

quarter
report
september 30,
20
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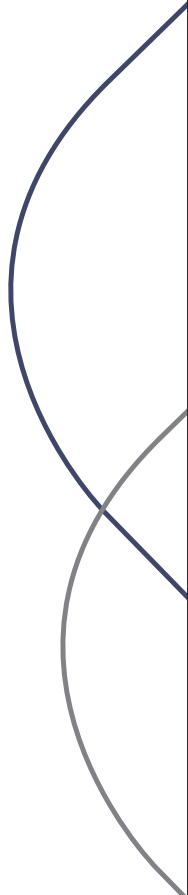
ENVISIONING A
PROSPEROUS
FUTURE



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CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Credit Rating

JCR-VIS Credit Rating Company Limited

Legal Advisors

M/s. Bawaney & Partners

Management Rating

The Pakistan Credit Rating Agency

Legal Advisors

Muhammad Zubair
Advocate High Court

Bank

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

Registrar & Share Transfer Office

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

Registered Office

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

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





Vision

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

Mission

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

DIRECTORS' REPORT

Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the first quarter ended September 30, 2020.

Economic Review:

The world witnessed the depth and severity of recession followed by extreme swing in economic benchmarks with the onset of COVID-19. However, Pakistan's response to curtail the impact of COVID-19 was noteworthy (acknowledged by World Health Organization), which kept the economy moving in the right direction. The momentum of the economy has held up fairly well with country improving on the external account front, pushing the current account balance to a surplus of USD 805mn in 2MFY21 (1.8% of GDP) compared to a deficit of USD 1,214mn (-2.8% of GDP) in the corresponding period last year.

As per the Pakistan Bureau of Statistics (PBS), in 1QFY21 the country's exports posted a minimal decline of 0.94% YoY, whereas imports grew by a marginal 0.56% YoY, both resulting in containment of the trade deficit to USD 5,804mn, compared to USD 5,689mn in 1QFY20 (+2.02% YoY). A higher-than-expected inflow of remittances (USD 7,147mn, up 31% YoY), coupled with contained trade deficit allowed accumulation of FX reserves, up to USD 19,351mn in the period under review, compared to USD 18,886mn recorded a quarter earlier. The local currency appreciated 1.4% during 1QFY21, closing at 165.7 against the greenback, compared to depreciation of 0.8% in the previous quarter. On the fiscal front, FY21 kicked off with fiscal consolidation efforts reflecting in July's fiscal deficit that was contained at 0.5% of GDP (PKR 213bn). Moreover, FBR tax collection of PKR 587bn during 2MFY21 surpassed the target (PKR 552bn) by PKR 35bn, marking a jump of 1.8% YoY compared to PKR 576bn in same period last year.

In addition, SBP's stimulus and relief packages, to combat adverse economic effects of COVID were boon to the ailing Economy, amounting to PKR 1.58trn (3.8% of GDP). SBP also decided to keep policy rate unchanged at 7% to uplift the dwindling aggregate demand. The outgoing quarter also witnessed some unprecedented heavy monsoon rains causing exogenous supply shocks to the food inflation taking the average headline inflation in 1QFY21 to 8.84%YoY (10.08% YoY average in 1QFY20). Going forward, the unpredictable nature of the health crisis posits a risk with the spread of virus (expected second wave of COVID in winters) to weigh on the economic recovery.

Stock Market Review:

Despite COVID-19 wreaking havoc in stock markets around the world, Pakistan Stock Exchange (PSX) managed to recover all the losses it sustained since end February 2020, when first incidence of Corona virus became evident in Pakistan. Since touching an intra-day low of ~27,047pts in March 2020, the benchmark KSE-100 Index posted an intra-day high of 42,896 in September 2020, realizing a dazzling return of 58% from its low.

During the quarter under review, the KSE-100 index posted a return of 18% QoQ to close at 40,571pts with major contribution from Banking sector stocks. With SBP's policy rate cut to 7% and maintained during 1QFY21, the leveraged corporate sector performed well on the bourse, with Cement sector contributing +965pts, followed by O&GMCs (+429pts), Technology (+407pts) and E&P (+307pts). Foreigners and Local Banks were the net sellers in 1QFY21, selling a total of US\$ 148mn, which was mainly absorbed by Individuals, Insurance and Mutual Funds. Though Insurance Companies booked profit during 1QFY21, Individuals remained steadfast in their buying activity and supported the market. End of September 2020 saw the beginning of consolidation phase after recovering from COVID losses, however, due to expectation of strong growth in corporate earnings of 1QFY21 financial results helped Index found support near 38K level.

Your Company's Performance

During the period under review, your Company has performed exceptionally well and achieved strong profitability during the 1QFY21. The Company has posted an after-tax-profit of PKR 739 million which is 497% higher than the corresponding period last year and translates into earnings per share of PKR 12.44.

During the three months ended September 30, 2020, the brokerage and investment banking divisions managed to perform well and posted a total brokerage & investment banking revenue of PKR 178.44 million (1QFY20: PKR 76.93 million). We have successfully completed IPOs of TPL Trakker Pakistan Limited and Agha Steel Industries Limited, later being the largest steel sector IPO and second largest private sector IPO in Pakistan, the income of which will be reflected in next quarter.

The short term investment portfolio posted an exceptional performance and has recorded massive realized and unrealized gains of PKR 714 million.

During the period, operating expenses increased by 54% as compared to the same period last year and posted a total of PKR 104.44 million (1QFY20: PKR 67.79 million), as your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. Further, some of the compensation for the brokerage and investment banking team is also linked to the revenues generated for the Company, this variable compensation has increased in view of the increase in related revenues. During the said period, our financing costs have decreased significantly due to decrease in monetary policy rates.

DIRECTORS' REPORT

The equity of your Company as at the balance sheet date is PKR 3.66 billion (June 2020: PKR 3.26 billion), which translates into book value per share of PKR 61.63 (June 30, 2020: PKR 54.99). The equity level increased even after the accounting for PKR 148.5 million reserves for cash dividends approved in the AGM held on September 19, 2020, which is a clear indication of the strong performance of the Company.

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

Future Prospects

The future prospects of your Company are encouraging 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 due to recent major interest rate cut. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities. Further, we are expecting more IPO's in the coming quarters, which will increase our Investment Banking revenue and overall profitability of your Company.

Acknowledgement

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

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

For and on behalf of the Board of Directors,



Muhammad Shahid Ali Habib
Chief Executive Officer and Director



Zafar Alam
Chairman

Karachi.

Dated: October 15, 2020



**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Un audited September 30, 2020	Audited June 30, 2020
Note	Rupees	
ASSETS		
NON- CURRENT ASSETS		
Property and equipment	5 66,910,019	65,052,322
Right-of-use assets	37,283,180	42,319,024
Intangible assets	6,867,864	6,975,504
Long term investments	126,614,761	126,614,761
Investment property	6 1,830,915,232	1,678,415,232
Long-term deposits	12,406,233	5,584,545
	<u>2,080,997,289</u>	<u>1,924,961,388</u>
CURRENT ASSETS		
Short term investments	2,344,311,223	3,827,444,572
Trade debts	8 139,297,251	156,938,894
Receivable against margin financing	99,322,929	37,754,624
Short term loans - secured	-	-
Advances, deposits and prepayments	330,265,292	12,392,213
Loan to related party	15,000,000	15,000,000
Accrued markup	2,728,693	2,712,600
Other receivables	17,572,199	109,276,320
Cash and bank balances	9 1,118,053,892	806,181,448
	<u>4,066,551,479</u>	<u>4,967,700,671</u>
	<u>6,147,548,768</u>	<u>6,892,662,059</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized Capital		
75,000,000 (June 2020: 75,000,000) ordinary of PKR10/- each	750,000,000	750,000,000
Issued, subscribed and paid-up capital	594,000,000	594,000,000
Capital reserves		
Surplus on revaluation of property	15,432,500	15,432,500
Surplus on re-measurement of equity securities at FVOCI	87,772,984	483,759,375
	103,205,484	499,191,875
Revenue reserves		
Unappropriated profits	2,963,597,968	2,173,236,272
Total equity	<u>3,660,803,452</u>	<u>3,266,428,147</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liability	18,775,322	25,108,587
Long term loan	291,654,428	333,320,594
	<u>310,429,750</u>	<u>358,429,181</u>
CURRENT LIABILITIES		
Short term borrowings- secured	739,751,246	1,836,074,716
Current portion of lease liability	13,608,907	13,275,399
Current portion of long term loan	208,333,334	166,666,667
Current portion of long term subordinated loan	-	300,000,000
Trade and other payables	955,033,073	794,780,142
Dividend Payable	148,500,000	-
Unclaimed dividend	13,827,308	13,827,308
Payable against purchase of securities- net	6,344,380	28,513,698
Markup accrued	40,337,898	61,636,631
Taxes payable -net	11 50,579,420	53,030,170
	<u>2,176,315,566</u>	<u>3,267,804,731</u>
	<u>6,147,548,768</u>	<u>6,892,662,059</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES		

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

		September 30, 2020	September 30, 2019
	Note	Rupees	
Operating revenue	13	178,437,637	81,783,356
Capital gain / (loss) on sale of short term investments		337,779,933	(95,152,411)
Unrealized gain / (loss) on re-measurement of short term investments		376,517,936	(161,180,340)
Unrealized gain on remeasurement of investment property		-	132,500,000
		892,735,506	(42,049,395)
Administrative and operating expenses		(104,437,555)	(67,793,635)
Finance costs		(50,753,563)	(107,401,730)
Other operating income		19,892,315	43,869,392
Profit / (loss) before taxation		757,436,703	(173,375,368)
Taxation		(18,572,992)	(12,896,126)
Profit / (loss) after taxation		738,863,711	(186,271,494)
Earning / (loss) per share - basic & diluted	18	12.44	(2.99)

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020	September 30, 2019
	————— Rupees —————	
Profit after taxation	738,863,711	(186,271,494)
Other comprehensive income for the period <i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Investment in Equity securities at FVOCI - net change in fair value	(195,988,406)	-
Total comprehensive income for the period	<u>542,875,305</u>	<u>(186,271,494)</u>

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of equity securities at FVOCI		
Rupees						
Balance as at July 1, 2019	660,000,000	2,242,134,654	15,432,500	-	2,257,567,154	2,917,567,154
Effect of Buy-Back of 10% shares	(66,000,000)	(165,000,000)	-	-	(165,000,000)	(231,000,000)
Comprehensive income for the three months ended September 30, 2019	-	(186,271,494)	-	-	(186,271,494)	(186,271,494)
Balance as at September 30, 2019	594,000,000	1,890,863,160	15,432,500	-	1,906,295,660	2,500,295,660
Balance as at October 1, 2019	594,000,000	1,890,863,160	15,432,500	-	1,906,295,660	2,500,295,660
Profit for the period October 2019 - June 2020	-	246,127,927	-	-	246,127,927	246,127,927
Other Comprehensive income for the year	-	-	-	520,004,560	520,004,560	520,004,560
Total Comprehensive income for the year ended June 30, 2020	-	246,127,927	-	520,004,560	766,132,487	766,132,487
Gain realized on disposal of equity securities at FVOCI	-	36,245,185	-	(36,245,185)	-	-
Balance as at June 30, 2020	594,000,000	2,173,236,272	15,432,500	483,759,375	2,672,428,147	3,266,428,147
Balance as at July 1, 2020	594,000,000	2,173,236,272	15,432,500	483,759,375	2,672,428,147	3,266,428,147
Comprehensive Income for the three months ended September 30, 2020	-	738,863,711	-	-	738,863,711	738,863,711
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(195,988,406)	(195,988,406)	(195,988,406)
Gain realized on disposal of equity securities at FVOCI	-	199,997,985	-	(199,997,985)	-	-
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at September 30, 2020	594,000,000	2,963,597,968	15,432,500	87,772,984	3,066,803,452	3,660,803,452

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

Note	September 30,	September 30,
	2020	2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	757,436,703	(173,375,368)
Adjustments for:		
Depreciation on property and equipment	3,005,667	1,926,012
Depreciation on right-of-use-asset	5,035,844	-
Amortization of intangible asset	107,640	125,212
Gain on disposal of investment property	-	(775,000)
(Gain) / Loss on re-measurement of short term investments	(376,517,936)	161,180,340
(Gain) / Loss on short term investment	(337,779,933)	95,152,411
Unrealized gain on re-measurement of investment property	-	(132,500,000)
Dividend income	-	(4,855,725)
Finance costs	50,753,563	107,401,730
	(655,395,155)	227,654,980
Cash generated from operating activities before working capital changes	102,041,548	54,279,612
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
Short-term investments - net	2,001,442,812	(1,663,404,506)
Trade debts - consider good	17,641,643	(9,260,585)
Receivable against margin financing	(61,568,305)	60,941,338
Short term loans	-	(23,000)
Deposits and short-term prepayments	(317,873,079)	243,427,538
Accrued markup on margin financing	(16,093)	26,899,464
Other receivables	477,121	(336,161,192)
Increase/(decrease) in current liabilities		
Trade and other payables	160,252,931	(214,808,724)
Payable against purchase of securities- net	(22,169,318)	810,863,856
	1,778,187,712	(1,081,525,811)
Cash used in operations	1,880,229,260	(1,027,246,199)
Taxes paid	(21,023,742)	(18,039,779)
Finance costs paid	(72,052,296)	(87,761,557)
Net cash generated from / (used in) operating activities	1,787,153,222	(1,133,047,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,862,863)	-
Acquisition of intangible assets	-	(457,933)
Expenditure on investment property - net	(152,500,000)	-
Sale proceeds on disposal of Investment property	-	160,950,000
Dividends received	91,227,000	4,855,725
Long term deposits - net	(6,821,688)	-
Net cash (used in) / generated from investing activities	(72,957,551)	165,347,792
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment against finance lease liability	(5,999,757)	-
Repayment of Subordinated Loan	(300,000,000)	-
Repurchase of shares	-	(231,000,000)
Net cash used in financing activities	(305,999,757)	(231,000,000)
Net increase / (decrease) in cash and cash equivalents	1,408,195,914	(1,198,699,743)
Cash and cash equivalents at the beginning of the year	(1,029,893,268)	(1,281,777,368)
Cash and cash equivalents at the end of the year	378,302,646	(2,480,477,111)

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim unconsolidated financial statement of the Company for the quarter ended September 30, 2020 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim unconsolidated financial statements comprise of the statement of financial position as at September 30, 2020 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2020.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2020 has been extracted from the audited financial statements of the company for the year ended June 30, 2020, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2019.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2020.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim unconsolidated financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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

5 PROPERTY & EQUIPMENT

During the period ended September 30, 2020, additions made amounting to PKR 4.85 million (June 2020: PKR 1.5 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

		September 30, 2020	June 30, 2020
		Rupees	
6	INVESTMENT PROPERTY		
	Carrying Value	1,678,415,232	1,726,419,800
	Sale during the period	-	(159,475,000)
	Transfer to property and equipment	-	(32,473,333)
	Development charges / additions during the year	152,500,000	11,943,765
		<u>1,830,915,232</u>	<u>1,546,415,232</u>
	Increase in fair value - net	-	132,000,000
		<u>1,830,915,232</u>	<u>1,678,415,232</u>
7	SHORT TERM INVESTMENTS		
	Equity securities at FVTPL	1,820,647,489	2,771,339,641
	Corporate debt securities - at FVTPL	202,809,774	228,526,556
		<u>2,023,457,263</u>	<u>2,999,866,197</u>
	Equity securities at FVOCI	320,853,960	827,578,375
		<u>2,344,311,223</u>	<u>3,827,444,572</u>

- 7.1 These include related party investments in Aisha Steel Mills Limited (ASML), Power Cement Limited, Safemix Concrete Prod. Ltd. and Javedan Corporation Limited (JCL), as at September 30, 2020 the fair value of these securities were PKR 291.45 million, PKR 86 million, PKR 42.52 million & PKR 7.7 million (June 30, 2020: PKR 135.39 million, PKR 52 million, PKR 39.96 million & PKR 7.6 million) respectively.

		September 30, 2020	June 30, 2020
		Rupees	
<u>Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL</u>			
	Cost of investment	1,826,840,819	3,179,767,689
	Unrealised (loss) gain:		
	Balance as at July 01	(179,901,492)	(375,378,058)
	Unrealized Loss transferred from long term investment	-	(15,077,782)
	Unrealised gain / (loss) for the year	376,517,936	210,554,348
		<u>196,616,444</u>	<u>(179,901,492)</u>
	Balance as at June 30	<u>2,023,457,263</u>	<u>2,999,866,197</u>

8 TRADE DEBTS

8.1 Treatment of amount receivable from customers

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

- 8.2 The Company holds equity securities having fair value of PKR 33,875 million (June 2020: PKR 38,874 million) owned by its clients, as collaterals against trade debts.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September-20		June-20	
	Gross	Impairment	Gross	Impairment
Not past due	20,193,292	-	73,361,994	-
Past due 1 day - 30 days	136,568,614	26,775,855	73,322,268	-
Past due 31 days - 180 days	16,242,750	16,242,750	15,357,392	5,102,760
Past due 181 days - 1 year	1,339,149	1,339,149	10,249,257	10,249,257
More than one year	861,963,833	861,963,833	890,969,570	890,969,570
Rupees	1,036,307,638	906,321,587	1,063,260,481	906,321,587

9 CASH AND BANK BALANCES	Note	September 30, 2020	June 30, 2020
		Rupees	
Cash in hand		318,100	271,588
Cash at Bank			
<i>in current accounts</i>		197,163,321	47,166,085
<i>in savings accounts</i>		920,572,471	758,743,775
	9.1	1,117,735,792	716,988,104
		1,118,053,892	717,259,692

9.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 914.735 million (June 2020: PKR 777.251 million).

10 SHORT TERM BORROWINGS - SECURED

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

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

	September 30, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	81,385,000	2,411,315,800	83,400,000	2,186,712,000
House	93,802,830	1,873,205,495	119,315,760	2,190,184,650
Total	175,187,830	4,284,521,295	202,715,760	4,376,896,650

11 TAXES PAYABLE - NET

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

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2021 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

12 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2020.

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020	June 30, 2020
	Rupees	
COMMITMENTS		
Following commitments are outstanding as at the year end.		
- Outstanding Settlements against Marginal Trading contracts	395,911,018	112,323,212
- Outstanding Settlements against (purchase) / sale of securities in regular market.	55,817,556	53,073,167
-Guarantee given by a commercial bank on behalf of the Company	250,000,000	250,000,000
13 OPERATING REVENUE	September 30, 2020	September 30, 2019
	Rupees	
Brokerage and operating revenue	159,836,796	47,798,756
Advisory and consultancy fee	18,600,841	29,128,875
Dividend income	-	4,855,725
	178,437,637	81,783,356
14 RELATED PARTY TRANSACTIONS AND BALANCES		
Name of the related party, relationship with company & Nature of Transaction	30 September 2020	30 September 2019
	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	3,312,200	1,109,345
<i>Guarantee Commission</i>	478,104	
<u>SUBSIDIARY</u>		
Arif Habib Commodities (Private) Limited		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	72,415	13,877
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
<i>Purchase of plots</i>	152,500,000	
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	49,359	
<i>Meeting Fee Paid</i>	25,000	25,000
Muhammad Shahid Ali (CEO)		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	3,896,135	749,227
Muhammad Haroon (Director)		
<i>Brokerage Commission earned during the period on sale and Meeting Fee Paid</i>	43,935	1,650
	25,000	25,000

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Period Ended	
	30 September 2020	30 September 2019
	Rupees	
Muhammad Sohail Salat (Director) <i>Meeting Fee Paid</i>	25,000	25,000
Sharmin Shahid (Director) <i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	1,510,320	121,533
<i>Meeting Fee Paid</i>	25,000	25,000
Nida Ahsan (Director) <i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	125,000	114,400
Mohsin Madni (Director) <i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	5,853	
<u>CLOSE FAMILY MEMBERS</u>		
Arif Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	2,345,510	685,763
<i>Loan repaid</i>	300,000,000	
<i>Mark-up Paid</i>	16,745,906	
<i>Payment made under buy-back scheme</i>	-	130,070,292
Abdus Samad A. Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	409,718	4,054
Muhammad Kashif A. Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	6,363	3,963
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
<i>Provident fund trust - Contribution paid during the period</i>	1,738,456	1,477,151
30 September 2020		
June 30, 2020		
	Rupees	
Balances with related parties at the end of the period are as follows:		
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited <i>Balance Receivable at period end</i>	-	80,477
<i>Guarantee Commission Payable</i>	478,104	454,370
<u>SUBSIDIARY</u>		
Arif Habib Commodities (Private) Limited <i>Advance against sale of investment property</i>	3,500,000	2,500,000
<i>Loan receivable</i>	15,000,000	15,000,000
<i>Advances</i>	256,305	256,305
<i>Markup receivable on loan</i>		
<i>Markup receivable on loan</i>	-	102,687

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

30 September
2020

June 30,
2020

Rupees

KEY MANAGEMENT PERSONNEL

Zafar Alam (Chairman)

Balance payable at period end

2,478,276

2,148,473

Muhammad Shahid Ali (CEO)

Balance payable at period end

53,312,740

3,150,901

Sharmin Shahid (Director)

Balance receivable at period end

-

50,302

Balance payable at period end

5,549,437

Nida Ahsan (Director)

Balance receivable at period end

10,231

65,419

Muhammad Haroon (Director)

Balance payable at period end

18,241

700,697

Mohsin Madni (Director)

Balance payable at period end

-

175

CLOSE FAMILY MEMBERS

Arif Habib

Loan payable at year end

-

300,000,000

Trade receivable at year end

42,788

42,574

Abdus Samad A. Habib

Balance payable at period end

105,517

Balance receivable at period end

-

1,451,078

Muhammad Kashif A. Habib

Balance receivable at period end

1,200

19,630

OTHER RELATED PARTIES

Rotucast Engineering Co. (Pvt) Limited

Prepaid rent

5,747,016

5,928,359

15 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2020.

16 CASH AND CASH EQUIVALENTS

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

	September 30, 2020	September 30, 2019
	Rupees	
Cash and bank balances	1,118,053,892	473,271,285
Short term borrowings	(739,751,246)	(2,953,748,396)
	378,302,646	(2,480,477,111)

CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 15, 2020.

18 EARNINGS / (LOSS) PER SHARE

	September 30, 2020	September 30, 2019
	— Rupees —	
(Loss) / Profit after taxation attributable to ordinary shareholders	738,863,711	(186,271,494)
Weighted average number of ordinary shares	59,400,000	62,269,565
(Loss) / Earnings per share	12.44	(2.99)

19 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		Un audited September 30, 2020	Audited June 30, 2020
	Note	Rupees	
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	5	67,658,246	65,769,260
Right-of-use assets		37,283,180	42,319,024
Intangible assets		10,367,864	10,475,504
Long term investments		45,056,656	45,056,656
Investment property	6	1,830,915,232	1,678,415,232
Long-term deposits		38,420,938	31,599,250
		<u>2,029,702,116</u>	<u>1,873,634,926</u>
CURRENT ASSETS			
Short term investments		2,421,717,141	3,851,084,572
Trade debts	8	139,297,251	156,938,894
Receivable against margin financing		99,322,929	37,754,624
Advances, deposits and prepayments		341,099,584	87,109,871
Accrued markup		2,728,693	2,712,600
Other receivables		17,572,199	109,276,320
Cash and bank balances	9	1,141,246,874	814,097,234
		<u>4,162,984,671</u>	<u>5,058,974,115</u>
TOTAL ASSETS		<u><u>6,192,686,787</u></u>	<u><u>6,932,609,041</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
75,000,000 (June 2020: 75,000,000) ordinary shares of PKR10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		594,000,000	594,000,000
Capital reserves			
Surplus on revaluation of property		15,432,500	15,432,500
Surplus on re-measurement of equity securities at FVOCI		87,772,984	483,759,375
		<u>103,205,484</u>	<u>499,191,875</u>
Revenue reserves			
Unappropriated profits		3,005,628,246	2,208,771,925
Total equity		<u>3,702,833,730</u>	<u>3,301,963,800</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liability		18,775,322	25,108,587
Long term loan		291,654,428	333,320,594
		<u>310,429,750</u>	<u>358,429,181</u>
CURRENT LIABILITIES			
Short term borrowings- secured		739,751,246	1,836,074,716
Current portion of lease liability		13,608,907	13,275,399
Current portion of long term loan		208,333,334	166,666,667
Current portion of long term subordinated loan		-	300,000,000
Trade and other payables		953,414,766	794,656,576
Dividend Payable		148,500,000	-
Unclaimed dividend		13,827,308	13,827,308
Loan from related party		3,862,500	3,862,500
Payable against purchase of securities- net		6,344,380	28,513,698
Markup accrued		40,337,898	61,636,631
Taxes payable -net	11	51,442,968	53,702,565
		<u>2,179,423,307</u>	<u>3,272,216,060</u>
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u><u>6,192,686,787</u></u>	<u><u>6,932,609,041</u></u>

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	September 30, 2020	September 30, 2019
		Rupees	
Operating revenue	13	186,522,197	86,345,941
Capital gain / (loss) on sale of short term investments		337,779,933	(95,152,411)
Unrealized gain / (loss) on re-measurement of short term investments		376,518,236	(161,180,340)
Unrealized gain on re-measurement of investment property		-	132,500,000
		900,820,366	(37,486,810)
Administrative and operating expenses		(108,376,272)	(72,446,384)
Finance costs		(50,753,563)	(107,406,193)
Other operating income		22,571,304	47,938,038
Profit / (loss) before taxation		764,261,835	(169,401,349)
Taxation		(18,903,499)	(13,176,388)
Profit / (loss) after taxation		745,358,336	(182,577,737)
Earning / (loss) per share - basic & diluted	18	12.55	(2.93)

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020	September 30, 2019
	————— Rupees —————	
Profit after taxation	745,358,336	(182,577,737)
Other comprehensive income for the period		
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Investment in Equity securities at FVOCI - net change in fair value	(195,988,406)	-
Total comprehensive income for the period	<u>549,369,930</u>	<u>(182,577,737)</u>

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re-measurement of equity securities at FVOCI		
Rupees						
Balance as at July 1, 2019	660,000,000	2,264,332,324	15,432,500	-	2,279,764,824	2,939,764,824
Effect of Buy-Back of 10% shares	(66,000,000)	(165,000,000)	-	-	(165,000,000)	(231,000,000)
Comprehensive income for the three months ended September 30, 2019	-	(182,577,737)	-	-	(182,577,737)	(182,577,737)
Balance as at September 30, 2019	594,000,000	1,916,754,587	15,432,500	-	1,932,187,087	2,526,187,087
Balance as at October 1, 2019	594,000,000	1,916,754,587	15,432,500	-	1,932,187,087	2,526,187,087
Profit for the period October 2019 - June 2020	-	255,772,153	-	-	255,772,153	255,772,153
Other Comprehensive income for the year	-	-	-	520,004,560	520,004,560	520,004,560
Total Comprehensive income for the year ended June 30, 2020	-	255,772,153	-	520,004,560	775,776,713	775,776,713
Gain realized on disposal of equity securities at FVOCI	-	36,245,185	-	(36,245,185)	-	-
Balance as at June 30, 2020	594,000,000	2,208,771,925	15,432,500	483,759,375	2,707,963,800	3,301,963,800
Balance as at July 1, 2020	594,000,000	2,208,771,925	15,432,500	483,759,375	2,707,963,800	3,301,963,800
Comprehensive Income for the three months ended September 30, 2020	-	745,358,336	-	-	745,358,336	745,358,336
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(195,988,406)	(195,988,406)	(195,988,406)
Gain realized on disposal of equity securities at FVOCI	-	199,997,985	-	(199,997,985)	-	-
Cash dividend paid @ 25% for the year ended June 30, 2020	-	(148,500,000)	-	-	(148,500,000)	(148,500,000)
Balance as at September 30, 2020	594,000,000	3,005,628,246	15,432,500	87,772,984	3,108,833,730	3,702,833,730

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020	September 30, 2019
Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	764,261,835	(169,401,349)
Adjustments for:		
Depreciation on property and equipment	3,053,078	1,984,307
Depreciation on right-of-use-asset	5,035,844	-
Amortization of intangible asset	107,640	125,212
Gain on disposal of investment property	-	(775,000)
(Gain) / Loss on re-measurement of short term investments	(376,518,236)	161,180,340
(Gain) / Loss on short term investment	(337,779,933)	95,152,411
Unrealized gain on re-measurement of investment property	-	(132,500,000)
Dividend income	-	(4,855,725)
Finance costs	50,753,563	107,406,193
	(655,348,044)	227,717,738
Cash generated from operating activities before working capital changes	108,913,791	58,316,389
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
Short-term investments - net	1,947,677,194	(1,657,459,250)
Trade debts - consider good	17,641,643	(9,260,585)
Receivable against margin financing	(61,568,305)	60,941,338
Short term loans	-	27,000
Deposits and short-term prepayments	(253,989,713)	233,734,467
Accrued markup on margin financing	(16,093)	26,899,464
Other receivables	477,121	(336,146,786)
Increase/(decrease) in current liabilities		
Trade and other payables	158,758,190	(214,256,273)
Payable against purchase of securities- net	(22,169,318)	810,863,856
	1,786,810,719	(1,084,656,769)
Cash used in operations	1,895,724,510	(1,026,340,380)
Taxes paid	(21,163,096)	(18,156,568)
Finance costs paid	(72,052,296)	(87,766,020)
Net cash generated from / (used in) operating activities	1,802,509,118	(1,132,262,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,941,563)	-
Acquisition of intangible assets	-	(457,933)
Expenditure on investment property - net	(152,500,000)	-
Sale proceeds on disposal of Investment property	-	160,950,000
Dividends received	91,227,000	4,855,725
Long term deposits - net	(6,821,688)	-
Net cash (used in) / generated from investing activities	(73,036,251)	165,347,792
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment against finance lease liability	(5,999,757)	-
Repayment of Subordinated Loan	(300,000,000)	-
Repurchase of shares	-	(231,000,000)
Net cash used in financing activities	(305,999,757)	(231,000,000)
Net increase / (decrease) in cash and cash equivalents	1,423,473,110	(1,197,915,176)
Cash and cash equivalents at the beginning of the year	(1,021,977,482)	(1,251,661,273)
Cash and cash equivalents at the end of the year	401,495,628	(2,449,576,449)

The annexed notes from 1 to 19 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statement of the Company for the quarter ended September 30, 2020 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim consolidated financial statements comprise of the statement of financial position as at September 30, 2020 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2020.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2020 has been extracted from the audited financial statements of the company for the year ended June 30, 2020, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2019.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2020.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim consolidated financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

5 PROPERTY & EQUIPMENT

During the period ended September 30, 2020, additions made amounting to PKR 4.85 million (June 2020: PKR 1.5 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

	September 30, 2020	June 30, 2020
	Rupees	
6 INVESTMENT PROPERTY		
Carrying Value	1,678,415,232	1,726,419,800
Sale during the period	-	(159,475,000)
Transfer to property and equipment	-	(32,473,333)
Development charges / additions during the year	152,500,000	11,943,765
	<u>1,830,915,232</u>	<u>1,546,415,232</u>
Increase in fair value - net	-	132,000,000
	<u>1,830,915,232</u>	<u>1,678,415,232</u>
7 SHORT TERM INVESTMENTS		
Equity securities at FVTPL	7.1 1,820,647,489	2,771,339,641
Investment in MTS	53,765,918	-
Corporate debt securities - at FVTPL	226,449,774	252,166,556
	<u>2,100,863,181</u>	<u>3,023,506,197</u>
Equity securities at FVOCI	320,853,960	827,578,375
	<u>2,421,717,141</u>	<u>3,851,084,572</u>

7.1 These include related party investments in Aisha Steel Mills Limited (ASML), Power Cement Limited, Safemix Concrete Prod. Ltd. and Javedan Corporation Limited (JCL), as at September 30, 2020 the fair value of these securities were PKR 291.45 million, PKR 86 million, PKR 42.52 million & PKR 7.7 million (June 30, 2020: PKR 135.39 million, PKR 52 million, PKR 39.96 million & PKR 7.6 million) respectively.

	September 30, 2020	June 30, 2020
	Rupees	
<i>Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL</i>		
Cost of investment	1,905,235,329	3,204,396,581
Unrealised (loss) gain:		
Balance as at July 01	(180,890,384)	(375,378,058)
Unrealized Loss transferred from long term investment	-	(15,077,782)
Unrealised gain / (loss) for the year	376,518,236	209,565,456
	<u>195,627,852</u>	<u>(180,890,384)</u>
Balance as at	<u>2,100,863,181</u>	<u>3,023,506,197</u>

8 TRADE DEBTS

8.1 Treatment of amount receivable from customers

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

8.2 The Company holds equity securities having fair value of PKR 33,875 million (June 2020: PKR 38,874 million) owned by its clients, as collaterals against trade debts.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	September-20		June-20	
	Gross	Impairment	Gross	Impairment
Not past due	20,193,292	-	73,361,994	-
Past due 1 day - 30 days	136,568,614	26,775,855	73,322,268	-
Past due 31 days - 180 days	16,242,750	16,242,750	15,357,392	5,102,760
Past due 181 days - 1 year	1,339,149	1,339,149	10,249,257	10,249,257
More than one year	861,963,833	861,963,833	890,969,570	890,969,570
Rupees	1,036,307,638	906,321,587	1,063,260,481	906,321,587

9	CASH AND BANK BALANCES	Note	September 30, 2020	June 30, 2020
			Rupees	
	Cash in hand		318,100	271,588
	Cash at Bank			
	<i>in current accounts</i>		197,324,047	47,229,518
	<i>in savings accounts</i>		943,604,727	766,596,128
		9.1	1,140,928,774	716,988,104
			1,141,246,874	717,259,692

9.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 914.735 million (June 2020: PKR 777.251 million).

10 SHORT TERM BORROWINGS - SECURED

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

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

	September 30, 2020		June 30, 2020	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	81,385,000	2,411,315,800	83,400,000	2,186,712,000
House	93,802,830	1,873,205,495	119,315,760	2,190,184,650
Total	175,187,830	4,284,521,295	202,715,760	4,376,896,650

11 TAXES PAYABLE -NET

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

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2021 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed consolidated interim financial information.

12 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2020.

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	September 30, 2020	June 30, 2020
	Rupees	
COMMITMENTS		
Following commitments are outstanding as at the year end.		
- Outstanding Settlements against Marginal Trading contracts	395,911,018	112,323,212
- Outstanding Settlements against (purchase) / sale of securities in regular market.	55,817,556	53,073,167
- Guarantee given by a commercial bank on behalf of the Company	250,000,000	250,000,000
13 OPERATING REVENUE		
Brokerage and operating revenue	167,921,356	52,361,341
Advisory and consultancy fee	18,600,841	29,128,875
Dividend income	-	4,855,725
	186,522,197	86,345,941
14 RELATED PARTY TRANSACTIONS AND BALANCES		
	Period Ended	
	September 30 2020	September 30 2019
Name of the related party, relationship with company & Nature of Transaction	Rupees	
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	3,312,200	1,109,345
<i>Guarantee Commission</i>	478,104	-
<u>GROUP COMPANIES</u>		
Javedan Corporation Limited		
<i>Purchase of plots</i>	152,500,000	-
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman)		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	49,359	-
<i>Meeting Fee Paid</i>	25,000	25,000
Muhammad Shahid Ali (CEO)		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	3,896,135	749,227
Muhammad Haroon (Director)		
<i>Brokerage Commission earned during the period on sale and Meeting Fee Paid</i>	43,935	1,650
	25,000	25,000
Muhammad Sohail Salat (Director)		
<i>Meeting Fee Paid</i>	25,000	25,000
Sharmin Shahid (Director)		
<i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	1,510,320	121,533
<i>Meeting Fee Paid</i>	25,000	25,000

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Period Ended	
	September 30 2020	September 30 2019
	----- Rupees -----	
Nida Ahsan (Director) <i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	125,000	114,400
Mohsin Madni (Director) <i>Brokerage Commission earned during the period on sale and purchase of Securities</i>	5,853	-
<u>CLOSE FAMILY MEMBERS</u>		
Arif Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	2,345,510	685,763
<i>Loan repaid</i>	300,000,000	-
<i>Mark-up Paid</i>	16,745,906	-
<i>Payment made under buy-back scheme</i>	-	130,070,292
Abdus Samad A. Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	409,718	4,054
Muhammad Kashif A. Habib <i>Brokerage commission earned during the period on sale and purchase of Securities</i>	6,363	3,963
<u>POST EMPLOYMENT BENEFIT PLAN</u>		
<i>Provident fund trust - Contribution paid during the period</i>	1,738,456	1,477,151
<u>PARENT COMPANY</u>		
Arif Habib Corporation Limited <i>Balance Receivable at period end</i>	-	80,477
<i>Guarantee Commission Payable</i>	478,104	454,370
<u>KEY MANAGEMENT PERSONNEL</u>		
Zafar Alam (Chairman) <i>Balance payable at period end</i>	2,478,276	2,148,473
Muhammad Shahid Ali (CEO) <i>Balance payable at period end</i>	53,312,740	3,150,901
Sharmin Shahid (Director) <i>Balance receivable at period end</i>	-	50,302
<i>Balance payable at period end</i>	5,549,437	-
Nida Ahsan (Director) <i>Balance receivable at period end</i>	10,231	65,419
Muhammad Haroon (Director) <i>Balance payable at period end</i>	18,241	700,697
Mohsin Madni (Director) <i>Balance payable at period end</i>	-	175

CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Period Ended	
	September 30 2020	September 30 2019
	Rupees	
<u>CLOSE FAMILY MEMBERS</u>		
Arif Habib		
Loan payable at year end	-	300,000,000
Trade receivable at year end	42,788	42,574
Abdus Samad A. Habib		
Balance payable at period end	105,517	-
Balance receivable at period end	-	1,451,078
Muhammad Kashif A. Habib		
Balance receivable at period end	1,200	19,630
<u>OTHER RELATED PARTIES</u>		
Rotucast Engineering Co. (Pvt) Limited		
Prepaid rent	5,747,016	5,928,359

15 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2020.

16 CASH AND CASH EQUIVALENTS

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

	September 30, 2020	September 30, 2019
	Rupees	
Cash and bank balances	1,141,246,874	504,171,947
Short term borrowings	(739,751,246)	(2,953,748,396)
	<u>401,495,628</u>	<u>(2,449,576,449)</u>

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 15, 2020.

18 EARNINGS / (LOSS) PER SHARE

	September 30, 2020	September 30, 2019
	Rupees	
(Loss) / Profit after taxation attributable to ordinary shareholders	745,358,336	(182,577,737)
Weighted average number of ordinary shares	59,400,000	62,269,565
(Loss) / Earnings per share	<u>12.55</u>	<u>(2.93)</u>

19 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS OF SEPTEMBER 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage	
Directors and their spouse(s) and minor children				
MUHAMMAD HAROON	1	1,557	0.00	
NIDA AHSAN	1	1,099	0.00	
SHARMIN SHAHID	1	1,099	0.00	
MOHSIN MADNI	1	500	0.00	
MUHAMMAD SHAHID ALI	1	878	0.00	
ZAFAR ALAM	1	36,600	0.06	
MUHAMMAD SOHAIL SALAT	1	600	0.00	
Associated Companies, undertakings and related parties				
M/S. ARIF HABIB CORPORATION LIMITED	2	41,245,884	69.44	
ARIF HABIB	1	3,211,008	5.41	
Public Sector Companies and Corporations				
	1	55420	0.09	
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
	2	25054	0.04	
Mutual Funds				
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	544,000	0.92	
CDC - TRUSTEE ABL STOCK FUND	1	500	0.00	
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	47,500	0.08	
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	3,500	0.01	
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	500	0.00	
General Public				
a. Local	2991	12656759	21.31	
b. Foreign	1	12000	0.02	
Foreign Companies				
	0	0	-	
Others				
	46	1555542	2.62	
Totals		3056	59,400,000	100.00

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



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