Arif Habib		
Trade receivable	66,286	49,556
Abdus Samad A. Habib		
Trade payable	506,269	872,251
Muhammad Kashif A. Habib		
Trade receivable	11,866	4,075,266
OTHER RELATED PARTIES		
Javedan Corporation Limited		
Receivable against sale of plots	46,000,000	5,126,734
Trade receivable	40,000	-
Advance against booking of flats	18,750,000	-
Mark-up on loan payable	17,012,778	-
Rotocast Engineering Co. (Private) Limited		
Trade receivable	13,727	31,083
Arif Habib Equity (Private) Limited		
Trade receivable	44,803	156,484
Arif Habib Dolmen REIT Management Limited		
Trade receivable	3,556	-

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 27. CORRECTION OF A PRIOR PERIOD ERROR

As its accounting policy, the Company recognizes the regular way purchase and sale of its own proprietary investments using 'trade date accounting'. However, to the contrary, the sale of 8,220,500 ordinary shares of being carried at fair value through other comprehensive income transacted on June 29, 2020 and June 30, 2020 was, inadvertently, accounted for as a disposal in the subsequent financial reporting period. This error was identified during the course of preparation of the annual financial statements of the Company for the year ended June 30, 2021 and was rectified retrospectively in those set of financial statements.

Accordingly, in these subsequent interim financial statements, the aforesaid error has also been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and IAS 34 'Interim Financial Reporting', and all the corresponding figures affected by the error have been restated.

The retrospective correction of the error has its effects on the corresponding figures presented in these interim financial statements as follows:

### Effects on the Condensed Interim Unconsolidated Statement of Changes in Equity

	Unappropriated profits	Surplus on remeasurement of investment in equity securities
	————— Rupees —————	
<b>Balance as at June 30, 2020 (as previously reported)</b>	<b>2,173,236,272</b>	<b>483,759,375</b>
<i>Effects of restatement</i>		
Increase in other comprehensive income for the year ended June 30, 2020	-	4,905,630
Increase in gain realized on disposal of equity securities at FVOCI	<b>65,326,305</b>	(65,326,305)
	<b>65,326,305</b>	(60,420,675)
<b>Balance as at June 30, 2020 (as restated)</b>	<b>2,238,562,577</b>	<b>423,338,700</b>
<b>Balance as at December 31, 2020 (as previously reported)</b>	<b>3,561,980,019</b>	<b>(13,314,840)</b>
<i>Effects of restatement</i>		
Increase in other comprehensive income for the year ended June 30, 2020	-	4,905,630
Increase in gain realized on disposal of equity securities at FVOCI (recognized as of June 30, 2020)	<b>65,326,305</b>	(65,326,305)
Decrease in gain realized on disposal of equity securities at FVOCI (recognized during the six-month period ended December 31, 2020)	<b>(65,326,305)</b>	65,326,305
	-	4,905,630
<b>Balance as at December 31, 2020 (as restated)</b>	<b>3,561,980,019</b>	<b>(8,409,210)</b>

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (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.
- 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
<b>As on December 31, 2021</b>	<b>----- Amount in Rupees -----</b>			
Financial assets measured at fair value				
Short term investments	<b>3,901,970,749</b>	-	-	<b>3,901,970,749</b>
Long term investments	-	-	<b>43,633,673</b>	<b>43,633,673</b>
Non-financial assets measured at fair value				
Investment properties	-	<b>975,982,190</b>	-	<b>975,982,190</b>
<b>As on June 30, 2021</b>				
Financial assets measured at fair value				
Short term investments	2,746,710,495	-	-	2,746,710,495
Long term investments	-	-	54,754,771	54,754,771
Non-financial assets measured at fair value				
Investment properties	-	1,968,800,000	-	1,968,800,000

## 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, 2021 were located in Pakistan.



# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 30. CORRESPONDING FIGURES

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

Reclassified from component	Reclassified to component	Amount (Rupees)
Advisory and consultancy fee (Trade debts)	Receivable against sale of plots (Other receivables)	<u>5,126,734</u>
Mark-up on margin financing (Other income)	Mark-up on margin financing (Operating revenue)	<u>8,232,399</u>
Markup on corporate debt securities (Other income)	Markup on corporate debt securities (Operating revenue)	<u>10,325,666</u>


## 31. GENERAL

### 31.1 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 28, 2022.

### 31.2 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 STATEMENTS

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

**(Un-audited)  
December 31,  
2021**

**Audited  
June 30,  
2021**

	<b>Note</b>	<b>Rupees</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	90,854,052	76,921,622
Right-of-use assets	4	22,923,405	27,657,325
Intangible assets		9,921,179	10,083,336
Long term investments	5	43,633,673	54,754,771
Investment property	6	975,982,190	1,968,800,000
Long-term advances and deposits		51,538,505	32,118,136
Deferred tax asset - net		6,721,520	-
		<b>1,201,574,524</b>	<b>2,170,335,190</b>
<b>Current assets</b>			
Short term investments	7	3,936,039,091	2,799,662,594
Trade debts	8	341,368,163	235,192,150
Receivable against margin financing	9	369,172,667	245,655,746
Advances, deposits and prepayments	10	123,465,789	116,097,069
Accrued markup on margin financing		15,917,180	7,650,726
Other receivables	11	363,119,950	283,777,689
Cash and bank balances	12	1,876,972,115	2,679,062,673
		<b>7,026,054,955</b>	<b>6,367,098,647</b>
<b>Total assets</b>		<b>8,227,629,479</b>	<b>8,537,433,837</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized capital</i>			
75,000,000 (June 30, 2021: 75,000,000) ordinary shares of Rs. 10/- each		<b>750,000,000</b>	<b>750,000,000</b>
<i>Issued, subscribed and paid-up capital</i>			
65,340,000 (June 30, 2021: 59,400,000) ordinary shares of Rs. 10/each		<b>653,400,000</b>	<b>594,000,000</b>
<i>Capital reserves</i>			
Surplus on revaluation of property		<b>15,432,500</b>	<b>15,432,500</b>
(Deficit)/ surplus on re-measurement of investment in equity securities		<b>(12,301,655)</b>	<b>27,944,785</b>
		<b>3,130,845</b>	<b>43,377,285</b>
<i>Revenue reserves</i>			
Unappropriated profits		<b>4,524,946,556</b>	<b>4,413,860,019</b>
		<b>5,181,477,401</b>	<b>5,051,237,304</b>
<b>Non-current liabilities</b>			
Lease liability		<b>5,450,343</b>	<b>3,525,415</b>
<b>Current liabilities</b>			
Short term borrowings	13	<b>1,550,311,041</b>	<b>1,369,369,349</b>
Current portion of lease liability		<b>13,111,382</b>	<b>26,696,871</b>
Trade and other payables	14	<b>1,151,453,694</b>	<b>1,794,251,304</b>
Unclaimed dividend		<b>19,262,333</b>	<b>14,920,013</b>
Loan from related party		-	<b>3,862,500</b>
Payable against purchase of securities- net		<b>157,065,139</b>	<b>53,758,623</b>
Markup accrued on borrowings		<b>43,622,955</b>	<b>18,639,958</b>
Taxation - net	15	<b>105,875,191</b>	<b>201,172,500</b>
		<b>3,040,701,735</b>	<b>3,482,671,118</b>
<b>Contingencies and commitments</b>	16		
<b>Total equity and liabilities</b>		<b>8,227,629,479</b>	<b>8,537,433,837</b>

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



Chief Executive Officer



Director




Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED **PROFIT AND LOSS ACCOUNT**

**FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)**

		<b>Six months ended</b>		<b>Quarter ended</b>	
		<b>December 31, 2021</b>	December 31, 2020	<b>December 31, 2021</b>	December 31, 2020
	<b>Note</b>	<b>Rupees</b>			
Operating revenue	17	<b>702,360,896</b>	616,346,201	<b>428,089,545</b>	409,464,292
Capital gain on sale of short term investments		<b>161,216,575</b>	448,227,998	<b>107,228,133</b>	110,448,065
Unrealized (loss) / gain on re-measurement of long term and short term investments	18	<b>(116,064,574)</b> <b>45,152,001</b>	700,474,573 1,148,702,571	<b>63,477,356</b> <b>170,705,489</b>	323,956,337 434,404,402
		<b>747,512,897</b>	1,765,048,772	<b>598,795,034</b>	843,868,694
Administrative and operating expenses	19	<b>(296,480,254)</b>	(269,170,710)	<b>(170,936,423)</b>	(160,794,438)
Other charges		<b>(204,639)</b>	(17,710,127)	<b>(204,639)</b>	(17,710,127)
Other operating income	20	<b>30,038,826</b>	17,231,498	<b>8,386,942</b>	15,019,906
Gain on investment property:					
- Unrealized gain on remeasurement to fair value	6	<b>97,682,190</b>	-	<b>(183,817,810)</b>	-
- Realized gain on disposal		<b>355,500,000</b>	-	<b>355,500,000</b>	-
		<b>453,182,190</b>	-	<b>171,682,190</b>	-
<b>Operating profit</b>		<b>934,049,020</b>	1,495,399,433	<b>607,723,104</b>	680,384,035
Finance costs	21	<b>(75,601,994)</b>	(83,399,916)	<b>(53,362,992)</b>	(32,646,353)
<b>Profit before taxation</b>		<b>858,447,026</b>	1,411,999,517	<b>554,360,112</b>	647,737,682
Taxation	22	<b>(93,960,489)</b>	(85,860,131)	<b>(43,555,134)</b>	(66,956,632)
<b>Profit after taxation</b>		<b>764,486,537</b>	1,326,139,386	<b>510,804,978</b>	580,781,050
			(Restated)		(Restated)
<b>Earnings per share - basic and diluted</b>	23	<b>11.70</b>	20.30	<b>7.82</b>	8.89

The annexed notes from 1 to 30 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, 2021 (UNAUDITED)

	Six months ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	————— Rupees —————			
Profit after taxation	764,486,537	1,326,139,386	510,804,978	580,781,050
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to statement of profit or loss				
Net change in fair value of the investment in equity securities	(40,246,440)	(275,035,460)	12,383,520	(79,047,054)
Total comprehensive income for the period	<u>724,240,097</u>	<u>1,051,103,926</u>	<u>523,188,498</u>	<u>501,733,996</u>

The annexed notes from 1 to 30 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, 2021 (UNAUDITED)

	Revenue reserve		Capital reserves		Sub-total	Total
	Issued, subscribed & paid up capital	Unappropriated profits	Surplus on revaluation of property	Surplus on re-measurement of equity securities at FVOCI		
	Rupees					
Balance as at June 30, 2020 - restated refer (note 26)	594,000,000	2,274,098,230	15,432,500	423,338,700	2,712,869,430	3,306,869,430
Total comprehensive income for the six months ended December 31, 2020						
- Profit after taxation	-	1,326,139,386	-	-	1,326,139,386	1,326,139,386
- Other comprehensive income	-	-	-	(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 ordinary shares classified as at fair value through other comprehensive income - restated refer (note 26)	-	156,712,450	-	(156,712,450)	-	-
Transaction with owners						
- Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at December 31, 2020 - restated	594,000,000	3,608,450,066	15,432,500	(8,409,210)	3,615,473,356	4,209,473,356
Balance as at June 30, 2021	594,000,000	4,413,860,019	15,432,500	27,944,785	4,457,237,304	5,051,237,304
Total comprehensive income for the six months ended December 31, 2021						
- Profit after taxation	-	764,486,537	-	-	764,486,537	764,486,537
- Other comprehensive loss	-	-	-	(40,246,440)	(40,246,440)	(40,246,440)
	-	764,486,537	-	(40,246,440)	724,240,097	724,240,097
Transaction with owners						
- Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
- Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
Balance as at December 31, 2021	653,400,000	4,524,946,556	15,432,500	(12,301,655)	4,528,077,401	5,181,477,401

The annexed notes from 1 to 30 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, 2021 (UNAUDITED)

December 31,  
2021

December 31,  
2020

Note

Rupees

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

858,447,026

1,411,999,517

Adjustments for:

- Unrealized gain on re-measurement of investment property 6
- Gain on disposal of investment property
- Provision for expected credit losses 8.1
- Gain on re-measurement of long term investments 18
- Depreciation on property and equipment 19
- Depreciation on right-of-use assets 19
- Amortization of intangible asset 19
- Finance costs 21
- Mark up on reverse repo transactions 20
- Profit on savings accounts maintained with banks 20

(97,682,190)  
(355,500,000)  
204,639  
11,121,098  
8,434,262  
11,495,356  
162,157  
75,601,994  
(14,568,701)  
(12,970,585)  
(373,701,970)

-  
-  
17,710,127  
(13,936,000)  
6,228,125  
10,389,270  
208,693  
83,399,916  
(1,804,420)  
(12,644,675)  
89,551,036

**Cash generated from operating activities before working capital changes**

484,745,056

1,501,550,553

**Effect on cash flow due to working capital changes**

(Increase)/decrease in current assets

- Short-term investments
- Trade debts
- Receivable against margin financing
- Advances, deposits and prepayments
- Accrued markup on margin financing
- Other receivables

(1,176,622,937)  
(106,380,652)  
(123,516,921)  
(7,368,720)  
(8,266,454)  
(16,809,019)

546,873,134  
(127,906,542)  
(198,730,838)  
(279,513,669)  
187,231  
(66,649,753)

Increase/(decrease) in current liabilities

- Trade and other payables
- Loan from related party
- Payable against purchase of securities- net

(642,797,610)  
(3,862,500)  
103,306,516

449,800,241  
-  
(28,181,448)

**Cash (used in) / generated from operations**

Taxes paid

(1,982,318,297)

295,878,356

Finance costs paid

(1,497,573,241)

1,797,428,909

**Net cash (used in) / generated from operating activities**

(195,979,318)  
(50,618,997)  
(1,744,171,556)

(77,727,611)  
(123,570,061)  
1,596,131,237

## CASH FLOWS FROM INVESTING ACTIVITIES

- Acquisition of property and equipment 6
- Additions to investment property
- Proceeds from disposal of investment property
- Interest received on savings accounts maintained with banks
- Long-term advances and deposits (paid) / refunded

(22,366,692)  
-  
1,400,000,000  
11,006,044  
(19,420,369)

(10,775,066)  
(152,500,000)  
-  
12,644,675  
229,530

**Net cash generated from / (used in) investing activities**

1,369,218,983

(150,400,861)

## CASH FLOWS FROM FINANCING ACTIVITIES

- Principal repayment against lease liability
- Repayment of long term loan from banking company - secured
- Repayment of long term loan from related party - unsecured
- Dividend paid

(18,421,997)  
-  
-  
(589,657,680)

(9,622,093)  
(41,653,929)  
(300,000,000)  
(147,248,671)

**Net cash used in financing activities**

(608,079,677)

(498,524,693)

Net (decrease) / increase in cash and cash equivalents

(983,032,250)

947,205,683

Cash and cash equivalents at the beginning of the period

1,309,693,324

(1,021,977,482)

**Cash and cash equivalents at the end of the period** 24

326,661,074

(74,771,799)

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

Chief Executive Officer

Director

Chief Financial Officer



# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 1. STATUS AND NATURE OF BUSINESS

**1.1** Arif Habib Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited (PSX). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited ("the Parent Company"). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the PSX on January 31, 2007. As of the reporting date, the Parent Company held 69.44% shares (June, 30 2021: 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	Arif Habib Centre, 23 M.T. Khan Road, Karachi (Registered office)
- 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, Rizwan Arcade, Adam Jee Road, Saddar.
- Multan	Regional office	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan
- Rahim Yar Khan	Regional office	Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan
- Karachi	Regional office	Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi

**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 provisions of, and directives issued under, the Companies Act, 2017 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, 2021.

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 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; and
- (c) Short term investments in quoted equity securities and term finance certificates / sukuks which are carried at fair value.

## 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.

## 2.4 Judgments 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, 2021.

## 2.5 Significant accounting policies

The significant accounting policies applied in the preparation of these 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, 2021.

		(Un-audited) December 31, 2021	Audited June 30, 2021
3.	PROPERTY AND EQUIPMENT	Rupees	
	Owned assets	90,854,052	76,921,622
3.1	During the period ended December 31, 2021, additions made amounting to Rs. 22.37 million (June 2021: Rs. 24.82 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, 2021	Audited June 30, 2021
4.	RIGHT-OF-USE-ASSETS	Rupees	
	Opening net book value/ cost	27,657,325	42,319,024
	Add: Addition during the period	6,761,436	6,540,869
		34,418,761	48,859,893
	Less: Depreciation charged during the period / year	(11,495,356)	(21,202,568)
	Closing net book value	22,923,405	27,657,325

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

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

	Principal Office (Karachi)	Regional Office (Peshawar)	Regional Office (Faisalabad)	Regional Office (Rawalpindi)	Regional Office (Multan)	Regional Office (Rahim Yar Khan)	Regional Office (Karachi)
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.	Mr. Azmat Hassan Khan	Mr. Ahsan Mahmood	Mr. Tahir Rizwan	Mr. Khalid Nazir, Mr. Nizakat Ali & Mr. Muhammad Ilyas	Mr. Khalid Bashir	Mr. Raheel
Address of the leased property	Block-B, 2nd Floor, Arif Habib Centre, Plot No. 23, Off. M.T. Khan Road	35 Mall Tower, Peshawar Cantt	Office No.04, 3rd Floor, Legacy Tower, Koh-e-Noor City	Shop No. F-15, 1st Floor, Rizwan Arcade, Adamjee Road, Saddar	Shop No. 16, 17 & 18, Upper Floor, Khan Center, Multan	Shop No. 2, Basement, Basheer Plaza, Model Town Rahim Yar Khan	Office No. 1001, 1002, 1003, 10th Floor, Gul Tower, I.I. Chundrigar Road, Karachi
Lease agreement date	July 01, 2019	March 01, 2019	October 10, 2020	July 1, 2020	March 1, 2021	August 8, 2021	September 15, 2021
Lease commencement date	July 01, 2019	March 01, 2019	October 15, 2020	July 1, 2020	March 1, 2021	September 1, 2021	October 1, 2021
Initial contractual term of the lease	3 years	5 years	5 years	3 years	3 years	5 years	3 years
Availability of extension option?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of years for which the lease extension option is available	Indefinite	5 years	Indefinite	Indefinite	Indefinite	Indefinite	Indefinite
Estimated lease term (as on the date of commencement of the lease)	3 years	5 years	5 years	3 years	3 years	5 years	3 years

(Un-audited)  
December 31,  
2021

Audited  
June 30,  
2021

5. LONG TERM INVESTMENTS - unquoted	Note	Rupees	
Investment in other entities	5.1	43,633,673	54,754,771
5.1 Investment in other entities - at fair value through profit or loss			
ISE Towers REIT Management Company Limited	5.1.1	28,889,430	37,841,512
LSE Financial Services Limited	5.1.1	14,744,243	16,913,259
		43,633,673	54,754,771

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

(Un-audited)  
December 31,  
2021

Audited  
June 30,  
2021

6. INVESTMENT PROPERTY	Note	Rupees	
Opening carrying amount		1,968,800,000	1,678,415,232
Increase in fair value during the period / year - realized on disposal		355,500,000	-
		2,324,300,000	1,678,415,232
Sale during the period / year	6.1	(1,446,000,000)	(152,500,000)
Purchase of plots in Naya Nazimabad project during the year		-	152,500,000
		(1,446,000,000)	-
		878,300,000	1,678,415,232
Increase in fair value during the period / year - unrealized		97,682,190	290,384,768
Closing carrying amount	6.2	975,982,190	1,968,800,000

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

- 6.1** This represents sale of 49 residential plots located at Block A, Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi to Javedan Corporation limited (a related party). Fair value of these plots amounted to Rs. 1,090,500,000 and Rs. 1,446,000,000 on June 30, 2021 and December 23, 2021 (transaction date) respectively. Total sale proceeds of the transaction amounted to Rs. 1,446,000,000 out of which Rs. 46,000,000 are still receivable at reporting date (refer note 12).
- 6.2** This represents investment in plots of land 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 M/s. Javedan Corporation Limited (a related party of the Company).

	(Un-audited) December 31, 2021	Audited June 30, 2021
	Rupees	

## 7. SHORT TERM INVESTMENTS

At fair value through profit or loss

Quoted equity / debt securities

3,769,377,551	2,592,754,614
---------------	---------------

At fair value through other comprehensive income

Quoted equity securities

166,661,540	206,907,980
<u>3,936,039,091</u>	<u>2,799,662,594</u>

	(Un-audited) December 31, 2021	Audited June 30, 2021
	Rupees	

## 8. TRADE DEBTS

Note

Considered good

- Brokerage receivable  
- Advisory and consultancy fee

193,702,234	120,088,055
147,870,568	115,104,095
<u>341,572,802</u>	<u>235,192,150</u>

Considered doubtful

- Brokerage receivable  
- Advisory and consultancy fee

870,668,691	870,668,691
51,604,192	51,604,192
<u>922,272,883</u>	<u>922,272,883</u>
<u>1,263,845,685</u>	<u>1,157,465,033</u>

Less: provision for expected credit losses

8.1	(922,477,522)	(922,272,883)
-----	---------------	---------------

8.2	<u>341,368,163</u>	<u>235,192,150</u>
-----	--------------------	--------------------

### 8.1 Movement in provision for expected credit losses

Balance at the beginning of the period/ year  
Add: Charged for the period/ year  
Less: Reversed during the period/ year  
Balance at the end of the period/ year

922,272,883	906,321,587
204,639	15,951,296
-	-
<u>922,477,522</u>	<u>922,272,883</u>

- 8.2** This includes Rs. 0.27 million (June 2021: Rs. 4.3 million) due from related parties. The Company holds capital securities having fair value of Rs. 65,272 million (June 2021: Rs. 59,277 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 249.70 million (June 2021: Rs. 331.80 million)

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

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

	(Unaudited) December 31, 2021		(Audited) June 30, 2021	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	120,494,077	-	4,562,014	-
Past due 1 day - 30 days	165,165,598	9,892,228	182,731,378	-
Past due 31 days - 180 days	17,030,845	3,540,309	33,791,562	5,904,661
Past due 181 days - 1 year	27,972,027	439,365	9,521,312	2,465,878
Past due more than one year	927,533,138	908,400,981	931,985,501	913,902,344
	<b>1,258,195,685</b>	<b>922,272,883</b>	<b>1,162,591,767</b>	<b>922,272,883</b>

	Note	(Un-audited) December 31, 2021	Audited June 30, 2021
		Rupees	
<b>9. RECEIVABLE AGAINST MARGIN FINANCING</b>			
Considered good		369,172,667	245,655,746
Considered doubtful		1,917,749	1,917,749
	9.1	<b>371,090,416</b>	<b>247,573,495</b>
Less: provision for doubtful receivables		(1,917,749)	(1,917,749)
		<b>369,172,667</b>	<b>245,655,746</b>

**9.1** Margin financing facility is provided to clients on markup basis ranging from 10.00% to 16.00% (June 2021: 12.00% to 15.00%) per annum.

	Note	(Un-audited) December 31, 2021	Audited June 30, 2021
		Rupees	
<b>10. ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
<b>Advances</b>			
Advance to consultant		9,293,760	9,293,760
Advance against expenses		945,267	1,106,456
Advance against salary		1,828,586	833,119
		<b>12,067,613</b>	<b>11,233,335</b>
<b>Trade deposits</b>			
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	10.1	46,190,271	50,231,785
Exposure deposit with NECL		57,531,818	54,040,508
Exposure deposit with EClear Services Limited		2,700,000	-
<b>Prepayments</b>			
Insurance		4,976,087	591,441
		<b>123,465,789</b>	<b>116,097,069</b>

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

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		December 31, 2021	June 30, 2021
11. OTHER RECEIVABLES	Note	Rupees	
Receivable against reverse repo transactions		303,946,237	268,568,516
Receivable against sale of plots		51,126,734	5,126,734
Receivable from director - Ahsan Mehnti		-	4,000,000
Others		8,046,979	6,082,439
		<u>363,119,950</u>	<u>283,777,689</u>
12. CASH AND BANK BALANCES			
Cash in hand		685,066	650,596
Cash at bank:			
- current accounts		343,225,552	157,244,101
- savings accounts		1,533,061,497	2,521,167,976
	12.1	<u>1,876,287,049</u>	<u>2,678,412,077</u>
		<u>1,876,972,115</u>	<u>2,679,062,673</u>
12.1	This includes the balances held in bank accounts designated to customers amounting to Rs. 1,023.375 million (June 30, 2021: Rs. 1,563 million).		

		(Un-audited) December 31, 2021	Audited June 30, 2021
13. SHORT TERM BORROWINGS	Note	Rupees	
Running finance facilities from banking companies - secured	13.1	<u>1,550,311,041</u>	<u>1,369,369,349</u>
13.1	Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,500 million (2021: Rs. 5,500 million). These facilities have various maturity dates up to September 30, 2024 (2021: September 30, 2024). These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.65% to 1.0% , 3 month KIBOR + 0.50% to 1.5% (June 2021: 1 month KIBOR + 0.5% to 1.0% , 3 month KIBOR + 0.50% to 1.5%) calculated on a daily product basis that is payable quarterly.		
13.1.1	Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at December 31, 2021 amounted to Rs. 6,165.35 million (June 2021: Rs. 5,642.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as follows:		

	December 31, 2021		June 30, 2021	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Clients	122,850,000	4,421,371,500	140,335,000	4,086,425,400
House	58,063,755	1,743,975,950	66,582,755	1,554,857,660
	<u>180,913,755</u>	<u>6,165,347,450</u>	<u>206,917,755</u>	<u>5,641,283,060</u>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	Audited June 30, 2021
14. TRADE AND OTHER PAYABLES	Note	Rupees	
Trade creditors	14.1	1,021,439,488	1,546,012,412
Commission payable to staff	14.2	78,675,381	102,628,723
Accrued expenses		3,956,038	20,995,508
Withholding tax payable		18,046,641	71,302,613
Sindh sales tax and federal excise duty payable		17,418,468	22,809,898
Other liabilities		11,917,678	30,502,150
		<u>1,151,453,694</u>	<u>1,794,251,304</u>

**14.1** This includes Rs. 86.10 million (June 30, 2021: Rs 126.1 million) payable to related parties of the Company.

**14.2** This includes Rs. 22.11 million (June 30, 2021: Rs. 49.15 million) payable to related parties of the Company.

		(Un-audited) December 31, 2021	Audited June 30, 2021
15. TAXATION- NET		Rupees	
Balance at the beginning of the period/ year		201,172,500	53,702,565
Add: Provision for the period/ year		100,682,009	311,819,520
Less: Tax paid during the period/ year		(195,979,318)	(164,349,585)
Balance at the end of the period/ year		<u>105,875,191</u>	<u>201,172,500</u>

## 16. CONTINGENCY AND COMMITMENTS

### 16.1 Contingency

There has been no change in the status of the contingent liability as reported in note 24.1 to the annual consolidated financial statements of the Company for the year ended June 30, 2021.

		(Un-audited) December 31, 2021	Audited June 30, 2021
16.2 Commitments		Rupees	
Following commitments were outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading contracts		673,989,503	788,579,531
- Outstanding settlements against (purchase)/ sale of securities in regular market.		26,965,350	34,264,836
- Financial guarantees given by a commercial banks on behalf of the Company		<u>750,000,000</u>	<u>750,000,000</u>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-Audited) December 31, 2020
17. OPERATING REVENUE	Note	Rupees	
Brokerage revenue	17.1	289,236,950	312,082,577
Advisory and consultancy fee	17.2	323,445,224	282,307,000
Dividend income		55,188,045	1,592,201
Mark-up on margin financing	29	26,296,371	8,927,396
Mark-up on corporate debt securities	29	8,194,306	11,437,027
		<u>702,360,896</u>	<u>616,346,201</u>
<b>17.1 Brokerage revenue</b>			
Gross revenue		332,456,264	358,715,606
Less: Sales tax		(43,219,314)	(46,633,029)
Net revenue		<u>289,236,950</u>	<u>312,082,577</u>
<b>17.2 Advisory and consultancy fee</b>			
Gross revenue		371,776,120	324,490,805
Less: Sales tax		(48,330,896)	(42,183,805)
Net revenue		<u>323,445,224</u>	<u>282,307,000</u>
<b>18. UNREALIZED (LOSS) / GAIN ON RE-MEASUREMENT OF LONG TERM AND SHORT TERM INVESTMENTS</b>			
Short term investments		(104,943,476)	686,538,573
Long term investments		(11,121,098)	13,936,000
		<u>(116,064,574)</u>	<u>700,474,573</u>
<b>19. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	9.1	161,839,485	155,544,206
Motor vehicle expense		19,098,893	12,519,338
C.D.C and clearing house charges		15,216,609	12,074,007
Building maintenance		12,792,075	10,271,154
Depreciation on right-of-use assets		11,495,356	10,389,270
Man power services	19.2	11,400,000	11,400,000
Communication		10,836,205	9,896,169
Legal and professional charges		9,412,513	3,738,566
Depreciation on property and equipment		8,434,262	6,228,125
Insurance		6,125,970	3,268,490
Repairs and maintenance		6,427,619	5,191,438
Fees and subscription		3,878,145	5,896,737
Travelling expenses		4,068,698	1,140,710
Others		4,876,381	4,690,484
Business representation		2,646,147	6,198,365
Printing and stationery		2,352,368	2,133,540
Rent, rates and taxes		2,175,844	84,224
Advertisement and business promotion		1,861,087	2,195,309
Audit fees		583,211	370,000
Write off of trade receivables		370,739	452,000
Conveyance and meals		301,490	154,885
Amortisation of intangible assets		162,157	208,693
Meeting expenses		125,000	125,000
Donation		-	5,000,000
		<u>296,480,254</u>	<u>269,170,710</u>



# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-Audited) December 31, 2020
		Rupees	
<b>19.1 Salaries and other benefits</b>			
Salaries and other benefits		91,946,800	107,686,489
Commission		69,892,685	47,857,717
		<u>161,839,485</u>	<u>155,544,206</u>
<b>19.2</b>	This represents charges paid to 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, 2021	(Un-Audited) December 31, 2020
		Rupees	
<b>20. OTHER OPERATING INCOME</b>	<b>Note</b>		
Profit on savings accounts maintained with banks		12,970,585	12,644,675
Profit on exposure deposits placed with PSX and NCCPL		2,499,540	2,782,403
Mark-up on reverse repo transactions		14,568,701	1,804,420
		<u>30,038,826</u>	<u>17,231,498</u>
<b>21. FINANCE COSTS</b>			
Markup on short term borrowings from banking companies		42,554,973	45,511,099
Markup on loan from related party	21.1	20,112,499	8,103,389
Bank charges and others		8,204,008	8,932,759
Interest on unwinding of the lease liability		1,917,134	3,149,291
Markup on margin trading system securities		1,862,362	1,088,808
Guarantee charges to parent company		951,018	954,566
Markup on long term loan from banking company		-	15,660,004
		<u>75,601,994</u>	<u>83,399,916</u>
<b>21.1</b>	This includes markup on finance facility amounting to PKR 1 billion availed from Javedan Corporation Limited (a related party of the Company) on 1st October, 2021 to finance its working capital requirements. The markup on daily outstanding principal is payable quarterly in arrears as per the applicable rate of 3 months KIBOR + 1.75% within 30 days of the following quarter.		
		(Un-audited) December 31, 2021	(Un-Audited) December 31, 2020
		Rupees	
<b>22. TAXATION</b>			
Current tax	- for the year	108,908,544	85,276,163
	- for prior years	(8,226,535)	-
		<u>100,682,009</u>	<u>85,276,163</u>
Deferred		(6,721,520)	-
		<u>93,960,489</u>	<u>85,276,163</u>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

		(Un-audited) December 31, 2021	(Un-Audited) December 31, 2020
	Note	Rupees	
<b>23. EARNINGS PER SHARE</b>			
<b>23.1 Basic earnings per share</b>			
Profit after taxation attributable to ordinary shareholders		<u>764,486,537</u>	<u>1,326,139,386</u>
		(Restated)	
		Number	
Weighted average number of ordinary shares outstanding during the period	23.1.1	<u>65,340,000</u>	<u>65,340,000</u>
		Rupees	
Earnings per share - basic	23.1.1	<u>11.70</u>	<u>20.30</u>
<b>23.1.1</b> In accordance with the requirement of the International Accounting Standard (IAS) 33 'Earnings Per Share', the basic earnings per share of the Company for the six-month period and the quarter ended December 31, 2020 has been retrospectively adjusted for the effect of bonus shares issued during the period. For this purpose, the weighted average number of ordinary shares outstanding immediately before the bonus issue has been increased by the bonus adjustment factor of 1.1.			
<b>23.2 Diluted earnings per share</b>			
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 the reporting dates.			
		(Un-audited) December 31, 2021	(Un-Audited) December 31, 2020
		Rupees	
<b>24. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<u>1,876,972,115</u>	<u>1,225,060,690</u>
Short term borrowings		<u>(1,550,311,041)</u>	<u>(1,299,832,489)</u>
		<u>326,661,074</u>	<u>(74,771,799)</u>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 25. RELATED PARTY TRANSACTIONS AND BALANCES

	Six months period ended	
	December 31, 2021	December 31, 2020
	Rupees	
Transaction with related parties		
<b>PARENT COMPANY</b>		
Arif Habib Corporation Limited		
Brokerage commission earned during the period on sale and purchase of securities	4,026,249	3,451,808
Guarantee commission paid / payable	951,018	954,566
Mark-up on loan paid / payable	3,099,721	-
Loan received	650,000,000	-
Loan repaid	650,000,000	-
<b>OTHER RELATED PARTIES</b>		
by virtue of Common Directorship of Parent Company		
<b>Javedan Corporation Limited</b>		
Purchase of plots	-	152,500,000
Sale of plots	1,446,000,000	-
Mark-up on loan paid / payable	17,012,778	-
Loan received	880,000,000	-
Loan repaid	880,000,000	-
Brokerage commission earned during the period on sale and purchase of securities	322,500	-

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

<i>Transaction with related parties</i>	Six months period ended	
	December 31, 2021	December 31, 2020
	Rupees	
<b>Rotocast Engineering Company (Private) Limited</b>		
Brokerage commission earned during the period on sale and purchase of securities	190,507	-
<b>Arif Habib Equity (Private) Limited</b>		
Brokerage commission earned during the period on sale and purchase of securities	754,625	-
<b>Arif Habib Dolmen REIT Management Limited</b>		
Brokerage commission earned during the period on sale and purchase of securities	516,000	-
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Zafar Alam (Chairman of the Board of Directors)</b>		
Brokerage commission earned during the period on sale and purchase of securities	160,278	49,734
<b>Muhammad Shahid Ali (CEO)</b>		
Brokerage commission earned during the period on sale and purchase of securities	4,509,074	7,427,705
<b>Muhammad Haroon (Director)</b>		
Brokerage commission earned during the period on sale and purchase of securities	265,800	140,375
<b>Sharmin Shahid (Director)</b>		
Brokerage commission earned during the period on sale and purchase of securities	366,548	1,796,058
<b>Nida Ahsan (Director)</b>		
Brokerage commission earned during the period on sale and purchase of securities	218,935	125,000
<b>Mohsin Madni (Director)</b>		
Brokerage commission earned during the period on sale and purchase of securities	9,562	7,599
<b>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</b>		
<b>Arif Habib</b>		
Brokerage commission earned during the period on sale and purchase of securities	2,493,459	3,950,860
Loan received	-	1,410,000,000
Mark-up paid	-	16,745,906
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the period on sale and purchase of securities	364,687	1,083,783
<b>POST EMPLOYMENT BENEFIT PLAN</b>		
Provident fund trust - Contribution paid during the period	4,807,416	3,494,491

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

	December 31, 2021	June 30, 2021
<i>Balances with related parties at the end of the reporting period:</i>	<b>Rupees</b>	
<b>PARENT COMPANY</b>		
<b>Arif Habib Corporation Limited</b>		
Trade receivable	77,015	33,093
Guarantee charges payable	951,018	464,883
Mark-up payable	3,099,721	4,447,132
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Zafar Alam (Chairman of the board of Directors)</b>		
Trade payable	669	1,104,484
<b>Muhammad Shahid Ali (CEO)</b>		
Trade payable	81,100,384	112,754,445
<b>Shamin Shahid (Director)</b>		
Trade receivable	11,017	8,340
<b>Nida Ahsan (Director)</b>		
Trade payable	-	9,346,762
Trade receivable	7,283	-
<b>Muhammad Haroon (Director)</b>		
Trade payable	122,759	29,147
<b>Mohsin Madni (Director)</b>		
Trade payable	52,586	191,512
<b>Muhammad Sohail Salat (Director)</b>		
Trade receivable	599	-
<b>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</b>		
<b>Arif Habib</b>		
Trade receivable	66,286	49,556
<b>Abdus Samad A. Habib</b>		
Trade payable	506,269	872,251
<b>Muhammad Kashif A. Habib</b>		
Trade receivable	11,866	4,075,266
<b>OTHER RELATED PARTIES</b>		
<b>by virtue of Common Directorship of Parent Company</b>		
<b>Javedan Corporation Limited</b>		
Receivable against sale of plots	46,000,000	5,126,734
Trade receivable	40,000	-
Advance against booking of flats	18,750,000	-
Mark-up on loan payable	17,012,778	-
<b>Rotocast Engineering Co. (Private) Limited</b>		
Trade receivable	13,727	31,083
<b>Arif Habib Equity (Private) Limited</b>		
Trade receivable	44,803	156,484
<b>Arif Habib Dolmen REIT Management Limited</b>		
Trade receivable	3,556	-

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 26. CORRECTION OF A PRIOR PERIOD ERROR

As its accounting policy, the Company recognizes the regular way purchase and sale of its own proprietary investments using 'trade date accounting'. However, to the contrary, the sale of 8,220,500 ordinary shares being carried at fair value through other comprehensive income transacted on June 29, 2020 and June 30, 2020 was, inadvertently, accounted for as a disposal in the subsequent financial reporting period. This error was identified during the course of preparation of the annual financial statements of the Company for the year ended June 30, 2021 and was rectified retrospectively in those set of financial statements.

Accordingly, in these subsequent interim financial statements, the aforesaid error has also been rectified retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and IAS 34 'Interim Financial Reporting', and all the corresponding figures affected by the error have been restated.

The retrospective correction of the error has its effects on the corresponding figures presented in these interim financial statements as follows:

## 27 FAIR VALUE HIERARCHY

### Effects on the Condensed Interim Unconsolidated Statement of Changes in Equity

	Unappropriated profits	Surplus on remeasurement of investment in equity securities
	Rupees	
<b>Balance as at June 30, 2020 (as previously reported)</b>	2,208,771,925	483,759,375
<i>Effects of restatement</i>		
Increase in other comprehensive income for the year ended June 30, 2020	-	4,905,630
Increase in gain realized on disposal of equity securities at FVOCI	65,326,305	(65,326,305)
	65,326,305	(60,420,675)
<b>Balance as at June 30, 2020 (as restated)</b>	<b>2,274,098,230</b>	<b>423,338,700</b>
<b>Balance as at December 31, 2020 (as previously reported)</b>	3,608,450,066	(13,314,840)
<i>Effects of restatement</i>		
Increase in other comprehensive income for the year ended June 30, 2020	-	4,905,630
Increase in gain realized on disposal of equity securities at FVOCI (recognized as of June 30, 2020)	65,326,305	(65,326,305)
Decrease in gain realized on disposal of equity securities at FVOCI (recognized during the six-month period ended December 31, 2020)	(65,326,305)	65,326,305
	-	4,905,630
<b>Balance as at December 31, 2020 (as restated)</b>	<b>3,608,450,066</b>	<b>(8,409,210)</b>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

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.
- 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 -----			
<b>As on December 31, 2021</b>				
<i>Financial assets measured at fair value</i>				
Short term investments	3,936,039,091	-	-	3,936,039,091
Long term investments	-	-	43,633,673	43,633,673
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	975,982,190	-	975,982,190
<b>As on June 30, 2021</b>				
<i>Financial assets measured at fair value</i>				
Short term investments	2,799,662,594	-	-	2,799,662,594
Long term investments	-	-	54,754,771	54,754,771
<i>Non-financial assets measured at fair value</i>				
Investment properties	-	1,968,800,000	-	1,968,800,000

## 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, 2021 were located in Pakistan.

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 (UNAUDITED)

## 29. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation. Following reclassifications have been made in these consolidated financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Advisory and consultancy fee (Trade debts)	Others (Other receivables)	<u>5,126,734</u>
Mark-up on margin financing (Other income)	Mark-up on margin financing (Operating revenue)	<u>8,927,396</u>
Markup on corporate debt securities (Other income)	Markup on corporate debt securities (Operating revenue)	<u>11,437,027</u>

## 30. GENERAL

### 30.1 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 28, 2022.

### 30.2 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 REPORT

As of December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,712	0.00
NIDA AHSAN	1	1,208	0.00
SHARMIN SHAHID	1	1,208	0.00
MOHSIN MADNI	1	550	0.00
MUHAMMAD SHAHID ALI	1	965	0.00
ZAFAR ALAM	1	75,110	0.11
MUHAMMAD SOHAIL SALAT	1	660	0.00
<b>Associated Companies, undertakings and related parties</b>	2	47,390,522	72.53
<b>NIT &amp; ICP</b>	-	-	-
<b>Banks Development Financial Institutions, Non Banking Financial Institutions.</b>	-	-	-
<b>Insurance Companies</b>	1	60,962	0.09
<b>Modarabas and Mutual Funds</b>	2	3,900	0.01
<b>General Public</b>			
a. Local	3,614	16,197,326	24.79
b. Foreign	39	109,480	0.17
<b>Foreign Companies</b>	-	-	-
<b>Others</b>	50	1,496,397	2.29
<b>Totals</b>	<b>3,715</b>	<b>65,340,000</b>	<b>100.00</b>
<b>Share holders holding 5% or more</b>		<b>Shares Held</b>	<b>Percentage</b>
M/S. ARIF HABIB CORPORATION LIMITED		45,370,472	69.44