

October 4, 2019

**The General Manager**  
Pakistan Stock Exchange Limited  
Sock Exchange Building  
Stock Exchange Road  
Karachi.

Subject: **ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2019**

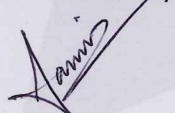
Dear Sir,

This is with reference to the subject cited above. Please find enclosed the following:

- 15 (Fifteen) copies of financial statements of Arif Habib Limited for the year ended on June 30, 2019, in pursuance of notice of Pakistan Stock Exchange Limited (PSX) bearing number PSX/N-4403 dated July 26, 2018.
- 3 (Three) Copies of Annual Report including audited financial statements together with auditors' report, directors' report and the chairman's review report for the financial year ended June 30, 2019 in accordance with the requirements of section 223(7) of the Companies Act, 2017.

Further, this is to inform you that soft copy of these financial statements have also been placed on Company's website [www.arifhabibltd.com](http://www.arifhabibltd.com)

Yours faithfully,

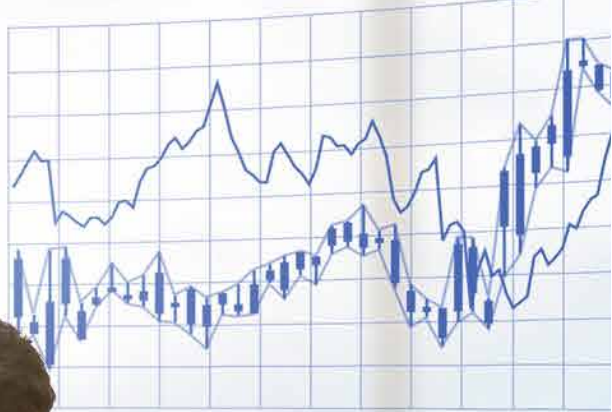
  
**Aamir Jamal**  
Company Secretary



# BUILDING ON VALUES

ANNUAL REPORT  
TWO THOUSAND AND  
NINETEEN

# 2019



OGDC	0.67 ▲	0.55
ENGRO	3.41 ▲	1.27%
LUCK	9.76 ▲	2.77%
HBL	0.50 ▲	0.40%
UBL	-0.02 ▼	
HUBC		
ILP		
FFC		
PPL		
UNITY	0.72	



**WE ARE  
ARIF HABIB LIMITED (AHL)**

**ARIF HABIB GROUP HAS BEEN SERVING THE INVESTORS FOR OVER FOUR DECADES. OVER THE YEARS THE FIRM HAS CONSTANTLY ENVOLED AND ADOPTED TO CHANGING TIMES. AS A PREMIUM BROKERAGE AND FINANCIAL SERVICES FIRM, AHL STRIVES TO BUILD AN ENVIRONMENT THAT PROMOTES TEAMWORK; LEADERSHIP AND RESILIENCE, IN ORDER TO BETTER SERVE THE EVER-GROWING CAPITAL MARKET.**

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

# TABLE OF CONTENT

Corporate Information	05
Vision Statement	07
Mission Statement	08
Code of Conduct	11
Our Values	12
Corporate Strategy	15
Corporate Social Responsibility	16
Awards & Recognition	19
Directors' Profiles	23
Chairmans' Review	29
Directors' Report	31
Directors' Report (Urdu)	46
Organization Structure	47
Financial & Business Highlights	51
Graphical Representation	53
Horizontal Analysis of Financial Statements	55
Vertical Analysis of Financial Statements	57

Statement of Compliance with the Code of Corporate Governance	59
Review Report on the Statement of Compliance with the Code of Corporate Governance	61
Auditors' Report to the Members	62
Unconsolidated Financial Statements	68
Unconsolidated Statement of Financial Position	69
Unconsolidated Statement of Profit & Loss Account	70
Unconsolidated Statement of Other Comprehensive Income	71
Unconsolidated Statement of changes in Equity	72
Unconsolidated Statement Cash Flows	73
Notes to the Unconsolidated Financial Statements	74
Auditors' Report to the Members	113
Consolidated Financial Statements	118
Consolidated Statement of Financial Position	119
Consolidated Statement of Profit & Loss Account	120
Consolidated Statement of Other Comprehensive Income	121
Consolidated Statement of changes in Equity	122
Consolidated Statement Cash Flows	123
Notes to the Consolidated Financial Statements	124
Notice of Fifteenth Annual General Meeting	163
Categories of Shareholders	182
Form of Proxy	

## 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
Ms. Nida Ahsan	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

Mr. Aamir Jamal

### 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

### 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

### Registrar & Share Transfer Office

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

### Registered Office

Arif Habib Centre  
 23, M.T. Khan Road Karachi-74000  
 UAN: (92-21) 111-245-111  
 Fax No: (92-21) 32416072; 32429653  
 E-mail: info@arifhabibltd.com  
 Company website: www.arifhabibltd.com  
 Online Trade: www.ahletrade.com  
 Branch Reg. No. BOA-050101

### Lahore Branch

16/7-B, Eden Cottages, Main Gulberg 2, Near: MCB House, Lahore.  
 Tel: +92 42 3587 1732 – 34 , 042-35712861

### Islamabad Branch

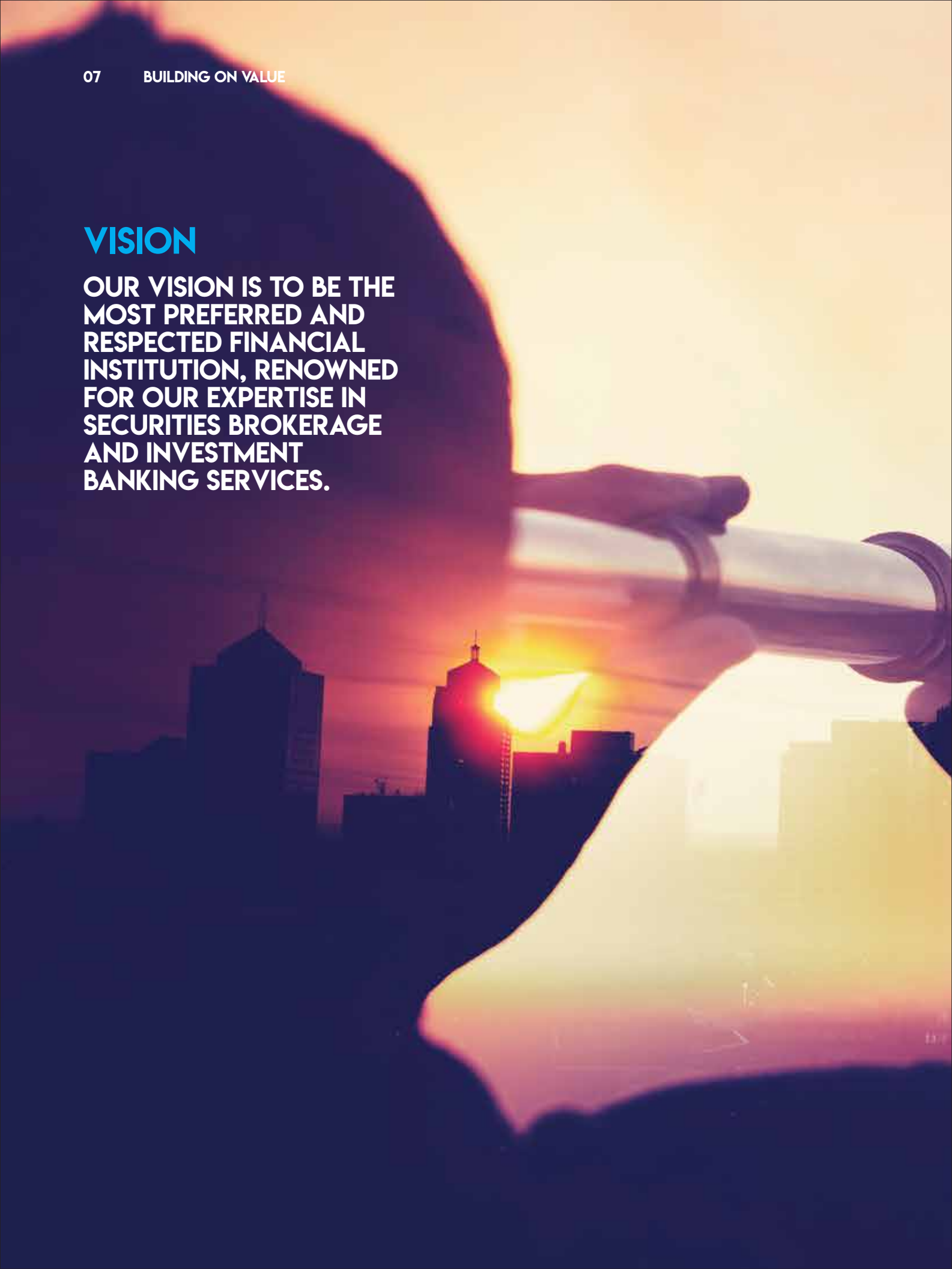
Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad  
 Tel: +92 51 2894505 – 06

### Peshawar Branch

Shops No. F13, F14, F15, F16, F17, 1st Floor, The Mall Tower, Peshawar Cantt.  
 Tel: +92 91 5253913

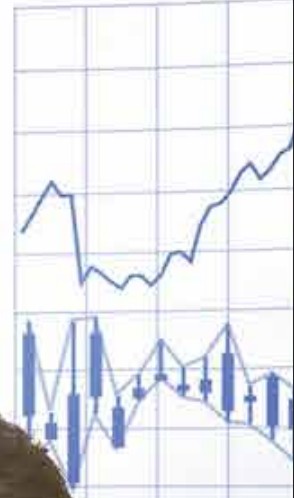
## VISION

**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.

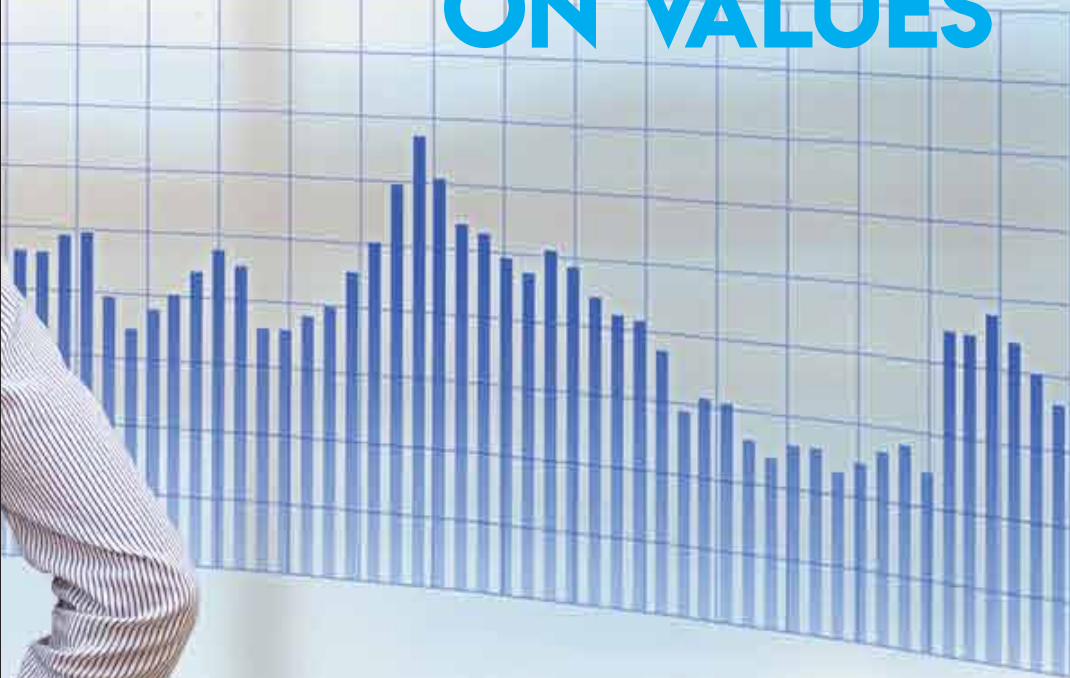


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HBL		0.50 ▲	0.40%
UBL		-0.02 ▼	
HUBC			
ILP			
FFC			
PPL			
UNITY		0.72	





# BUILDING ON VALUES



## CODE OF CONDUCT

ARIF HABIB LIMITED STRONGLY BELIEVES IN RUNNING ITS BUSINESS PROGRESSIVELY WITHOUT COMPROMISING ON THE BEST ETHICAL STANDARDS AS GUIDED BY THE

**“CODE OF ETHICS AND BUSINESS PRACTICES”.**



# OUR VALUES

## EFFICIENCY

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

## INTEGRITY

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



## SOCIAL RESPONSIBILITY

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

## CREDIBILITY

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

**CUSTOMER  
RELATIONSHIP**





## CORPORATE STRATEGY

- STRIVE CONTINUOUSLY TO MAXIMIZE VALUE FOR OUR CLIENTS AND STAKEHOLDERS.
- CONTROL CREDIT, MARKET AND OPERATIONAL RISKS TO MITIGATE OVERALL RISK.
- PROVIDE PROACTIVE AND EFFECTIVE SERVICES TO OUR CLIENTS.
- EXPAND THE RANGE OF OUR PRODUCTS AND SERVICES.
- CONTINUE EXERCISING HIGH LEVEL OF ETHICAL STANDARDS.



## **CORPORATE SOCIAL RESPONSIBILITY**

**ARIF HABIB LIMITED (AHL) IS A FIRM BELIEVER IN SUSTAINABLE DEVELOPMENT. AT AHL, WE PRIDE OURSELVES IN CONTRIBUTING TO THE BETTERMENT OF THE LIVES OF OUR COMMUNITIES AND THE PEOPLE OF PAKISTAN. CORPORATE PHILANTHROPY AND DEVELOPMENT ARE MEANS TO THIS, WHICH ALLOWS US TO GIVE BACK TO THE PEOPLE AROUND US.**

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

## SOCIAL DEVELOPMENT

AHL is in constant collaboration with various social welfare projects. This includes our continued cooperation with the Memon Medical Institute Hospital (MMIH), a donor funded project of the Memon Health and Education Foundation (MHEF). MMIH is a public welfare project which “serves people regardless of their caste, creed, color, religion or ability to pay”. In addition to this, we are also involved with the Jinnah Foundation Memorial Trust. This is a Non-Governmental Organisation (NGO) established in 1989 in the memory of Quaid-e-Azam Muhammad Ali Jinnah, which focuses on “human development in the field of primary education and health”. Our association with these charitable entities re-emphasizes our commitment towards social development.

### **THE I-CARE FOUNDATIONS:**

The foundation was established in 2008 as Pakistan’s first donor advised fund. As a donor-advised fund, they offer a hassle free, low cost, flexible vehicle for donating to charity – an alternative to direct giving or setting up and running a private foundation. i-Care provides a professionally managed service for directing and administering charitable giving by donors to non-governmental organizations (NGOs), non-profit organizations (NPOs) and charities in Pakistan. i-Care undertakes the management, mentoring and monitoring of donations to over 99 charities on behalf of donors.



# CORPORATE DEVELOPMENT

Following contributions were made by AHL during the period July 2018 – June 2019:

**INTER UNIVERSITY STOCK TRADING COMPETITION:**

Organized by Securities & Exchange Commission of Pakistan (SECP), the main purpose of this competition is to raise awareness among the youth regarding capital market as an avenue of investment.

**15TH ANNUAL EXCELLENCE AWARDS CEREMONY:**

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

**SOUTH ASIAN FEDERATION OF EXCHANGES SAFE-PSX: IPO SUMMIT 2018:**

Companies seeking long term growth capital and the investor community come together for a day of strategic deliberation, awareness generation and networking. The primary objective of the IPO Summit was to create awareness regarding benefits of listing on the stock exchange.

THE COMPANY HAS ALSO CONTRIBUTED TO THE EXCHEQUER BY PAYING AN AMOUNT OF **PKR 139,920,448** IN DIRECT AND INDIRECT TAXES DURING THE YEAR



# AWARDS & RECOGNITION





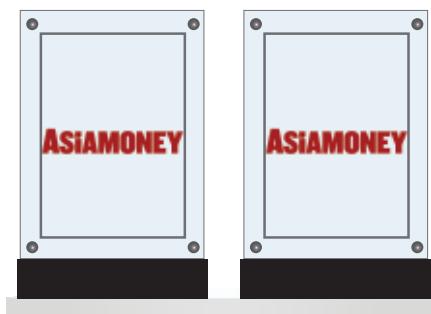
AHL received the award for **Best Pakistan Deal** by Finance Asia



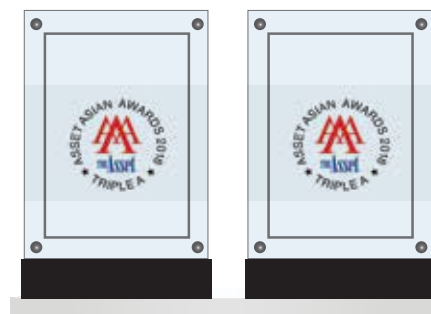
AHL received the award for **Best Brokerage & Corporate Finance Services Provider** by The Middle East Markets



The only listed securities brokerage firm that found its place in the **Top 25 Listed Companies of Pakistan** by Pakistan Stock Exchange

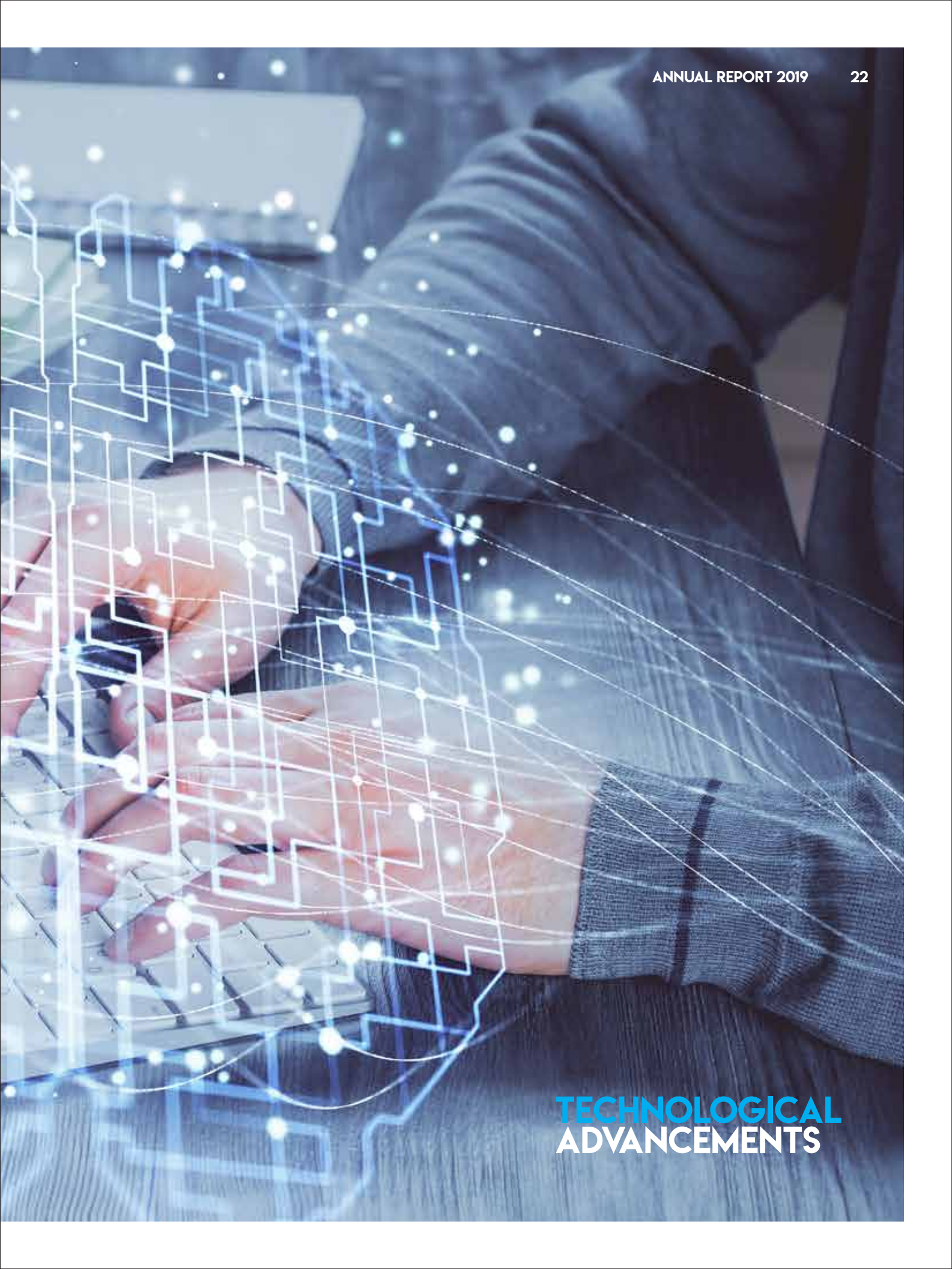


AHL was recognised by Asiamoney with the awards for Best **Domestic Equity House** and **Best Country Deal**



AHL was also credited with the accolades of **Best Brokerage House, Best Equity Deal** and **Best Equity advisor** for the Asia Pacific region .





**TECHNOLOGICAL  
ADVANCEMENTS**

## DIRECTORS' PROFILES



### ZAFAR ALAM

CHAIRMAN & INDEPENDENT DIRECTOR

**MR. ZAFAR ALAM IS A MASTER'S DEGREE HOLDER IN NUCLEAR PHYSICS AND HAS OVER 34 YEARS' EXPERIENCE IN INVESTMENT BANKING ENCOMPASSING ORIGINATION, TRADING, SALES AND ASSET MANAGEMENT IN VARIOUS FINANCIAL CENTERS AROUND THE GLOBE.**

He has been a key member of the Top Executive Group-TEG at ABN AMRO Bank and RBS Bank. Zafar had several leadership responsibilities including leading teams of over 300 people and managing revenues of several hundred million dollars. Zafar has a diverse experience across geographies and various aspects of finance, having worked in London, Singapore, Hong Kong and Dubai in Equities, Fixed Income and Asset Management. The last initiative being in Dubai setting up a Shariah based fund in Mauritius.

Zafar joined ABN AMRO as Investment Manager in Dubai. In 1988 he moved to Hong Kong as Head of ABN AMRO Securities & Finance Co. Focusing on fixed income trading and sales. In 1990 he started equities brokerage business and origination in Asian equities. In 1995 he moved to Singapore, as Head of Local Markets and Credit Trading, and started to build local markets business in the bank for the first time.

The bank was only active in FX sphere however his input give the direction to add Fixed Income and Derivatives as the market was set to take off in the aftermath of the Asian crisis. The activities included origination, trading and sales in thirteen Asian countries.

In 2002, he was appointed Managing Director and moved to London as Global Head of Emerging Markets responsible for origination, trading and sales in Emerging Markets, before taking on his role in the Equities Directorate. In 2010, he become Regional Head of Equities and Structured Retail Sales for Middle East and Africa, based in Dubai focused on building an Equities platform for the MENA region for RBS investor clients. He was also managing the Structured Equities Solution team which provided equity financing with an overlay of derivative solutions.

Prior to relocating to Dubai, Zafar was based in London as Global Head of Equity Sales in the enlarged RBS Global Banking & Markets Group. In this role Zafar was responsible for combining the successful Private Investor Products (PIP) and Institutional/Corporate business of ABN AMRO with the growing RBS Structured Investor Products business. He was responsible for developing, manufacturing and distributing structured products consisting of multi-assets.

Prior to that in his role as Global Head of Private Investor Products - PIP, Zafar was responsible for distribution of innovative structured products to private and retails clients within RBS and ABN AMRO Bank. The team distributed structured products through all major international banks."



## MUHAMMAD SHAHID ALI HABIB

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

**MR. SHAHID ALI HABIB CARRIES A PROVEN TRACK RECORD OF ESTABLISHING SUCCESSFUL BUSINESS ORGANIZATIONS AND TURNING AROUND VENTURES INTO VIBRANT UNITS. HE HAS OVER 21 YEARS OF EXPERIENCE IN THE FIELDS OF SECURITIES BROKERAGE, BANKING, ASSET MANAGEMENT, CORPORATE FINANCE AND INVESTMENT BANKING. HE HAS SERVED IN LEADING POSITIONS AT TOP LOCAL AND INTERNATIONAL INSTITUTIONS.**

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

As AHL's Chief Executive, Shahid oversees all operation of the firm including Equity Brokerage and Investment Banking. He has been involved in numerous transactions in Pakistan's equity market over the years. He was the Domestic Team Leader of Pakistan's Largest equity market transaction of HBL Secondary offering worth \$ 1.02 bn and others significant transactions including UBL secondary offering of @ 388 mn and Engro Fertilizers offering of @ 190 mn.

He holds MBA in Finance from the Institute of Business & Administration (IBA) and has a Certification in Finance from London School of Economics (LSE) as well as a Bachelor's degree in Computer Science from FAST ICS. He has also attended Leadership program at Harvard Business School and other professional development courses in the fields of finance, technology and energy.



## HAROON USMAN

NON - EXECUTIVE DIRECTOR

**MR. HAROON USMAN IS A COMMERCE GRADUATE AND A FELLOW MEMBER OF THE INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF PAKISTAN. HE HAS OVER 50 YEARS' EXPERIENCE IN THE FIELDS OF COMMERCE, FINANCE AND INDUSTRY.**

He has served a number of local and foreign organizations of repute in different executive positions related to accounts, finance, general management and consultancy, both in Pakistan and abroad.

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

## DIRECTORS' PROFILES



### SHARMIN SHAHID

NON - EXECUTIVE DIRECTOR

MS. SHARMIN SHAHID HAS OVER 19 YEARS OF EXPERIENCE IN THE FIELD OF SECURITIES BROKERAGE AND PORTFOLIO MANAGEMENT. SHE WAS AWARDED THE TOP POSITION IN HER BACHELOR'S DEGREE IN COMMERCE AND HAS ALSO PARTICIPATED IN THE DIRECTORS' TRAINING PROGRAM. SHE HAS BEEN AWARDED THE TOP 25 COMPANIES AWARD ON BEHALF OF AHL FOR SEVERAL YEARS.

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



### NIDA AHSAN

NON - EXECUTIVE DIRECTOR

MS. NIDA AHSAN IS A COMMERCE GRADUATE. SHE REPRESENTS THE ARIF HABIB FAMILY WHO ARE THE MAJORITY OWNERS OF THE ARIF HABIB GROUP AND HAVE MADE SIGNIFICANT CONTRIBUTIONS IN THE DEVELOPMENT OF SECURITIES MARKET IN PAKISTAN.

Nida has over 15 years' experience of investing in listed securities including a number of first and second tier stocks.



## MUHAMMAD SOHAIL SALAT

INDEPENDENT DIRECTOR

**DR. MUHAMMAD SOHAIL SALAT IS A QUALIFIED AND HIGHLY REPUTED PEDIATRICIAN AND NEONATOLOGIST WHO HAS A BACHELOR OF MEDICINE AND BACHELOR OF SURGERY FROM DOW MEDICAL COLLEGE KARACHI.**

He has a certification in General Pediatrics from United States of America and Fellowship in Neonatology, holding a Foreign Medical Graduate Examination in Medicine from the US and is licensed from Pakistan Medical and Dental College. He completed his Residency in Pediatrics from Maimonides Medical Center and Interfaith Medical Center in New York and Fellowship in Neonatal Perinatal Medicine from Westchester Medical Center, New York Medical College, USA.

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

Sohail is regarded as an expert in the fields of Pediatrics, Child Health and Neonatal Perinatal Medicine and has had numerous publications on those subjects and presented his work at various leading local and international conferences. He is actively involved in Pakistan Pediatric Association (PPA) a non-political organization for the better care of Pediatric patients in Pakistan. He is currently associated with PPA including Advisor to Neonatology group of PPA and Member of Executive committee of PPA Sindh.



## MOHSIN MADNI

NON - EXECUTIVE DIRECTOR

**MR. MOHSIN MADNI IS THE CHIEF FINANCIAL OFFICER (CFO) OF ARIF HABIB CORPORATION LIMITED. HIS ROLE ENCOMPASSES A WIDE RANGE OF MATTERS RANGING FROM FINANCE AND TAXATION. HE HAS REMAINED CFO OF VARIOUS ARIF HABIB GROUP COMPANIES INCLUDING ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED IN THE PAST.**

Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Master's Degree in Economics & Finance. He is a member of Pakistan Institute of Public Finance Accountants (PIPPA) and Institute for Internal Controls, USA. Mr. Madni completed his Articleship from KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.





**DYNAMIC**  
**HUMAN RESOURCE**

## CHAIRMAN'S REVIEW



### **REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES:**

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

The Board during the year ended 30 June 2019 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of Non-Executive and Independent Directors on the Board and its Committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the director's report are in accordance with the requirement of applicable laws and regulation;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

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



**ZAFAR ALAM**  
Chairman  
September 26, 2019

# DIRECTORS' REPORT



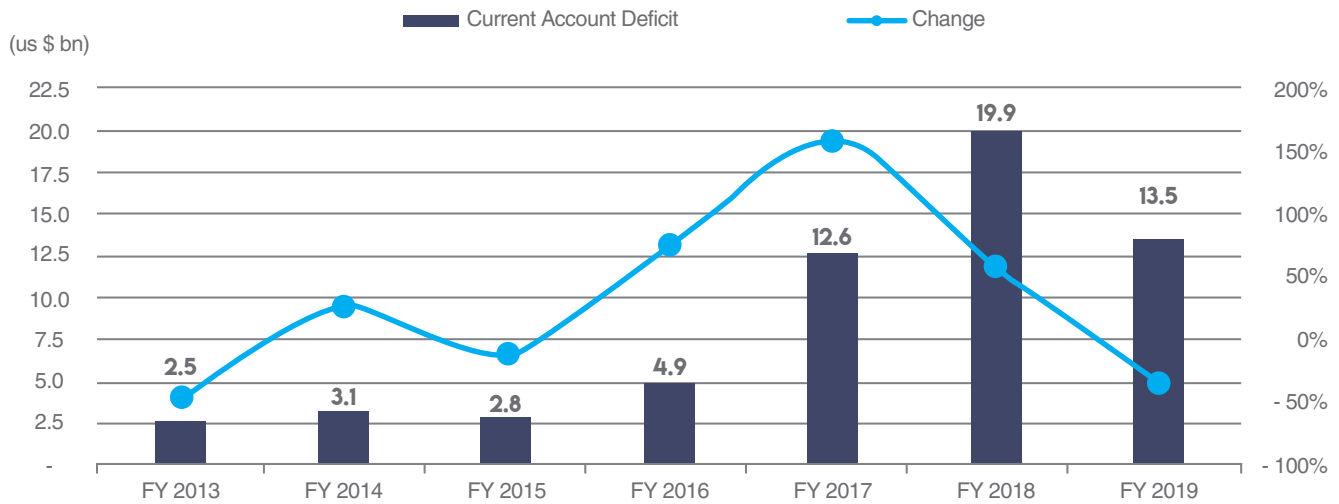
Dear Fellow shareholders of Arif Habib Limited (AHL),

**ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY, IT GIVES ME IMMENSE PLEASURE TO PRESENT THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED JUNE 30TH, 2019 TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR IN ACCORDANCE WITH THE ACCOUNTING, REGULATORY AND LEGAL STANDARDS AND REQUIREMENTS.**

## Business Environment

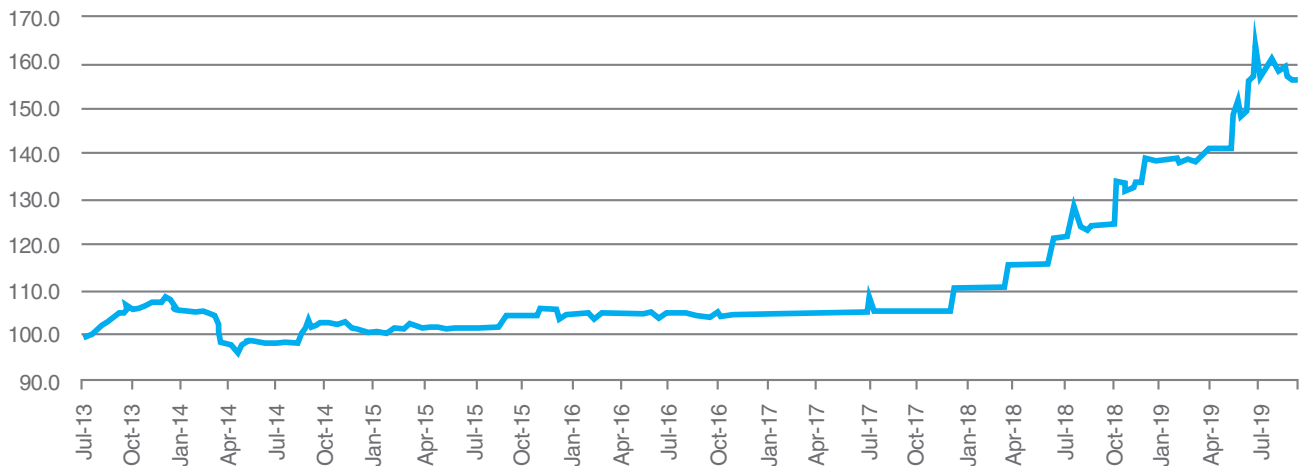
Economic conditions of the country continue to remain challenging as GDP growth plunged from a decade year high of 5.5% to 3.3%, while CAD (Current Account Deficit) remained high at US \$ 13.5 billion (4.8% of GDP) despite reduction of 32% YoY. Large scale manufacturing declined (-3.6% for FY19) for the first time during past ten years on the back of decline in production of food products, petroleum products, automobiles and iron and steel products. On the other hand, crops in agriculture sector also displayed negative growth of 4.4% dragging the overall growth downwards. Fiscal Deficit touched 8.9% of GDP, which was a 28-yr high due to lower revenues (-6.3% YoY) and higher expenditures (+11.4% YoY). A combination of low economic growth and higher twin deficit painted a bleak picture of the economy. To curtail aggregate demand in the economy the SBP increased its benchmark policy rate by 575bps during FY19. On the other hand, the Rupee depreciated by 19% against the US \$ to mitigate the external imbalance. Meanwhile, Remittances played an important role to cushion the foreign exchange requirement of the country, registering a growth of 10% YoY to US \$ 21.8 billion, with UK and USA showing improvement in flows.

FY20 is expected to be a year of stabilization as GDP growth is expected to be around 2.5% while primary focus would be to reduce external imbalance. The Current Account Deficit is expected to decline by 48% YoY to US \$7 billion on the back of improvement in exports and reduction in imports. However, as a consequence of Rupee depreciation, inflation is expected to remain in the range of 10% to 11% in FY20 against 7% during FY19.

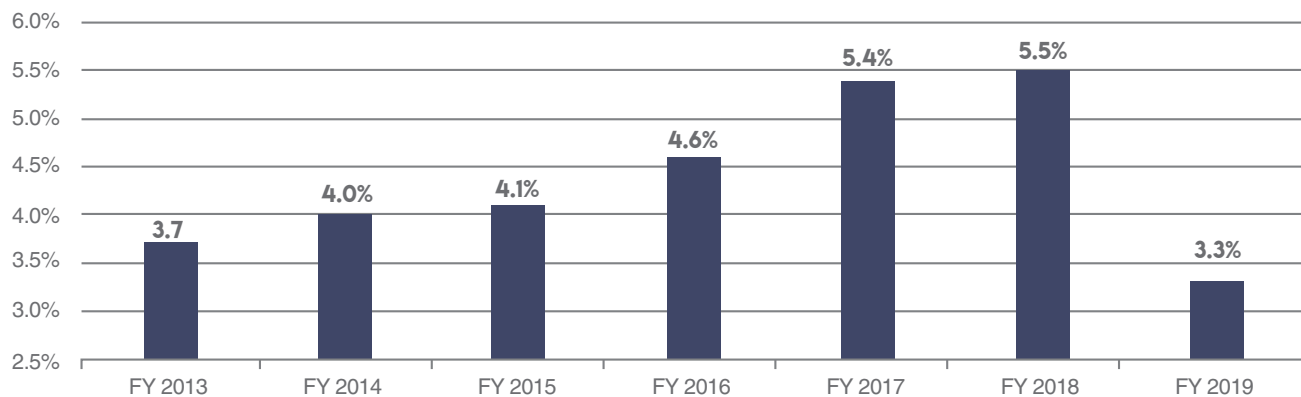


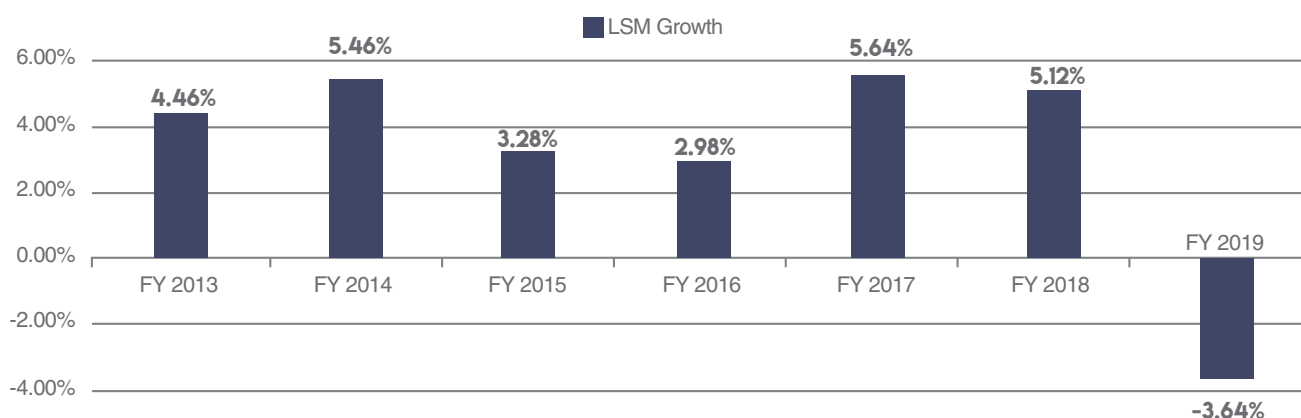
To complement the government's efforts to reduce CA deficit, the SBP has adopted market determined exchange rate with an intention to accumulate foreign exchange reserves. In an event, whereby the supply of foreign exchange is lower than demand, it might lead to further depreciation of Rs. against US \$. The government intends to privatize multiple SOEs to earn valuable foreign exchange as well reduce the losses for federal budget. Continuation of economic reforms is expected to support economic recovery.

## RS - US \$



## Real GDP Growth





### Stock Market

KSE-100 Index plummeted by 19% YoY in FY19 to close at 33,902 points. The benchmark index KSE100 saw high point early in July 2018 at 43,636 points, and since then gradually came down due to a host of factors. The downturn in the market was witnessed on the back of i) Macroeconomic concerns (weak external account, depreciation of the currency, rising inflationary pressure leading to rise in interest rates severely hampering growth momentum), ii) Uncertainty over the IMF program followed by stringent conditions of the program such as ambitious revenue targets, iii) Rising tensions with India, iv) Dismal corporate results, and (v) rise in SBP policy rate from 6.5% at the start of fiscal to 12.25% till the end.

Trading volume at the bourse saw significant decline in FY19 and touched 39.3 million shares on May 10, 2019 which was lowest in past 5 years, last seen on July 9, 2014. Average daily traded value clocked at US \$ 46.7 million, which is 37% lower as compared with US \$ 74.2 million in FY18. Similarly, Average daily traded volume also dropped to 155 million shares as against 175 million SPLY (-11% YoY). Among matters that negatively affected leading indicators of the bourse, the main reasons that caused the most dent to investor sentiment proved to be a significant increase of 575bps in the SBP policy rate and adjustment of Rupee parity with US \$, which saw the parity moving from 109.9 to 136.2 (-24% YoY) during FY19, and the trend continued to worsen in the ongoing quarter maintaining an average of Rs. 158.2.

During FY19, Emerging market flows have largely been negative to the region and PSX proved no exception. Pakistan saw MSCI and FTSE rebalancing translating in to net foreign outflows, which continued with US \$ 356 million in FY19 and US \$ 289 million in FY18. During FY19, MSCI reviews saw exclusion of blue chip scrips from MSCI Emerging Market Index with the possibility of further attritions in FY20. Against selling from foreign portfolio investors, Insurance sector emerged as the major buyer with US \$ 159 million in FY19, followed by Individuals and Corporates.

Sector-wise laggards include: i) Oil & Gas Exploration Companies (-1,153 points), ii) Commercial Banks (-1,077 points), iii) Cements (-1,051 points), iv) Oil & Gas Marketing Companies (-921 points) and v) Pharmaceuticals (-518 points). On the flip side, the sector that remained positive during the year were i) Tobacco (132 points), ii) Textile Weaving (4 points) and iii) Synthetic & Rayon (4 points).

### Financial Performance

During the year, your Company has posted after tax loss of Rs. 62.29 million. The equity of the Company as at the balance sheet date is Rs. 2.9 billion (June 2018: Rs. 3.14 billion), which translates into book value per share of Rs. 44.21 (June 30, 2018: Rs. 47.65).

The Financial year 2019 witnessed a decline of 22% in market traded value and 11% in market traded volumes as compared to FY18. However, the brokerage and investment banking division managed to perform well, and posted a growth of 24% with revenue of Rs. 678.84 million (FY18: Rs. 546.57 million).

The short term investment portfolio has taken a hit due to deteriorating market, however, it was partly offset by realized and unrealized gain on our real estate investment portfolio.

The Summary of Financial Results is as follows: -

	2019	2018
(Loss) / Profit after tax	(62,294,186)	536,256,096
Un – appropriated profit brought forward	2,579,595,183	2,043,339,087
Profit available for appropriation	2,517,300,997	2,579,595,183
Appropriations:		
*Final Cash Divided Nil (Final Cash Divided at RS. 03.00 per share i.e. 30% for the year ended June 30, 2018)	-	(165,000,000)
*Bonus shares Nil (Bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held for the year ended June 30, 2018)	-	(110,000,000)
Unappropriated Profit carried forward	2,517,300,997	2,304,595,183
Earnings per share – basic & diluted	<b>(0.94)</b>	<b>8.13</b>

\*subject to the approval by members in the AGM to be held on October 26th, 2019.

### Brokerage Revenue Performance

Despite significant decline of 22% in average daily traded value (ADTV) during the period, your company's brokerage revenue witnessed a slight decline of 8% to close at Rs. 303 million improving the overall market share by over 10%. This exceptional performance in equity brokerage has been achieved through winning large block trades on both domestic and foreign counters, activity of new international broker dealer and opening a large number of new accounts across the board.

During the period, your Company has achieved expansion in its foreign broker dealer and foreign funds relationship. We have expanded our trading team in Islamabad & Peshawar which will likely improve our market share with the HNWIs and retail clients. We anticipate promising returns from this initiative in future.

The Company continues to play its role in promoting Pakistan, and in this regard the Management, with support of the Company's international partner, carried out roadshows across the United States of America, engaging the Government Officials including Finance Minister, Advisor to the Prime Minister on Finance and SBP Governor. Meetings were held with the largest Equity and Debt funds that invest in the Emerging Markets.

### Investment Banking Revenue Performance

The Investment Banking (IB) division generated Rs. 375 million in revenues which includes advisory on IPOs, Right Shares, Mergers & Acquisitions, Private Equity Placement and Sukuks & TFCs. Your Company has once again remained the market leader in Pakistan's Initial Public Offering (IPO) market and won the award of "Best Corporate Finance House of the Year" from CFA Society Pakistan.

This past year, the Company conducted the IPO of Interloop Limited, which was the largest private sector IPO in the history of Pakistan. It also successfully carried out financial advisory to the right issue of Hub Power Company Limited, TPL Corp Limited & Unity Foods Limited. Additionally, the Company successfully executed secondary equity offering of Feroze 1888 through block placement and has worked on capital raising through debt/equity for various private/unlisted public companies.

The Company is engaged in a number of highly anticipated equity, as well as debt, capital market transactions set for the coming year, which should continue to strengthen its earnings, as well as our outreach in the market.

### Awards and Recognition

Arif Habib Limited has created history by winning CFA Society Pakistan's Award, in its recently held 16th Excellence Award, for the "Best Corporate Finance House (Equities & Advisory)" for the 5th consecutive year (2014-2018), a feat that no one has achieved yet. Your Company also takes pride in being awarded the "Top 25 Companies Award" by the Pakistan Stock Exchange to be presented by the Prime Minister of Pakistan. Your Company has been a consistent winner since 2007. In addition, AHL has also won an award in the category of "Best Equity Research Analyst" from CFA Society Pakistan.

### Expenses Management Performance

During the year, operating expenses increased by 22% as compared to the same period last year and posted a total Rs. 396 million. 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. Some of the compensation for the Management team is also linked to the revenues generated for the Company, this variable compensation has increased in view of the increase in brokerage & investment banking revenues. Our financing costs have increased by 33% due to increase in monetary policy rates and increased utilization of borrowing lines for diversification of Company's investment in more profitable opportunities. Further, the management has significantly reduced its financing rates with the banks due to our strong balance sheet and higher credit rating. Overall, we are glad to report that this has generated prosperous results for the Company and its shareholders.

### Credit Rating

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

### Management Rating

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

### Human Resource

The backbone of any organization is its people. AHL firmly believes in nurturing, investing in and promoting its employees with the ultimate objective of ensuring a very high level of employee satisfaction and efficiency, which in turn translates into high levels of customer satisfaction. The Management shall continue to work towards understanding and integrating employee objectives with corporate goals in a harmonious manner.

### Risk Management

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

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

### Corporate Social Responsibility

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

The details of the contribution made by the Company is presented at Page No. 16.

### Code of Corporate Governance

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

The Directors are pleased to report that:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There are no significant doubts upon the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- i. There are no transactions entered into by the broker during the year which are fraudulent, illegal or in violation of any securities market laws;
- j. The Company has paid amount of Rs. 6,386,995 in the Provident Fund of the employees of the Company and the Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

#### Changes in the Board

During the year under review, Mr. Mohsin Madni replaced the outgoing director Mr. Ali Murtaza Kazmi.

#### Board and Audit Committee Meetings and Attendance

During the year under review, five meetings of the Board of Directors and four meetings of the Audit Committee were held from July 01, 2018 to June 30, 2019. The attendance of the Board and Audit Committee members was as follows:

Name of Director	Board Meeting	Audit Committee Meeting
Mr. Zafar Alam	5	N/A
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	-	-
Mr. Haroon Usman	4	4
Mr. Mohsin Madni	3	N/A
Mr. Muhammad Shahid Ali Habib	5	N/A
Mr. Muhammad Sohail Salat	5	4

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

#### Directors Remuneration Policy

Those non-executive directors including independent directors of Arif Habib Limited who do not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approved by Board of Directors from time to time. Payment of remuneration against assignment of extra services by any director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work, and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

### Trading in Shares of the Company by Directors and Executives

During the year no trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

### Future Prospects

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

The Management also foresees increased activity on account of new equity and debt listings for which the Investment Banking Division is well equipped.

The Management is confident that the Company's equity and property investment portfolio will continue to demonstrate lucrative results, as the economy and the market continues to offer rewarding investment opportunities.

### Audit Committee

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

### Corporate and Secretarial Compliance

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

### Ethics and Business Practices

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

### Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at June 30, 2019, as required under the listing regulations, have been appended to this Annual Report.

### Information to Stakeholders

Key operating and financial data of previous years has been summarized and is presented on page No. 51.

### Post Balance Sheet Date Event / Dividend

In accordance with section 88 of the Companies Act, 2017 read with Listed Companies (Buy-Back Of Shares) Regulations, 2019 (Regulations), on recommendation of Board of Directors dated 3rd June 2019, the shareholders of Arif Habib Limited (the Company) in the Extra Ordinary General Meeting held on 3rd July 2019 approved purchase (buy-back) of its own shares by the Company up to a maximum of 6,600,000 issued ordinary shares (i.e. upto 10% of total issued shares) at a purchase price of Rs. 35/- per share through tender offer for the purpose of cancellation of purchased shares. Duration of 30 days of Purchase Period started from 9th July 2019 and ended on 7th August 2019. All the Post-Purchase-Period regulatory compliances have been timely completed which included return of excess 2,237,157 unaccepted shares, cancellation of accepted / purchased 6,600,000 issued ordinary shares, and payment to shareholders amounting to Rs. 231,000,000/- in aggregate against the accepted shares.

The paid up capital position of the Company before cancellation of shares amounted to Rs. 660,000,000 (comprising of 66,000,000 ordinary shares having face value of Rs.10 each) as per the member's register. The revised paid up capital position of the Company after cancellation of 6,600,000 shares on 9th August 2019 pursuant to buy back of shares amounts to Rs. 594,000,000 (comprising of 59,400,000 ordinary shares having face value of Rs. 10 each).

### Related party transaction

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all related party transactions have been provided in note 33 & 34 of the annexed audited financial statements.

### Auditors

The retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves for reappointment. The Board recommends their reappointment and a resolution proposing the appointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq as auditors of the Company for the financial year 2018-19 will be submitted at the forthcoming Annual General Meeting for approval.

### Acknowledgement

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

We acknowledge and appreciate the hard work 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 Executive Director



**Zafar Alam**  
Chairman

Karachi.

Dated: September 26, 2019

### فریق سے متعلق لین دین

فہرست سازی کے ضوابط کے تقاضوں کی تعمیل کرنے کے لیے، کمپنی نے فریق سے متعلق تمام لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے جائزے اور منظوری کے لیے پیش کیا ہے۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنی اپنی مینٹنگز میں منظور کر لیا ہے۔ لین دین سے متعلق تمام فریقوں کی تفصیلات منسلک آڈٹ شدہ مالی گوشواروں کے نوٹ 33 اور 34 میں فراہم کی گئی ہیں۔

### آڈیٹرز

ریٹائر ہونے والے آڈیٹرز میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ ان کی دوبارہ تقرری کی سفارش کرتا ہے اور مالی سال 2018-19 کے لیے میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹرز، تقرری کی تجویز کی قرارداد کو آئندہ ہونے والے سالانہ اجلاس عام میں منظوری کے لیے جمع کرائے گا۔

### اعتراف

ہم کمپنی کے شیئر ہولڈرز کے مسلسل اعتماد اور سرپرستی کے لیے ان کے شکر گزار ہیں۔ ہم، تمام اسٹیک ہولڈرز، اپنی سرپرست کمپنی، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کی غیر متزلزل حمایت اور رہنمائی کے لیے انہیں خراج تحسین پیش کرتے ہیں۔

ہم، مدت کے دوران کمپنی کے ملازمین کی جانب سے کی جانے والی انتھک محنت کا اعتراف اور پذیرائی کرتے ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی طرف سے،



ظفر عالم  
چیئرمین



محمد شاہد علی حبیب  
چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر

کراچی۔

مورخہ: 26 ستمبر 2019

## ڈائریکٹرز اور ایگزیکٹو کے ذریعے کمپنی کے شیئرز میں تجارت

سال کے دوران، کمپنی کے شیئرز میں کوئی تجارت ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے نہیں کی۔

## مستقبل کے امکانات

آپ کی کمپنی کے مستقبل کے امکانات کمپنی کے مارکیٹ شیئرز کو بڑھانے اور تمام کاروباری طبقات میں وسیع پیمانے پر اس کی شرکت کے ذریعے انتظامیہ کی کوششوں کی وجہ سے مکمل طور پر امید افزا ہیں۔ کمپنی کوشش کر رہی ہے کہ وہ کمپنی کی خدمات کے پرمیٹنگ سوٹ کے ذریعے اپنے موجودہ کرم فرماؤں کے ساتھ ساتھ متنوع غیر ملکی اور ملکی کرم فرماؤں کے ساتھ تعلقات کو وسعت دیتے ہوئے اور ان میں اضافہ کرتے ہوئے، بہتر حجم حاصل کرے۔ اس میں کمپنی کی اعلیٰ معیار کی تحقیق میں اضافے کے ذریعے نول پروڈکٹس اور خدمات کی پیشکش شامل ہیں۔

انتظامیہ نئی ایکویٹی اور قرض کی فہرستوں کی مدد میں بڑھتی ہوئی سرگرمی کی بھی پیش گوئی کرتی ہے جس کے لیے انویسٹمنٹ بینکنگ ڈیویژن اچھی طرح سے لیس ہے۔

انتظامیہ پُر اعتماد ہے کہ کمپنی کا ایکویٹی اور پراپرٹی انویسٹمنٹ پورٹ فولیو منافع بخش نتائج کا مظاہرہ کرتا رہے گا، کیوں کہ معیشت اور مارکیٹ فائدہ مند سرمایہ کاری کے مواقع پیش کرتے ہیں۔

## آڈٹ کمپنی

بورڈ کی آڈٹ کمپنی نے بورڈ کی جانب سے منظور شدہ اپنے حوالے کی شرائط کے مطابق موثر انداز میں اپنی ذمہ داریاں نبھائیں۔ کمپنی کی تشکیل بھی اس رپورٹ کے ساتھ منسلک کر دی گئی ہے۔

## کارپوریٹ اور سیکریٹری کی تعمیل

کمپنی سیکریٹری نے کمپنیز آرڈیننس 1984، میمورینڈم اور کمپنی کے ایسوسی ایشن کے آرٹیکلز کی سیکریٹری اور کارپوریٹ ضروریات اور فہرستوں کے ضوابط کی تصدیق کے لیے کمپنیز کے رجسٹرار کے پاس دائر سالانہ رپورٹ کے حصے کے طور پر سیکریٹری کا کپلائنس سرٹیفیکٹ پیش کیا ہے۔

## اخلاقیات اور کاروباری طریقہ کار

کارپوریٹ گورننس کی ہدایات کے مطابق، کمپنی نے تعمیل کے لیے ایک "ضابطہ اخلاق" جاری کیا ہے۔ ضابطے کے حوالے سے اس کی تفہیم اور قبولیت کا اعتراف کرتے ہوئے اس پر کمپنی کے تمام ڈائریکٹرز اور ملازمین نے دستخط کیے ہیں۔

## شیئر ہولڈنگ کا نمونہ

30 جون 2019 تک کمپنی کے شیئر ہولڈرز کی درجہ بندیوں اور شیئر ہولڈنگ کا تفصیلی نمونہ، جو فہرستوں کے ضوابط کے تحت درکار ہے، اسے اس سالانہ رپورٹ میں شامل کر دیا گیا ہے۔

## اسٹیک ہولڈرز کے لیے معلومات

گزشتہ برسوں کے اہم آپریٹنگ اور مالی اعداد و شمار کا خلاصہ کیا گیا ہے اور اسے صفحہ نمبر 51 پر پیش کیا گیا ہے۔

## بیلنس شیٹ کے بعد کی تاریخ کا واقعہ امتناع

کمپنیز ایکٹ، 2017 کے سیکشن 88 کے مطابق، درج شدہ کمپنیز (شیئرز کی خریداری کی واپسی) ریگولیشنز 2019 (قوائد و ضوابط) کے ساتھ پڑھیں، 03 جون 2019 کو بورڈ آف ڈائریکٹرز کی سفارش پر، عارف حبیب لمیٹڈ (کمپنی) کے شیئر ہولڈرز نے 03 جولائی 2019 کو منعقد ہونے والے غیر معمولی اجلاس عام میں کمپنی کے ذریعے اپنے شیئرز کی زیادہ سے زیادہ 6,600,000 تک عام شیئرز کی خریداری (خریداری کی واپسی) کی منظوری خریدے ہوئے شیئرز کی منسوخی کے مقصد کے لیے ٹینڈر آفر کے ذریعے فی شیئر 35 روپے کی قیمت پر دی (یعنی مجموعی طور پر جاری ہونے والے شیئرز کا 10 فیصد تک)۔ خریداری کی مدت 30 دن کا دورانیہ 9 جولائی 2019 سے شروع ہوا اور 10 اگست 2019 کو اختتام پذیر ہوا۔ خریداری کی مدت کے بعد کی تمام ضابطہ سازی کی تکمیل بروقت مکمل ہو چکی ہے جس میں اضافی 2,237,157 ناقابل قبول شیئرز، قبول شدہ/خریدے ہوئے 6,600,000 جاری شدہ عام شیئرز کا منافع اور مجموعی طور پر قبول شدہ شیئرز کے مقابلے میں شیئر ہولڈرز کو ادا کی جانے والی رقم 231,000,000 روپے شامل ہے۔

ممبر کے رجسٹر کے مطابق، 660,000,000 روپے کی رقم کے شیئرز کی منسوخی سے پہلے کمپنی کے پیڈ اپ کیپٹل کی پوزیشن (6,600,000,000 عام شیئرز پر مشتمل ہے جس کی فی قیمت 10 روپے ہے)۔ 594,000,000 روپے کی رقم کے شیئرز کی واپسی خریداری کے لیے 9 اگست 2019 کو 6,600,000 شیئرز کی منسوخی کے بعد کمپنی کی نظر ثانی شدہ پیڈ اپ کیپٹل پوزیشن (594,000,000 عام شیئرز پر مشتمل ہے جس کی فی قیمت 10 روپے ہے)۔

### ڈائریکٹرز یہ اطلاع دیتے ہوئے خوش ہیں کہ :

- (ا) کمپنی کی انتظامیہ کے ذریعے تیار کردہ مالی گوشوارے اپنے معاملات کی کیفیت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں؛
- (ب) کمپنی کے اکاؤنٹس کی درست کتابوں کو برقرار رکھا گیا ہے؛
- (ج) مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور اکاؤنٹنگ تخمینے معقول اور متوازن فیصلے پر مبنی ہوتے ہیں؛
- (د) جیسا کہ پاکستان میں بین الاقوامی مالی رپورٹنگ کے معیارات قابل اطلاق ہیں، مالی گوشواروں کی تیاری میں ان پر عمل کیا گیا ہے؛
- (ه) اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستحکم ہے اور اس کو موثر انداز میں نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے؛
- (و) مستقل منافع بنانے والی کمپنی کی حیثیت سے، کمپنی کی صلاحیت پر کوئی اہم شہادت نہیں ہے؛
- (ز) کارپوریٹ گورننس کے بہترین طریق کار سے کوئی انوکھی بات وقوع پذیر نہیں ہوئی، جیسا کہ فہرست سازی کے ضوابط میں تفصیل درج ہے؛
- (ح) بیلنس شیٹ کی تاریخ کے مطابق کمپنی پر ٹیکس کی قانونی ادائیگی، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی واجب الادا ذمہ داری عائد نہیں ہوتی؛
- (ط) سال کے دوران بروکر کی جانب سے ایسا کوئی لین دین نہیں ہوا ہے جو دھوکہ دہی، غیر قانونی ہو یا کسی بھی سکیورٹیز مارکیٹ قوانین کی خلاف ورزی ہو؛
- (ی) کمپنی کے ملازمین کے پروویڈنٹ فنڈ میں 6,386,995 روپے رقم ادا کر دی ہے اور کمپنی کے پاس سال کے اختتام پر کوئی واجب الادا ذمہ داری نہیں ہے کیوں کہ پروویڈنٹ فنڈ کا انتظام علیحدہ ٹرسٹ کے ذریعے کیا جاتا ہے۔

### بورڈ میں تبدیلیاں

زیر جائزہ سال کے دوران، جناب محسن مدنی نے سبکدوش ہونے والے ڈائریکٹر علی مرتضیٰ کاظمی کی جگہ لی۔

### بورڈ اور آڈٹ کمیٹی کے اجلاس اور شرکت

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کی پانچ (5) اور آڈٹ کمیٹی کی چار (4) میٹنگز، یکم جولائی 2018 سے 30 جون 2019 تک منعقد کی گئیں۔ بورڈ اور آڈٹ کمیٹی ممبران کی حاضری مندرجہ ذیل تھی:

ڈائریکٹر کا نام	بورڈ میٹنگ	آڈٹ کمیٹی میٹنگ
جناب ظفر عالم	5	نا قابل اطلاق
محترمہ شرمین شاہد	4	نا قابل اطلاق
محترمہ ندا احسن	-	-
جناب ہارون عثمان	4	4
جناب محسن مدنی	3	نا قابل اطلاق
جناب محمد شاہد علی حبیب	5	نا قابل اطلاق
جناب محمد سہیل سلات	5	4

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کو غیر حاضری کی رخصت دے دی گئی تھی۔

### ڈائریکٹرز کے معاوضے کی پالیسی

عارف حبیب لمیٹڈ کے آزاد ڈائریکٹرز سمیت وہ نان ایگزیکٹو ڈائریکٹرز جو کسی گروپ کمپنی میں سینئر ایگزیکٹو یا انتظامی عہدے یا ڈائریکٹر شپ نہیں رکھتے، بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کے لیے میٹنگ فیس یا بورڈ کی کسی بھی ذیلی کمیٹی کی میٹنگ میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی جانب سے وقفہ وقتاً منظور کیے جانے والی شرح پر میٹنگ کی فیس کا دعویٰ کر سکتے ہیں۔ کسی بھی ڈائریکٹر کی جانب سے اضافی خدمات کی تفویض کے خلاف معاوضے کی ادائیگی کا فیصلہ بورڈ آف ڈائریکٹرز کے ذریعے مارکیٹ کے معیارات اور کام کے دائرہ کار کی بنیاد پر کیا جائے گا، اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے ذریعے اجازت کے مطابق ہوگا۔ معاوضے کی سطح بھی مناسب اور ذمہ داری اور مہارت کے موافق ہوگی۔ تاہم، آزاد ڈائریکٹرز کے لیے، یہ اس سطح پر نہیں ہوگا جس پر سمجھا جا سکتا ہے کہ وہ آزادی سے سمجھوتہ کرے گا۔

## اخراجات کے انتظام کی کارکردگی

ایک سال کے دوران، آپریٹنگ اخراجات میں گزشتہ سال کے اسی عرصے کے مقابلے میں 22 فیصد کا اضافہ ہوا ہے اور مجموعی طور پر 396 ملین روپے کے اخراجات کا اندراج ہوا۔ آپ کی کمپنی نے اپنے انسانی وسائل میں سرمایہ کاری کی ہے اور اپنی کاروباری اور آمدنی ٹیوں کو بڑھایا ہے خاص طور پر ریٹیل سیکٹر میں جس کے نتیجے میں تنخواہوں اور اس سے متعلق اخراجات میں اضافہ ہوا ہے۔ انتظامی ٹیم کے لیے معاوضے کا کچھ حصہ، کمپنی کے لیے پیدا ہونے والی آمدنی سے بھی منسلک ہے، اس متغیر معاوضے میں اضافہ، بروکریج اور انویسٹمنٹ بینکنگ ریونیو میں اضافے کے پیش نظر ہوا ہے۔ مالی پالیسیوں کے نزخوں میں اضافے اور مزید منافع بخش مواقع میں کمپنی کی سرمایہ کاری میں تنوع لانے کے لیے قرضوں کے استعمال میں اضافے کی وجہ سے ہماری سرمایہ کاری کی لاگت میں 33 فیصد کا اضافہ ہوا ہے۔ مزید برآں، ہماری مضبوط بیلنس شیٹ اور اعلیٰ کریڈٹ ریٹنگ کی وجہ سے انتظامیہ نے بینکوں کے ساتھ اپنی سرمایہ کاری کی شرح میں نمایاں کمی کر دی ہے۔ مجموعی طور پر، ہمیں یہ بتاتے ہوئے بہت خوشی ہے کہ اس سے کمپنی اور اس کے شیئرز ہولڈرز کے لیے خوش کن نتائج برآمد ہوئے ہیں۔

## کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے کمپنی کو (Double A Minus/A-One) 'AA-/A-1' کی ایٹمیٹی ریٹنگ دوبارہ تفویض کر دی گئی ہے۔ تفویض کردہ ریٹنگز کے بارے میں آؤٹ لک 'مستحکم' ہے۔ اس سندنے مسلسل ترقی کے لیے انتظامیہ کے وژن کو مزید نمایاں کیا ہے اور توقع کی جاتی ہے کہ "عارف حبیب" برانڈ کی ساکھ اور استحکام کے حوالے سے کمپنی کے کرم فرماؤں کو مزید اعتماد ملے گا۔

## انتظامیہ کی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو بی ایم آر (BMR11) کی انتظامیہ ریٹنگ تفویض کی ہے۔ تفویض کردہ ریٹنگز کے بارے میں آؤٹ لک 'مستحکم' ہے۔ اس سندنے مسلسل ترقی کے لیے انتظامیہ کے وژن کو مزید نمایاں کیا ہے۔ اس سندنے مضبوط کنٹرول اور گورننس فریم ورک کو برقرار رکھنے، کلائنٹ سروسنگ ٹولز سے مسلسل باخبر رہنے اور خطرات کی محتاط دیکھ بھال، خاص طور پر سرمایہ کاری کی سرگرمیوں سے ہونے والے مفاد کے تنازع اور لیکوئیٹی کے حوالے سے کمپنی کی اہلیت کی تائید کی ہے۔

## انسانی وسائل

کسی بھی تنظیم کی ریڈھ کی بڑی اس کے لوگ ہوتے ہیں۔ عارف حبیب لمیٹڈ، اپنے ملازمین کے اطمینان اور کارکردگی کی اعلیٰ سطح کو یقینی بنانے کے انتہائی مقصد کے ساتھ اپنے ملازمین کی نشوونما اور ان کی اہلیت کو فروغ دینے میں بھرپور یقین رکھتا ہے، جس کی ترجمانی صارف کے اعلیٰ سطح کے اطمینان کی صورت میں ہوتی ہے۔ انتظامیہ، کارپوریٹ اہداف کو پورا کرتے ہوئے ہم آہنگی کے ساتھ ملازمین کے مقاصد کو سمجھنے اور انھما کی سمت میں کام کرتی رہے گی۔

## خطرات سے نمٹنا

ہمارے کاروبار میں خطرات ناگزیر ہیں۔ ان میں لیکوئیٹی، مارکیٹ، کریڈٹ، آپریٹنگ، قانونی، انضباطی اور ساکھ کے خطرات شامل ہیں۔ اے ایچ ایل کے خطرے سے نمٹنے کے بندوبست کا آغاز ہمارے بورڈ سے ہوتا ہے، جو خطرے سے نمٹنے کی پالیسیوں اور طریقوں کا جائزہ لینے اور ان کی منظوری میں اہم کردار ادا کرتا ہے۔

ہمارا خطرے سے نمٹنے کا فریم ورک اور سسٹمز دیرینہ، معیاری اور مضبوط ہیں۔ ہم سمجھتے ہیں کہ موثر طور پر خطرے سے نمٹنا کمپنی کی کامیابی کے لیے بنیادی اہمیت کا حامل ہے۔ اسی مناسبت سے، ہم خطرے سے نمٹنے کی جامع کارروائیوں کا آغاز کر چکے ہیں جن کے ذریعے ہم اپنی سرگرمیوں کو انجام دینے میں جو خطرات مول لیتے ہیں ان کی نگرانی، تشخیص اور انتظام کرتے ہیں۔ متعدد لیڈین دین کی کارروائیاں، مصنوعات، کاروبار اور منڈیاں جن میں ہم معاملات کرتے ہیں، کے خطرات پر قابو پانے کے لیے حدود کا ایک سخت فریم ورک لاگو کیا گیا ہے۔ اس میں متعدد سطحوں پر کریڈٹ اور منڈی کی حد مقرر کرنا اور مستقل بنیادوں پر ان حدود کی نگرانی شامل ہے۔

## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی نے معاشرے اور کاروباری برادری کو سماجی طور پر ذمہ دار تنظیم کی حیثیت سے متعدد مختیر سرگرمیوں کے ذریعے اپنی شراکت جاری رکھی ہے۔ اے ایچ ایل، اپنی کارپوریٹ سماجی ذمہ داری کی تکمیل کے لیے پرعزم ہے اور اس نے صحت کی دیکھ بھال، تعلیم، ماحولیات اور معاشرتی بہبود پر توجہ مرکوز کرنے والے منصوبوں میں اپنی شمولیت جاری رکھی ہوئی ہے۔ ہمارا مقصد مستقبل میں بھی اس طرح کے اچھے کاموں میں اپنی شمولیت اور شراکت کو جاری رکھنا ہے۔

کمپنی کی طرف سے کی گئی شراکت کی تفصیلات صفحہ 35 پر پیش کی گئی ہیں۔

## کارپوریٹ گورننس کا ضابطہ

کمپنی کا بورڈ اور انتظامیہ اس بات کو یقینی بنانے کے لیے پرعزم ہیں کہ کارپوریٹ گورننس کے ضابطے کی ضروریات احسن طریقے سے پوری ہوں۔ کمپنی نے مالی اور غیر مالی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے مقصد کے ساتھ کارپوریٹ گورننس کے مضبوط طریقوں کو اپنایا ہے۔

مالی نتائج کا خلاصہ درج ذیل ہے:

(نقصان) / منافع بعد از ٹیکس  
غیر مختص شدہ منافع آگے لایا  
مختص کے لیے منافع دستیاب ہے  
تخصیصات:

\* حتمی کیش ڈیویڈنڈ: کچھ نہیں (حتمی کیش ڈیویڈنڈ فی شیئر 3.00 روپے یعنی 30 جون 2018 کو ختم ہونے والے سال کے لیے 30 فیصد۔

\* بونس شیئرز: کچھ نہیں (30 جون 2018 کو ختم ہونے والے سال کے لیے بونس شیئرز ہر 5 عام شیئرز کے حامل کو 1 عام شیئر کے تناسب سے)

غیر مختص شدہ منافع آگے بڑھایا گیا  
فی شیئر آمدنی - بنیادی اور رقیق  
26 اکتوبر 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط۔

### بروکرینج آمدنی کی کارکردگی

اس عرصے کے دوران اوسط پورمیت تجارتی قدر (ADTV) میں 22 فیصد کی نمایاں کمی کے باوجود، آپ کی کمپنی کی بروکرینج آمدنی میں 8 فیصد کی معمولی کمی واقع ہوئی ہے اور یہ مجموعی طور پر مارکیٹ شیئرز کو 10 فیصد سے بہتر بنا کر 303 ملین روپے پر بند ہوئی ہے۔ ایکویٹی بروکرینج میں یہ غیر معمولی کارکردگی، ملکی اور غیر ملکی دونوں بڑے کاؤٹنز پر بڑا بلاک ٹریڈز جیتنے، نئے بین الاقوامی بروکر ڈیلر کی سرگرمی اور بورڈ میں بڑی تعداد میں نئے اکاؤنٹ کھولنے کے ذریعے حاصل کی گئی ہے۔

اس عرصے کے دوران، آپ کی کمپنی نے اپنے غیر ملکی بروکر ڈیلر اور غیر ملکی فنڈز کے تعلقات میں توسیع حاصل کر لی ہے۔ ہم نے اسلام آباد اور پشاور میں اپنی تجارتی ٹیم کے اندر توسیع کی ہے جو مکمل طور پر HNWIs اور ریٹیل کلائنٹس کے ساتھ ہمارے مارکیٹ شیئرز میں بہتری لائے گی۔ ہم اس اقدام سے مستقبل میں یقینی منافع کی توقع کرتے ہیں۔

کمپنی پاکستان کو فروغ دینے میں اپنا کردار ادا کرتی رہتی ہے، اور اس سلسلے میں انتظامیہ نے کمپنی کے بین الاقوامی پارٹنرز کی مدد سے ریاست ہائے متحدہ امریکہ میں ان کے سرکاری عہدے داروں بشمول وزیر خزانہ، مشیر وزیر خزانہ اور گورنر اسٹیٹ بینک، شوز منعقد کیے۔ ابھرنے والی منڈیوں میں سرمایہ کاری کرنے والے سب سے بڑے ایکویٹی اور ڈیپٹ فنڈز کے ساتھ میٹنگز کی گئیں۔

### سرمایہ کاری بینکنگ آمدنی کی کارکردگی

انویسٹمنٹ بینکنگ (IB) ڈیویژن سے 375 ملین روپے کی آمدنی ہوئی جن میں آئی پی او (IPOs) پرائیڈ وائزری، رائٹ شیئرز، انضمام، حصول، پرائیویٹ ایکویٹی پلیسمنٹ اور صلوک اور ٹی ایف سٹریٹجی (TFC) شامل ہیں۔ آپ کی کمپنی نے ایک بار پھر پاکستان کی ابتدائی عوامی پیشکش (IPO) مارکیٹ میں اپنے مارکیٹ لیڈر ہونے کی پوزیشن کو برقرار رکھا ہے اور سی ایف اے (CFA) سوسائٹی پاکستان کی جانب سے "بیسٹ کارپوریٹ فنانس ہاؤس آف دی ایئر" کا ایوارڈ جیتا ہے۔

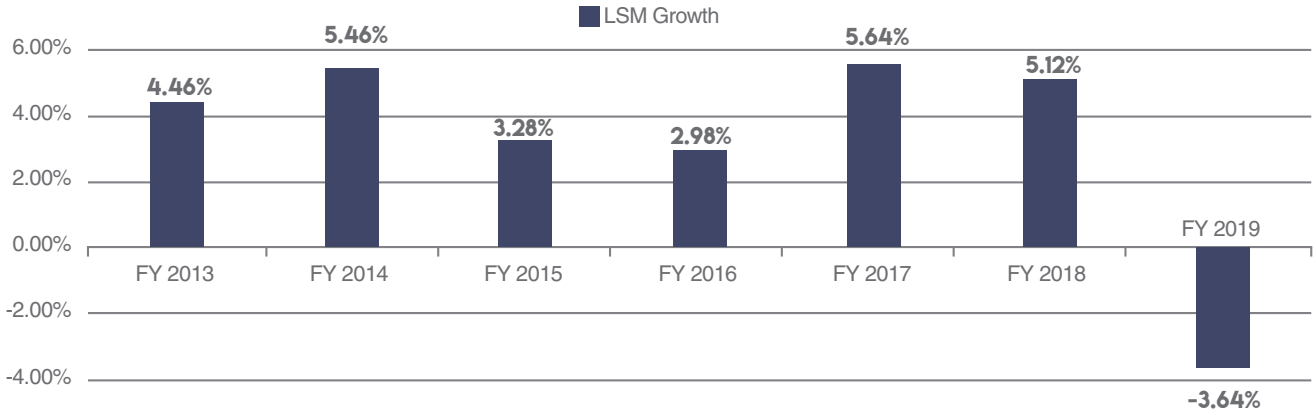
گزشتہ سال، کمپنی نے انٹرنل لوپ لمیٹڈ کا آئی پی او (IPO) منعقد کیا، جو پاکستان کی تاریخ کا سب سے بڑا نجی شعبے کا آئی پی او (IPO) تھا۔ اس نے جب پاور کمپنی لمیٹڈ، ٹی پی ایل کو رپ لمیٹڈ اور پوٹی فوڈز لمیٹڈ کے رائٹ ایلیٹوں کی کامیابی کے لیے مالی مشورے بھی کامیابی کے ساتھ دیے ہیں۔

مزید برآں، کمپنی نے بلاک پلیسمنٹ کے ذریعے فیروز 1888 کی ثانوی ایکویٹی کی پیش کش کو کامیابی کے ساتھ سرانجام دیا اور مختلف نجی / ان لٹڈ عوامی کمپنیز کے لیے قرض / ایکویٹی کے ذریعے سرمایہ بڑھانے پر کام کیا ہے۔

کمپنی آنے والے سال کے لیے مقرر کردہ متعدد انتہائی متنوع ایکویٹی کے ساتھ ساتھ قرض، کمپیوٹل مارکیٹ کے لین دین میں بھی مصروف ہے، اور اپنی آمدنی کو مستحکم کرنے کے ساتھ ساتھ مارکیٹ میں ہماری رسائی کے اس عمل کو جاری رہنا چاہیے۔

### انعامات اور شناخت

عارف حبیب لمیٹڈ نے حال ہی میں سی ایف اے (CFA) سوسائٹی پاکستان کی جانب سے منعقد کردہ ان کے سوہویں (16th) ایگسی لینس ایوارڈ کی تقریب میں "بیسٹ کارپوریٹ فنانس ہاؤس (اکویٹی ایڈوائزر اور ایڈوائزری)" کا ایوارڈ مسلسل پانچویں مرتبہ (2014-2018) جیت کر، تاریخ رقم کی ہے اور یہ ایک ایسا کارنامہ ہے جو عارف حبیب لمیٹڈ کے علاوہ ابھی تک کسی نے سرانجام نہیں دیا۔ آپ کی کمپنی اس بات پر بھی فخر کرتی ہے کہ پاکستان اسٹاک ایکسچینج کی جانب سے اسے "ٹاپ 25 کمپنیز ایوارڈ" سے بھی نوازا گیا ہے جو اسے وزیر اعظم پاکستان پیش کریں گے۔ آپ کی کمپنی 2007 سے مسلسل فاتح رہی ہے۔ اس کے علاوہ، اے ایچ ایل نے سی ایف اے (CFA) سوسائٹی پاکستان کی جانب سے "بیسٹ ایکویٹی ریسرچ انالسٹ" کی کیٹیگری میں بھی ایک ایوارڈ جیتا ہے۔



### اسٹاک مارکیٹ

مالی سال 2019 میں کے ایس ای-100 انڈیکس 19 فیصد کمی سے 33,902 پوائنٹس پر بند ہوا۔ جولائی 2018 کے اوائل میں بیچ مارکانڈیکس کے ایس ای 100 نے بلند نقطہ دیکھا جو 43,636 پوائنٹس تھا، اور اس کے بعد آہستہ آہستہ بہت سے عوامل کی وجہ سے نیچے آ گیا۔ مارکیٹ میں مندی کا رجحان دیکھا گیا جس کی بنیاد ہے (i) کلاں معاشی خدشات (کمزور بیرونی اکاؤنٹ کرنسی کی قدر میں کمی، افراط زر کے بڑھتے ہوئے دباؤ سے سود کی شرحوں میں اضافے کی وجہ سے نمو میں شدید رکاوٹ پڑ رہی ہے)، (ii) آئی ایم ایف پروگرام پر غیر یقینی صورت حال جس کے بعد پروگرام کی کڑی شرائط جیسے کہ پرعزم محاصل کے اہداف، (iii) بھارت کے ساتھ بڑھتے ہوئے تناؤ، (iv) ہولناک کارپوریٹ نتائج، اور (v) مالی سال کے آغاز میں اسٹیٹ بینک پالیسی کی شرح میں 6.5 فیصد اضافہ جو آخر تک 12.25 فیصد ہو گیا۔

مالی سال 2019 میں، صرف بازار کے تجارتی حجم میں نمایاں کمی دیکھنے میں آئی جس نے 10 مئی 2019 کو 39.3 ملین شیئرز کو چھو لیا جو گزشتہ پانچ (5) برسوں میں سب سے کم تھا، آخری بار 9 جولائی 2014 کو دیکھا گیا تھا۔ پومپہ تجارت کی اوسط مالیت 46.7 ملین ڈالر رہی جو مالی سال 18 میں 74.2 ملین امریکی ڈالر کے مقابلے میں 37 فیصد کم ہے۔ اسی طرح پومپہ اوسط تجارت کا حجم بھی 155 ملین شیئرز تک گر گیا جب کہ 175 ملین ایس پی ایل وائی (سال بہ سال 11 - فیصد) تھا۔ اُن معاملات میں جو صرف بازار کے اہم اشارے کو منفی طور پر متاثر کرتے ہیں، اُن کی بنیادی وجوہات کی وجہ سے زیادہ سرمایہ کاروں کے جذبات متاثر ہوئے جس سے ثابت ہوا کہ اسٹیٹ بینک پالیسی کی شرح میں 575bps کا نمایاں اضافہ اور امریکی ڈالر کے ساتھ روپیہ برابری کی ایڈجسٹمنٹ ہوئی، جس نے مالی سال 2019 کے دوران یہ برابری 109.9 سے 136.2 (سال بہ سال 24 - فیصد) تک بڑھتی دیکھی، اور رواں سہ ماہی میں یہ رجحان بدستور بڑھتا ہی جا رہا ہے جو اوسط 158.5 روپے کے لگ بھگ ہے۔

مالی سال 2019 کے دوران، ابھرتی ہوئی مارکیٹ کی روانی بڑی حد تک اس خطے کے لیے منفی رہی اور پی ایس ایکس (PSX) نے اس میں کوئی رعایت ثابت نہیں کی۔ پاکستان نے ایم ایس سی آئی (MSCI) اور ایف ٹی ایس ای (FTSE) کوری ہینڈنگ کرتے ہوئے دیکھا جس سے خالص غیر ملکی اخراج جو مالی سال 2019 میں 356 ملین امریکی ڈالر اور مالی سال 2018 کے دوران 289 ملین ڈالر رہا۔ مالی سال 19 کے دوران، ایم ایس سی آئی (MSCI) کے جائزوں میں ایم ایس سی آئی (MSCI) ابھرتی ہوئی مارکیٹ انڈیکس سے، مالی سال 20 میں مزید رکاوٹوں کے امکانات کے ساتھ پلوچ اسکرپ کا اخراج دیکھا گیا۔ غیر ملکی پورٹ فولیو سرمایہ کاروں کی فروخت کے مقابلے میں، مالی سال 2019 میں، 159 ملین امریکی ڈالر کے ساتھ انشورنس سیکٹر بڑا خریدار بن کر سامنے آیا، اس کے بعد افراد اور کارپوریٹس۔

شعبہ وار پیچھے رہ جانے والوں میں شامل ہیں: (i) تیل اور گیس کی تحقیقی کمپنیز (1,153 - پوائنٹس)، (ii) کمرشل بینکس (1,077 - پوائنٹس)، (iii) سینٹ 1 (1,05 - پوائنٹس)، (iv) تیل اور گیس کی مارکیٹنگ کمپنیز (921 - پوائنٹس) اور (v) فارماسیوٹیکلز (518 - پوائنٹس)۔ دوسری طرف، سال کے دوران جو شعبے مثبت رہے وہ تھے: (i) تمباکو (132 پوائنٹس)، (ii) ٹیکسٹائل و یونگ (4 پوائنٹس) اور (iii) سنٹیٹیک اور ریان (4 پوائنٹس)۔

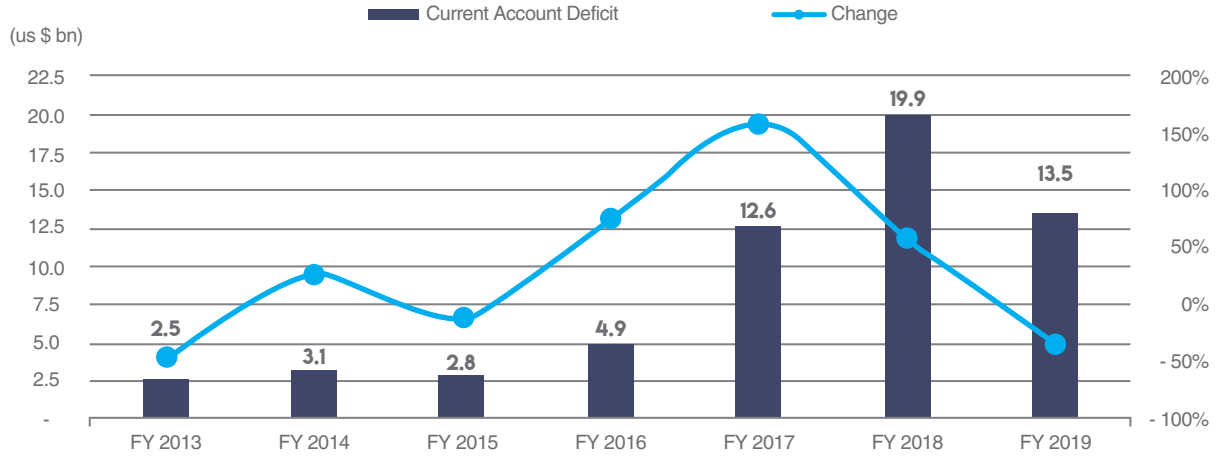
### مالی کارکردگی

سال کے دوران، آپ کی کمپنی نے ٹیکس کے بعد 62.29 ملین روپے کا نقصان پوسٹ کیا ہے۔ بیلنس شیٹ کی تاریخ کے مطابق کمپنی کی ایکویٹی 2.99 بلین روپے (جولائی 2018: 3.14 بلین روپے) ہے، جس کا مطلب ہے 44.21 روپے کا نیٹو لیوےبل (30 جون 2018: 47.65 روپے)۔

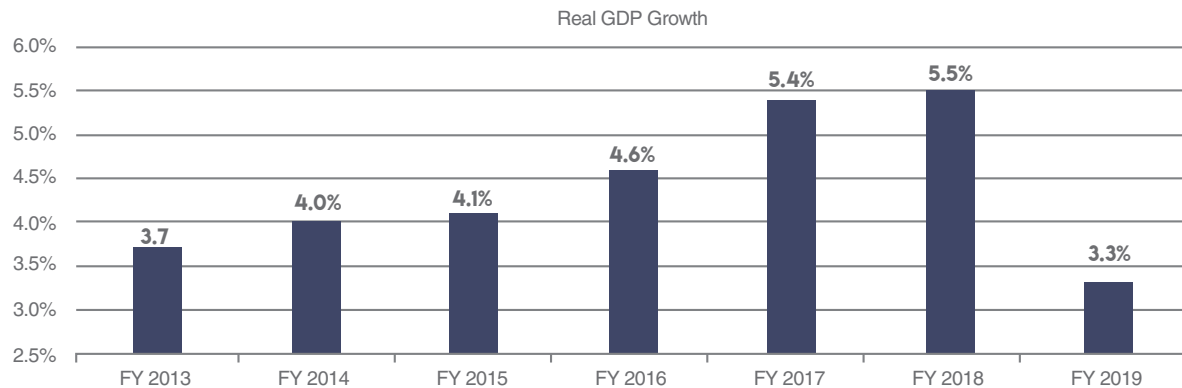
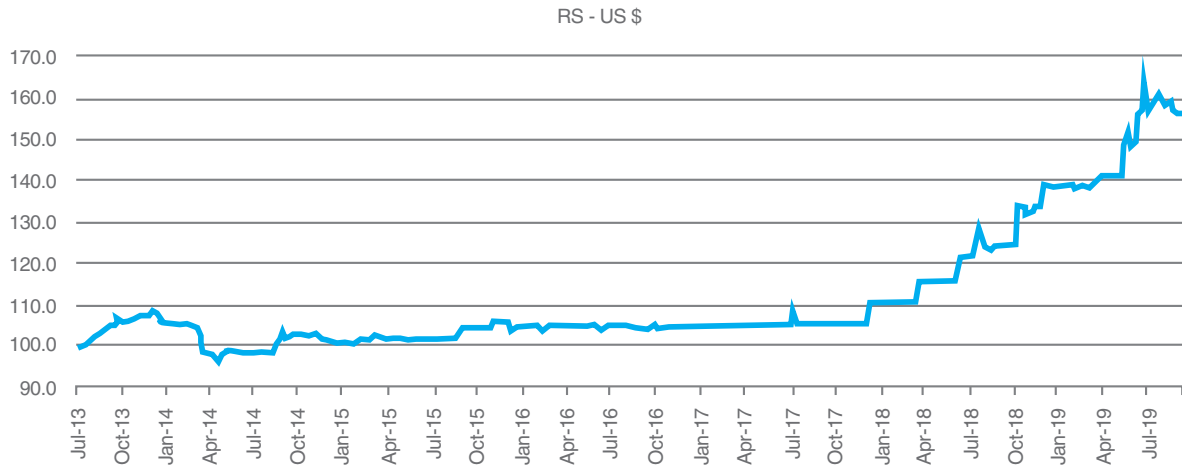
مالی سال 2018 کے مقابلے میں، مالی سال 2019 میں مارکیٹ ٹریڈ ویلیو کے اندر 22 فیصد اور مارکیٹ ٹریڈ ویلیو میں 11 فیصد کمی دیکھی گئی۔ تاہم، بروکر کیج اور انویسٹمنٹ بینکنگ ڈیویژن بہتر کارکردگی کا مظاہرہ کرنے میں کامیاب رہا جو 678.8 ملین روپے آمدنی کے ساتھ 24 فیصد اضافہ پوسٹ کیا (مالی سال 2018: 546.57 ملین روپے)۔

مارکیٹ خراب ہونے کی وجہ سے قلیل مدتی سرمایہ کاری پورٹ فولیو نے بہت نقصان پہنچایا ہے۔ تاہم، اس سے ہمارے ریٹیل اسٹیٹ انویسٹمنٹ پورٹ فولیو پر حاصل ہونے والے وصول شدہ اور غیر وصول شدہ فائدے کے ذریعے جزوی نقصان پہنچا تھا۔

مالی سال 2020، استحکام کا سال متوقع ہے کیوں کہ جی ڈی پی کی نمو تقریباً 2.5 فیصد متوقع ہے جب کہ بنیادی توجہ بیرونی عدم توازن کو کم کرنا ہوگی۔ توقع ہے کہ برآمدات میں دوبارہ بہتری اور درآمدات میں کمی کی وجہ سے موجودہ اکاؤنٹ خسارہ (CAD) سال بہ سال 48 فیصد کم ہو کر 7 بلین امریکی ڈالر رہ جائے گا۔ تاہم، روپے کی قدر میں کمی کے نتیجے میں، توقع ہے کہ مالی سال 2020 میں افراط زر 10 فیصد سے 11 فیصد کے درمیان برقرار رہے گا جو مالی سال 2019 میں 7 فیصد تھا۔



موجودہ اکاؤنٹ خسارے (CAD) کو کم کرنے کے حوالے سے حکومت کی کوششوں کی تکمیل کے لیے، اسٹیٹ بینک نے زرمبادلہ کے ذخائر جمع کرنے کے ارادے سے مارکیٹ کی متعین شدہ شرح تبادلہ کو اپنایا ہے۔ ایسے واقعے میں، جس کے تحت زرمبادلہ کی فراہمی طلب سے کم ہو، امریکی ڈالر کے مقابلے میں روپے کی قدر میں مزید کمی ہو سکتی ہے۔ حکومت متعدد ایل س او ایس (SOEs) کی نجکاری کا ارادہ رکھتی ہے تاکہ قیمتی زرمبادلہ کمایا جاسکے اور ساتھ ہی وفاقی بجٹ کے نقصانات کو بھی کم کیا جاسکے۔ معاشی اصلاحات کے تسلسل سے، معاشی بحالی کی حمایت کی توقع کی جا رہی ہے۔





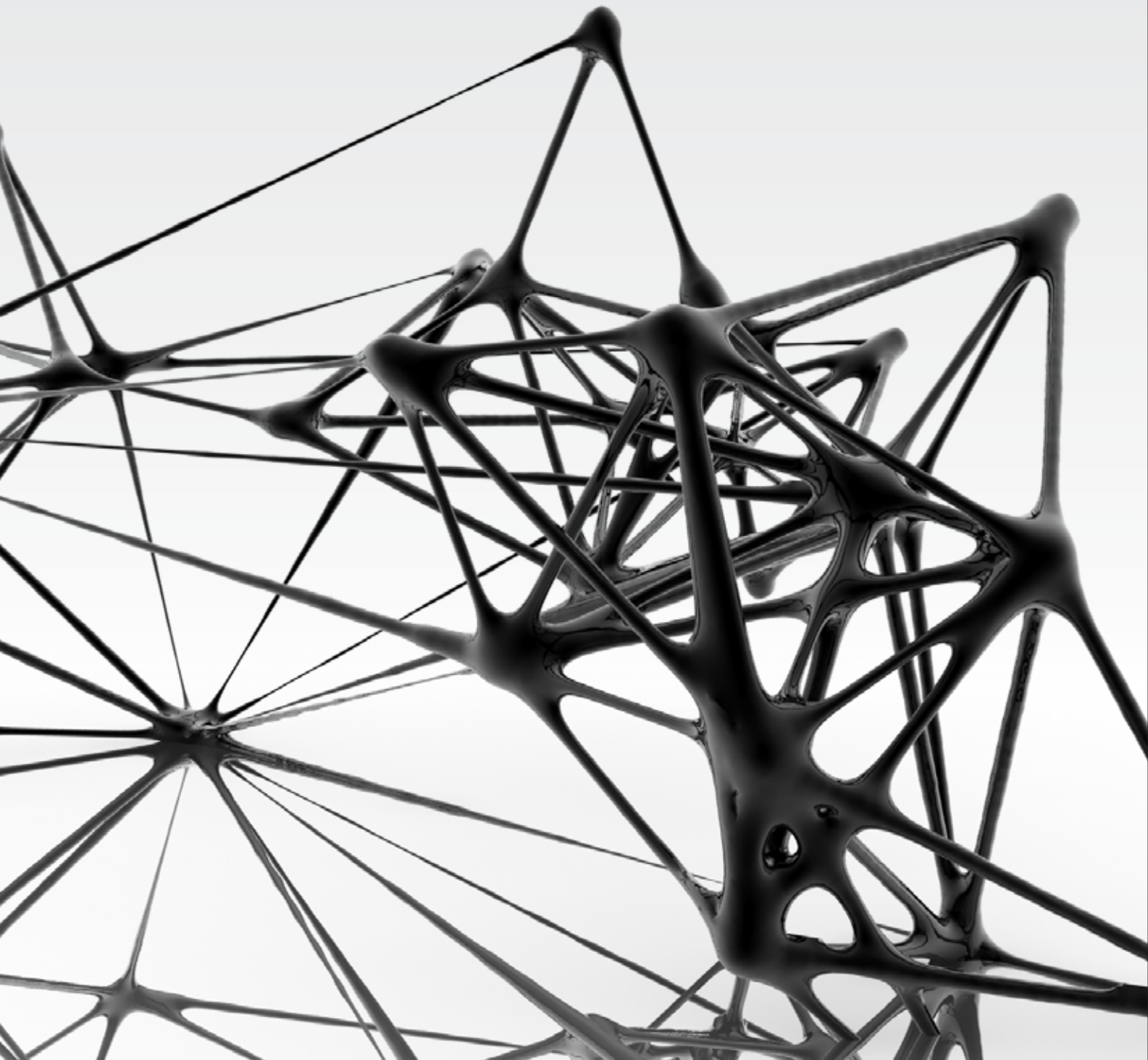
## عارف حبیب لمیٹڈ (اے ایچ ایل) کے معزز ساتھی شیئر ہولڈرز،

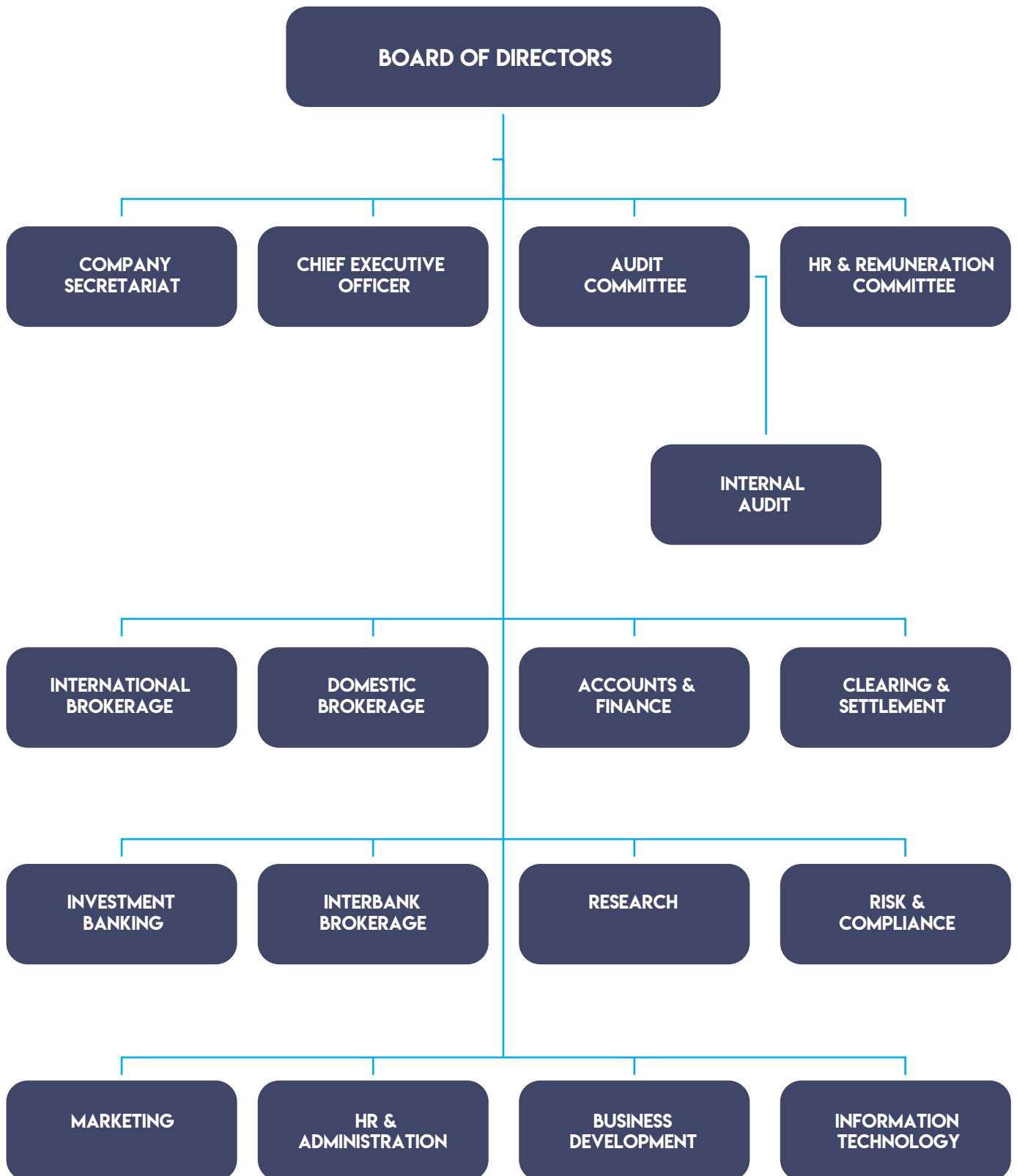
کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، مجھے اکاؤنٹنگ، ریگولیٹری اور قانونی معیارات اور ضروریات کے مطابق آڈٹ شدہ مالی گوشواروں کے ساتھ 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے نہایت خوشی ہو رہی ہے۔

### کاروباری ماحول

ملک کی معاشی حالتیں بدستور چلتی رہیں کیوں کہ جی ڈی پی کی نمو ایک دہائی سال کی بلند ترین سطح 5.5 فیصد سے کم ہو کر 3.3 فیصد رہ گئی جب کہ 32 فیصد کمی کے باوجود موجودہ کرنٹ اکاؤنٹ خسارہ (CAD) 13.5 بلین امریکی ڈالر کی بلند سطح (جی ڈی پی کے 4.8 فیصد) پر برقرار رہا۔ غذائی مصنوعات، پیٹرولیم مصنوعات، آٹوموبیلز، آئرن اور اسٹیل کی پیداوار میں پچھلے 10 برسوں کے دوران بڑے پیمانے پر کمی (مالی سال 2019 کے لیے 3.6 فیصد) واقع ہوئی۔ دوسری طرف، زراعت کے شعبے میں فصلوں نے 4.4 فیصد کی منفی نمو ظاہر کی ہے جس کی وجہ سے مجموعی نمو نیچے کی طرف آئی ہے۔ مالی خسارے نے جی ڈی پی کے 8.9 فیصد کو چھو لیا، جو کم آمدنی (سال بہ سال 6.3 - فی صد) اور زیادہ اخراجات (سال بہ سال 11.4 + فی صد) کی وجہ سے پچھلے 28 سالوں میں سب سے زیادہ تھا۔ کم معاشی نمو اور زیادہ جڑواں خسارے کے امتزاج نے معیشت کی مابوس گن تصور پہنچی۔ معیشت میں مجموعی طلب کو روکنے کے لیے اسٹیٹ بینک نے مالی سال 2019 کے دوران اپنی بیچ مارک پالیسی کی شرح میں 575bps کا اضافہ کیا۔ دوسری طرف، بیرونی عدم توازن کو کم کرنے کے لیے امریکی ڈالر کے مقابلے میں روپے کی قیمت میں 19 فیصد کمی ریکارڈ کی گئی۔ دریں اثنا، تریسیلات زرنے ملک کی زرمبادلہ کی ضرورت کو پورا کرنے کے لیے ایک اہم کردار ادا کیا، جس میں برطانیہ اور امریکا کے بہاؤ میں بہتری کا مظاہرہ کرتے ہوئے سال بہ سال 10 فیصد کے اضافے سے 21.8 بلین امریکی ڈالر کا اندراج کیا گیا۔

# ORGANIZATIONAL STRUCTURE





# RESEARCH AND DEVELOPMENT



Technology  
Innovation  
SYSTEM

- Innovation
- Branding
- Solution
- Marketing
- Analytics
- Business
- Management

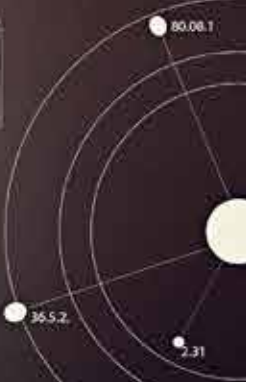


Innovation  
Branding  
Solution  
Marketing  
Analysis  
Ideas  
Success  
Management

Technology  
Innovation  
SYSTEM

Tall

Innovation  
Branding  
Solution  
Marketing  
Analysis  
Ideas  
Success  
Management



# FINANCIAL & BUSINESS HIGHLIGHTS

YEAR ENDED 30 JUNE, 2019

Rupees in million

	2019	2018	2017	2016	2015	2014
<b>Profit and Loss Account</b>						
Operating Revenue	767	656	858	590	648	415
Investment gains - net	(657)	10	520	162	909	825
Other	154	167	262	146	58	203
Total turnover	634	1,219	1,672	899	1,717	1,443
Operating & administrative expenses	(396)	(324)	(386)	(268)	(300)	(217)
Finance Cost	(218)	(185)	(138)	(166)	(234)	(358)
Profit / (loss) before taxation	12	653	1,140	456	1,145	851
Profit / (loss) after taxation	(61)	536	880	410	929	819
EBITDA	239	846	1,287	631	1,388	1,219
<b>Balance Sheet</b>						
Share Capital	660	550	550	550	550	550
Reserves	2,242	2,622	2,636	2,140	2,116	1,462
Share holders equity	2,917	3,187	3,201	2,705	2,681	2,012
Long term investment	154	160	172	209	209	159
Investment property	1,726	1,373	369	531	512	328
Current assets	3,711	3,878	5,081	4,723	3,212	4,147
Current liabilities	2,725	2,286	2,491	2,856	1,351	2,757
Total assets	5,642	5,473	5,693	5,563	4,034	4,771
Total liability	2,725	2,286	2,492	2,856	1,353	2,759

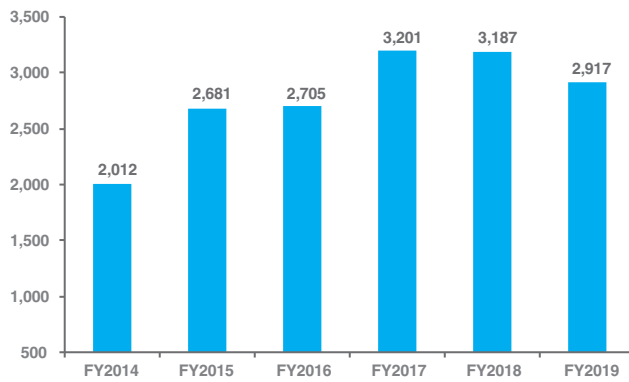
	2019	2018	2017	2016	2015	2014
<b>RATIOS</b>						
<b>Performance</b>						
Profit before tax (%)	2%	54%	68%	51%	67%	59%
Expense / income (%)	63%	27%	23%	30%	17%	15%
Return on Equity	-2%	17%	30%	15%	40%	49%
Return on capital Employed	-7%	15%	31%	11%	34%	24%
<b>Leverage</b>						
Financial Leverage Ratio (x)	2.03	2.17	2.62	2.55	1.72	2.84
Debt to Equity (%)	65%	46%	44%	70%	21%	118%
Interest cover ratio (x)	1.06	4.53	9.26	3.75	5.89	3.37
<b>Liquidity</b>						
Current ratio (x)	1.36	1.70	2.04	1.65	2.38	1.50
Quick / acid test (x)	1.13	1.48	1.67	1.48	1.87	1.02
<b>Valuation</b>						
EPS(PKR)	(0.94)	9.75	16.01	7.45	16.88	14.88
Price earning ratio (%)	-	6.26	5.02	6.06	4.12	4.30
Price to book ration(%)	0.72	1.05	1.38	0.92	1.43	1.75
Dividend Yield Ratio	-	5%	12%	16%	10%	8%
Dividend Payout Ratio	-	31%	62%	94%	41%	34%
Cash dividend per share (PKR)	-	3.00	10.00	7.00	7.00	5.00
Stock Dividend Per Share	-	20%	-	-	-	-
Market Value at the end of Each Year (PKR)	31.63	61.00	80.41	45.12	69.61	64.06
High (during the year) (PKR)	70.13	87.99	113.51	79.61	69.76	59.71
Low (during the year) (PKR)	26.40	36.40	45.79	43.01	47.17	25.26

# GRAPHICAL REPRESENTATION

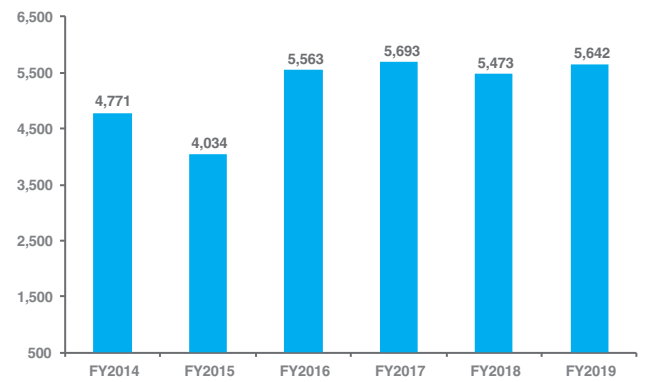


**Share holders equity**

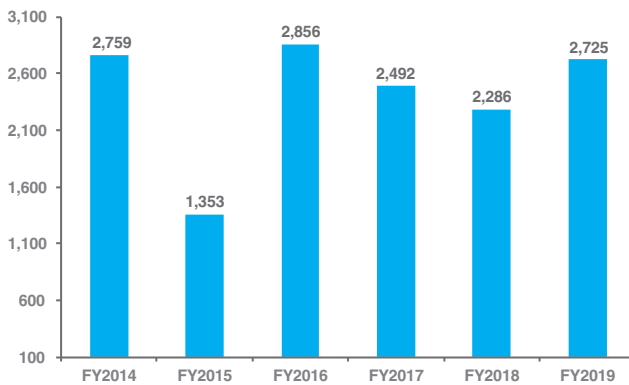
Rupees in million

**Total assets**

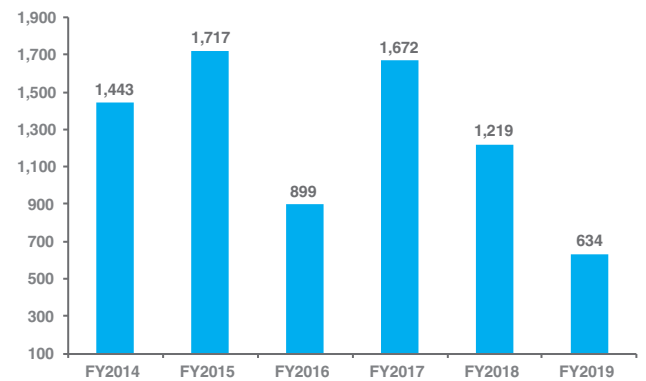
Rupees in million

**Total liabilities**

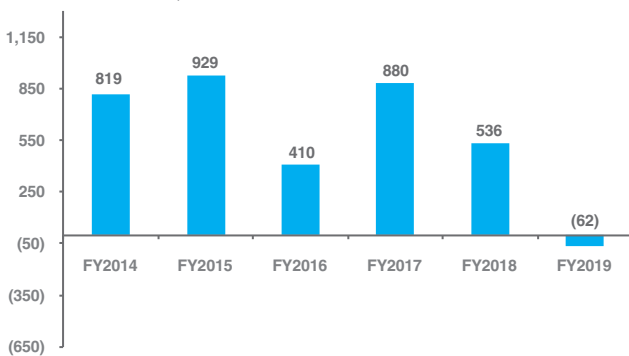
Rupees in million

**Total Revenue**

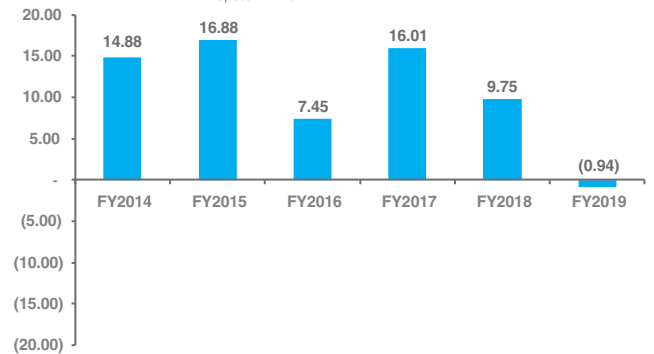
Rupees in million

**Profit after tax**

Rupees in million

**Earnings per share**

Rupees in million



# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2019		2018		2017	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,917	(8)	3,187	(0)	3,201	18
Total non-current liabilities	-	-	-	-	0	(74)
Total current liabilities	2,725	19	2,286	(8)	2,491	(13)
Total equity and liabilities	<u>5,642</u>	<u>3</u>	<u>5,473</u>	<u>(4)</u>	<u>5,692</u>	<u>2</u>
Total non-current assets	1,891	19	1,595	161	611	(27)
Total current assets	3,751	(3)	3,878	(24)	5,081	8
Total assets	<u>5,642</u>	<u>3</u>	<u>5,473</u>	<u>(4)</u>	<u>5,692</u>	<u>2</u>
<b>Profit and Loss Accounts</b>						
Net operating revenue	634	(48)	1,219	(27)	1,672	86
Operating and administrative expenses	(396)	22	(324)	(16)	(386)	44
Operating profit / (loss)	238	(73)	895	(30)	1,286	104
Other income / (charges) - net	(7)	(88)	(57)	613	(8)	(11)
	231	(72)	838	(34)	1,278	105
Finance cost	(218)	18	(185)	34	(138)	(17)
Profit / (loss) before tax	13	(55)	653	(0)	1,140	89
Taxation	(75)	(36)	(117)	(55)	(260)	459
Profit / (loss) after tax	<u>(61)</u>	<u>(111)</u>	<u>536</u>	<u>(39)</u>	<u>880</u>	<u>115</u>

	2016		2015		2014	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,705	1	2,681	33	2,012	50
Total non-current liabilities	2	(10)	2	(26)	3	(99)
Total current liabilities	2,856	111	1,351	(51)	2,757	40
Total equity and liabilities	<u>5,563</u>	<u>38</u>	<u>4,034</u>	<u>(15)</u>	<u>4,771</u>	<u>32</u>
Total non-current assets	840	2	822	32	625	1
Total current assets	4,723	47	3,212	(23)	4,147	38
Total assets	<u>5,563</u>	<u>38</u>	<u>4,034</u>	<u>(15)</u>	<u>4,771</u>	<u>32</u>

**Profit and Loss Accounts**

Net operating revenue	899	(48)	1,717	38	1,240	108
Operating and administrative expenses	<u>(268)</u>	<u>(11)</u>	<u>(300)</u>	<u>38</u>	<u>(217)</u>	<u>9</u>
Operating profit / (loss)	631	(55)	1,417	39	1,023	157
Other income / (charges) - net	<u>(9)</u>	<u>(76)</u>	<u>(38)</u>	<u>(120)</u>	<u>186</u>	<u>2</u>
	622	(55)	1,379	14	1,209	108
Finance cost	<u>(166)</u>	<u>(29)</u>	<u>(234)</u>	<u>(35)</u>	<u>(358)</u>	<u>99</u>
Profit / (loss) before tax	456	(84)	1,145	(21)	851	208
Taxation	<u>(47)</u>	<u>(78)</u>	<u>(216)</u>	<u>577</u>	<u>(32)</u>	<u>68</u>
Profit / (loss) after tax	<u>410</u>	<u>(56)</u>	<u>929</u>	<u>13</u>	<u>819</u>	<u>114</u>

# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2019		2018		2017	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,917	52	3,187	58	3,201	56
Total non-current liabilities	-	-	-	-	0	0
Total current liabilities	2,725	48	2,286	42	2,491	44
Total equity and liabilities	<u>5,642</u>	<u>100</u>	<u>5,473</u>	<u>100</u>	<u>5,692</u>	<u>100</u>
Total non-current assets	1,891	34	1,595	29	611	11
Total current assets	3,751	66	3,878	71	5,081	89
Total assets	<u>5,642</u>	<u>100</u>	<u>5,473</u>	<u>100</u>	<u>5,692</u>	<u>100</u>
<b>Profit and Loss Accounts</b>						
Net operating revenue	634	100	1,219	100	1,672	100
Operating and administrative expenses	(396)	(62)	(324)	(27)	(386)	(23)
Operating profit / (loss)	<u>238</u>	<u>38</u>	<u>895</u>	<u>73</u>	<u>1,286</u>	<u>77</u>
Other income / (charges) - net	(7)	(1)	(57)	(5)	(8)	(0)
	<u>231</u>	<u>36</u>	<u>838</u>	<u>69</u>	<u>1,278</u>	<u>76</u>
Finance cost	(218)	(34)	(185)	(15)	(138)	(8)
Profit / (loss) before tax	<u>13</u>	<u>2</u>	<u>653</u>	<u>54</u>	<u>1,140</u>	<u>68</u>
Taxation	(75)	(12)	(117)	(10)	(260)	(16)
(Loss) / profit after tax	<u>(61)</u>	<u>(10)</u>	<u>536</u>	<u>44</u>	<u>880</u>	<u>53</u>

	2016		2015		2014	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,705	49	2,681	66	2,012	42
Total non-current liabilities	2	0	2	0	3	0
Total current liabilities	2,856	51	1,351	33	2,757	58
Total equity and liabilities	<u>5,563</u>	<u>100</u>	<u>4,034</u>	<u>100</u>	<u>4,771</u>	<u>100</u>
Total non-current assets	840	15	822	20	625	13
Total current assets	4,723	85	3,212	80	4,147	87
Total assets	<u>5,563</u>	<u>100</u>	<u>4,034</u>	<u>100</u>	<u>4,771</u>	<u>100</u>
<b>Profit and Loss Accounts</b>						
Net operating revenue	899	100	1,717	100	1,240	100
Operating and administrative expenses	<u>(268)</u>	<u>(30)</u>	<u>(300)</u>	<u>(17)</u>	<u>(217)</u>	<u>(18)</u>
Operating profit / (loss)	<u>631</u>	<u>70</u>	<u>1,417</u>	<u>83</u>	<u>1,023</u>	<u>82</u>
Other income / (charges) - net	<u>(9)</u>	<u>(1)</u>	<u>(38)</u>	<u>(2)</u>	<u>186</u>	<u>15</u>
	622	69	1,379	80	1,209	97
Finance cost	<u>(166)</u>	<u>(18)</u>	<u>(234)</u>	<u>(14)</u>	<u>(358)</u>	<u>(29)</u>
Profit / (loss) before tax	<u>456</u>	<u>51</u>	<u>1,145</u>	<u>67</u>	<u>851</u>	<u>69</u>
Taxation	<u>(47)</u>	<u>(5)</u>	<u>(216)</u>	<u>(13)</u>	<u>(32)</u>	<u>(3)</u>
(Loss) / profit after tax	<u>410</u>	<u>46</u>	<u>929</u>	<u>54</u>	<u>819</u>	<u>66</u>

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The company has complied with the requirements of the Regulations in the following manner:

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

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

2. The composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Company stands complied with the requirement of having half of the directors of the board Director's Training Program (DTP) certified as prescribed under the sub clause 1(a) of regulation no. 20 of the Regulations as out of total seven (7) directors, the total number of certified directors of the Company stands three (3) and one (1) of the director meets the exemption requirement of the DTP. The remaining three (3) director shall obtain certification under the DTP in due course of time.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Further the position of chief financial officer and company secretary has been held by the same person. However, subsequently Board has approved appointment of Company Secretary to comply with requirements of the Regulations.



# REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

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**WE HAVE REVIEWED THE ENCLOSED STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 (THE REGULATIONS) PREPARED BY THE BOARD OF DIRECTORS OF ARIF HABIB LIMITED (THE COMPANY) FOR THE YEAR ENDED JUNE 30, 2019 IN ACCORDANCE WITH THE REQUIREMENTS OF REGULATION 40 OF THE REGULATIONS.**


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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Karachi.  
Date: September 26, 2019

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
**MUHAMMAD RAFIQ DOSANI**

# AUDITORS' REPORT TO THE MEMBERS

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## Opinion

We have audited the annexed consolidated financial statements of Arif Habib Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## Basis for Opinion

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

## Key Audit Matter(s)

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

Following are the Key audit matter(s):

NO.	Key Audit Matter(S)	How the matter was addressed in our audit
01.	<p><b>First time application of IFRS 9</b></p> <p>As referred to in note 4(a) to the consolidated financial statements, the IFRS 9 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2019.</p> <p>The IFRS 9 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the classification, measurement and content of disclosures in relation to various elements of the financial statements.</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions.</p> <p>We consider it as a key audit matter in view of the changes in classification, measurement and disclosure impacts in the consolidated financial statements due to the application of IFRS 9.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Considering the management's process to identify the necessary amendments required in the Group's consolidated financial statements.</li> <li>• Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group. Reviewed the working of management for expected credit losses.</li> <li>• We reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.</li> </ul>
02.	<p><b>Valuation of investment properties</b></p> <p>As stated in note 8 to the consolidated financial statements, the Group revalued its investment properties (i.e. residential and commercial plots of land located in the Naya Nazimabad project as well as of offices located in Pakistan Stock Exchange, ISE Tower Reit Management Limited and LSE Financial Services Limited) based on the valuation carried out by an independent external valuer engaged by management. The valuation of such properties was identified as an area subject to significant risk due to its significant effect on the Group's financial position as well as the performance and loss per share for the year.</p> <p>As part of our risk assessment exercise, we considered the risk that the aforesaid valuation may be materially overstated keeping in view the significant increase in the value of the investment properties as at reporting date.</p>	<p>To address this significant risk, we, amongst others, carried out the following key audit procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the scope of the valuer's work;</li> <li>• As stated in the valuation report, development work in the area in which the Group holds properties at Naya Nazimabad is ongoing and is rapidly progressing and that the value of the properties was determined on the basis of investigation with other realtors. Accordingly, we reviewed the investments made by the Group in other blocks of the Naya Nazimabad project over the past few years with respect to the cost of acquisition, valuation and disposals. Further, we corroborated the values assigned to the properties by the valuer with that realized on the most recent property disposal transactions executed by the Group; and</li> <li>• Performed appropriate background searches to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources.</li> </ul>
03.	<p><b>Valuation of investment properties</b></p> <p>As stated in note 7.2 to the consolidated financial statements, the Group revalued its investment in unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and M/s. LSE Financial Services Limited based on the valuation carried out internally by the Group's personnel in the Research &amp; Investment section through the use of Discounted Free Cash Flow to Equity model for business valuation. Since the use of such valuation model requires management to make significant estimates and assumptions, the degree of subjectivity and complexity involved in the valuation increases to a considerable extent. This, in turn, affected our assessment of the risk that the consolidated financial statements may be materially misstated due to error and, hence, necessitated us to devote our significant time and resources to address the risk successfully.</p>	<p>To get reasonable assurance over the adequacy of the valuation, we obtained an understanding of the valuation exercise carried out by the Group's staff in the Research &amp; Investment section who were responsible for performing the valuation and made relevant inquiries of such persons in order to assess their competence, capability and objectivity which are recognized as the important factors affecting the reliability of the valuation. Further, as part of this exercise, we assessed the reasonableness of significant assumptions used by management in estimating the following:</p> <ul style="list-style-type: none"> <li>• Components of cost of equity of investee companies (used as discount rate) such as the risk-free rate of return, equity risk premium and equity beta;</li> <li>• Significant amounts of revenues, operating expenses, capital expenditures, tax payments, dividend receipts etc. used in the cash flow projections; and</li> <li>• Long term growth rates assumed by management in estimating the terminal value of the investee companies at the end of the 5-year projection period.</li> </ul>

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

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

Chartered Accountants

Karachi

Date September 26, 2019

The first part of the document discusses the importance of maintaining accurate records in a laboratory setting. It emphasizes the need for clear labeling and consistent data entry to ensure the reliability of experimental results. The text also touches upon the ethical considerations of data management, particularly regarding the confidentiality and secure storage of sensitive information.

In the second section, the author explores various methods for data analysis and interpretation. This includes a detailed look at statistical techniques such as regression analysis and hypothesis testing, which are essential for drawing meaningful conclusions from experimental data. The author provides practical examples of how these methods are applied in real-world research scenarios.

The third section focuses on the challenges of data visualization. It discusses the importance of choosing the right type of chart or graph to effectively communicate complex data. The author offers guidelines for creating clear and concise visual representations that highlight key findings and trends in the data.

Finally, the document concludes with a discussion on the future of data management and analysis. It highlights emerging technologies and trends that are likely to shape the way researchers handle and interpret data in the coming years. The author encourages a proactive approach to staying updated on these developments to maximize the impact of one's research.

**UNCONSOLIDATED  
FINANCIAL STATEMENTS**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	38,761,490	36,971,443
Intangible assets	6	6,954,089	9,452,439
Long term investment	7	154,046,528	160,390,122
Investment property	8	1,726,419,800	1,373,500,000
Long term deposits	9	4,488,985	15,102,524
Deferred tax - net	10	-	-
		<b>1,930,670,892</b>	<b>1,595,416,528</b>
<b>CURRENT ASSETS</b>			
Short term investments	11	2,411,100,877	2,678,785,604
Trade debts	12	30,933,887	24,479,552
Receivable against margin financing	13	114,245,832	257,416,270
Short term loans - secured	14	50,002	5,359,108
Advances, deposits and prepayments	15	288,323,875	21,580,884
Loan to related party	16	15,000,000	15,000,000
Accrued markup		26,899,464	21,175,998
Other receivables	17	197,775,763	167,388,359
Cash and bank balances	18	627,456,271	686,765,082
		<b>3,711,785,971</b>	<b>3,877,950,857</b>
<b>TOTAL ASSETS</b>		<b>5,642,456,863</b>	<b>5,473,367,385</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital	19	750,000,000	750,000,000
Issued, subscribed and paid-up capital	19	660,000,000	550,000,000
<b>REVENUE RESERVE</b>			
Unappropriated profits		2,242,134,654	2,621,883,347
Surplus on revaluation of property	20	15,432,500	15,432,500
		<b>2,257,567,154</b>	<b>2,637,315,847</b>
<b>LIABILITIES</b>		<b>2,917,567,154</b>	<b>3,187,315,847</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured	21	1,909,233,639	1,472,580,896
Current portion of liability subject to finance lease		-	1,345,933
Trade and other payables	22	637,975,550	562,759,873
Unclaimed dividend		14,460,393	12,755,839
Payable against purchase of securities- net		30,970,319	115,245,045
Markup accrued		84,812,447	45,791,816
Taxation - net		47,437,361	75,572,136
		<b>2,724,889,709</b>	<b>2,286,051,538</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,642,456,863</b>	<b>5,473,367,385</b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018
Operating revenue	24	767,039,825	656,107,961
Capital (loss) / gain on sale of investments - net		(171,136,276)	5,232,628
(Loss) / gain on re-measurement of investments carried at fair value through profit or loss - net		(485,992,547)	5,070,055
Unrealised gain on re-measurement of investment property	8	370,039,859	384,990,000
		<u>479,950,861</u>	<u>1,051,400,644</u>
Administrative and operating expenses	25	(396,680,981)	(324,419,661)
Finance cost	26	(218,313,621)	(184,795,545)
Other charges	27	(6,649,830)	(56,626,589)
Other income	28	153,975,195	167,451,360
Profit before taxation		<u>12,281,624</u>	<u>653,010,209</u>
Taxation	29	(74,742,153)	(116,754,113)
<b>(Loss) / profit after taxation</b>		<u>(62,460,529)</u>	<u>536,256,096</u>
			(Restated)
<b>(Loss) / earnings per share - basic and diluted</b>	30	<u>(0.95)</u>	<u>8.13</u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees)	
(Loss) / profit after taxation	<b>(62,460,529)</b>	536,256,096
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u><b>(62,460,529)</b></u>	<u>536,256,096</u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed & paid up capital	Revenue Reserve		Total
		Unappropriated profits	Surplus on revaluation	
Rupees				
Balance as at July 1, 2017 (as previously reported)	550,000,000	2,635,627,251	15,432,500	3,201,059,751
Cash dividend paid @ 100% for the year ended June 30, 2017 (2016: 70%)	-	(550,000,000)	-	(550,000,000)
Total comprehensive income for the year ended June 30, 2018	-	536,256,096	-	536,256,096
Balance as at June 30, 2018	<u>550,000,000</u>	<u>2,621,883,347</u>	<u>15,432,500</u>	<u>3,187,315,847</u>
<b>Balance as at July 1, 2018 (as previously reported)</b>	<b>550,000,000</b>	<b>2,621,883,347</b>	<b>15,432,500</b>	<b>3,187,315,847</b>
"Effect of adoption of new accounting standards (Note 4)"	-	(42,288,164)	-	(42,288,164)
<b>Balance as at July 1, 2018 (restated)</b>	<b>550,000,000</b>	<b>2,579,595,183</b>	<b>15,432,500</b>	<b>3,145,027,683</b>
Cash dividend paid @ 30% for the year ended June 30, 2018 (2017: 100%)	-	(165,000,000)	-	(165,000,000)
Bonus shares issued @ 20% for the year ended June 30, 2018	110,000,000	(110,000,000)	-	-
Total comprehensive loss for the year ended June 30, 2019	-	(62,460,529)	-	(62,460,529)
<b>Balance as at June 30, 2019</b>	<b><u>660,000,000</u></b>	<b><u>2,242,134,654</u></b>	<b><u>15,432,500</u></b>	<b><u>2,917,567,154</u></b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director




Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
			(Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,281,624	653,010,209
Adjustments for:			
Depreciation	5	7,962,923	7,766,433
Amortization of intangible asset	6.1	498,350	641,308
Impairment loss on intangible assets		2,000,000	-
Loss on disposal of property and equipment		12,913	20,395
Loss / (gain) on remeasurement of Investments carried at fair value		485,992,547	(5,070,055)
Gain on disposal of Investment property		(23,315,000)	(46,876,750)
Unrealized gain on re-measurement of investment property		(370,039,859)	(384,990,000)
Dividend income		(88,201,056)	(109,534,946)
Recovery of bad debts written off		(19,351,250)	(11,146,084)
Provision for doubtful receivable		4,636,917	56,525,996
Finance costs		218,313,621	184,795,545
		218,510,106	(307,868,158)
<b>Cash generated from operating activities before working capital changes</b>		<b>230,791,730</b>	<b>345,142,051</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>			
Short-term investments		(218,307,820)	601,976,632
Trade debts		11,271,314	61,449,672
Receivable against margin financing		142,219,531	302,041,434
Short term loans		5,309,106	(1,324,936)
Advances, deposits and prepayments		(266,742,991)	100,634,206
Accrued markup		(5,723,466)	(21,175,998)
Other receivables		(76,760,275)	(20,209,059)
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		75,215,677	(287,338,578)
Payable against sale of securities- Net		(84,274,726)	80,831,038
		(417,793,650)	816,884,411
<b>Cash (used in) / generated from operations</b>		<b>(187,001,920)</b>	<b>1,162,026,462</b>
Taxes paid		(102,876,928)	(209,226,403)
Finance cost paid		(179,292,990)	(148,644,230)
<b>Net cash (used in) / generated from operating activities</b>		<b>(469,171,838)</b>	<b>804,155,829</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(10,727,042)	(4,741,776)
Proceeds from disposal of property and equipment		961,159	911,666
Acquisition of Intangible asset		-	-
Acquisition of Investment property		(163,419,941)	(859,120,000)
Proceeds from disposal of investment property		203,855,000	286,698,469
Disposal of Long Term Investment		6,343,594	-
Dividends received		90,225,354	115,180,885
Long term deposits		10,613,539	3,930,800
<b>Net cash generated from / (used in) from investing activities</b>		<b>137,851,663</b>	<b>(457,139,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Rental paid against finance lease liability		(1,345,933)	(470,480)
Dividend paid		(163,295,446)	(557,141,297)
<b>Net cash used in financing activities</b>		<b>(164,641,379)</b>	<b>(557,611,777)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(495,961,554)</b>	<b>(210,595,904)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(785,815,814)</b>	<b>(575,219,910)</b>
<b>Cash and cash equivalents at the end of the year</b>	31	<b>(1,281,777,368)</b>	<b>(785,815,814)</b>

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 1 STATUS AND NATURE OF BUSINESS

Arif Habib Limited (“the Company”) is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (‘the Ordinance’) which has now been replaced by Companies Act, 2017 (‘the Act’). The shares of the Company are listed on Pakistan Stock Exchange Limited (“the Exchange”). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited (“the Parent Company”). Subsequently, the Parent Company offered its 25% share holding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. Currently, the Parent Company holds 65.52% shares of the Company.

The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. Company’s registered office is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Company has following subsidiaries

- Arif Habib Commodities (Private) Limited
- Arif Habib 1857 (Private) Limited

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except;

- Investment property which is carried at fair value;
- Long term investments in ISE Tower Reit Management Limited and LSE Financial Services Limited which is carried at fair value;

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- Short term investments in quoted equity securities, units of mutual funds and term finance certificates / sukuk carried at fair value;

## 2.3 Functional and presentation currency

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

## 2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these unconsolidated financial statements.

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

	<i>Note</i>
- Useful lives and residual values of property and equipment.	<b>3.1</b>
- Useful lives and residual values of intangible assets.	<b>3.2</b>
- Valuation of investment property.	<b>3.3 &amp; 8</b>
- "Valuation of investment in ordinary shares of ISE Towers Reit Management Limited and LSE Financial Services Limited."	<b>7.5</b>
- Provision for taxation	<b>3.13</b>

## 2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's unconsolidated financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Property and equipment

#### Owned

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

Depreciation is charged to statement of profit or loss account applying the reducing balance method at the rates specified in note 5. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000 the same is charged directly to the statement of profit or loss.

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

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2019 did not require any adjustment.

## Leased assets

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives.

## 3.2 Intangible assets

### 3.2.1 Computer software

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

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

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

### 3.2.2 Membership cards and offices

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 3.3 Investment properties

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

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

## 3.4 Financial instruments

### a) Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

### b) i) Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

### ii) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## c) Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

## d) Impairment of financial assets at amortised cost

"The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4."

## e) Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

### 3.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 3.6 Securities purchased under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognized in the statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

### 3.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

### 3.8 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances, running finances under markup arrangement.

### 3.9 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3.10 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## 3.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## 3.12 Staff retirement benefits - Defined contribution plan

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

## 3.13 Taxation

Income tax expense comprises current and deferred tax.

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 3.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## 3.15 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at reporting date. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to statement of profit or loss account.

## 3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gain / (loss) arising on sale of investments are included in the statement of profit or loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in the statement of profit or loss account for the period in which they arise.

## 3.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of relevant asset.

## 4 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The impact of the adoption of IFRS 9 has been in the following areas:

## i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

**Upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at July 01, 2018**

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Long term deposit	LR	AC	15,102,524	15,102,524	-
Trade debts	LR	AC	24,479,552	24,479,552	-
Receivable against margin financing	LR	AC	257,416,270	257,416,270	-
Short term loans	LR	AC	5,359,108	5,359,108	-
Advances and deposits	LR	AC	17,964,491	17,964,491	-
Other receivable	LR	AC	167,388,359	167,388,359	-
Bank balances	LR	AC	686,694,239	686,694,239	-

- "LR" is loans and receivables

- "AC" is amortised cost

## ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs.

## Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

## Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as at July 01, 2018"
Provision for doubtful debts - Trade debts	863,471,916	0	863,471,916
Provision against marginal financing	-	950,908	950,908
Provision for doubtful debts - Other receivable	59,357,212	39,711,656	99,068,868
	<u>922,829,128</u>	<u>40,662,564</u>	<u>963,491,692</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended June 30, 2019.

## 5 PROPERTY AND EQUIPMENT

	Owned Assets				Leased Assets	Total
	Leasehold improvements	Office equipments	Furniture & Fixture	Compter & Allied	Vehicles	
<b>As at June 30, 2017</b>						
Cost	102,485,179	968,275	371,936	21,666,392	3,880,500	129,372,282
Accumulated depreciation	(72,723,211)	(536,535)	(154,606)	(13,261,899)	(1,767,870)	(88,444,121)
Net book value	29,761,968	431,740	217,330	8,404,493	2,112,630	40,928,161
<b>Year ended June 30, 2018</b>						
Opening net book value	29,761,968	431,740	217,330	8,404,493	2,112,630	40,928,161
Additions / transfers during the year	-	154,541	1,675,126	2,912,109	-	4,741,776
Disposals / transfers / writeoff						
Cost	-	-	-	(208,143)	(1,792,500)	(2,000,643)
Accumulated depreciation	-	-	-	49,648	1,018,934	1,068,582
Net book value (note 5.1)	-	-	-	(158,495)	(773,566)	(932,061)
Depreciation for the year	(4,169,811)	(75,152)	(97,054)	(3,088,844)	(335,572)	(7,766,433)
Closing net book value	25,592,157	511,129	1,795,402	8,069,263	1,003,492	36,971,443
<b>As at June 30, 2018</b>						
Cost	102,485,179	1,122,816	2,047,062	24,370,358	2,088,000	132,113,415
Accumulated depreciation	(76,893,022)	(611,687)	(251,660)	(16,301,095)	(1,084,508)	(95,141,972)
Net book value	25,592,157	511,129	1,795,402	8,069,263	1,003,492	36,971,443
<b>Year ended June 30, 2019</b>						
Opening net book value	25,592,157	511,129	1,795,402	8,069,263	1,003,492	36,971,443
Additions / transfers during the year	-	3,235,642	2,497,703	4,993,697	-	10,727,042
Disposals / transfers / writeoff						
Cost	-	(75,000)	-	(45,026)	(2,088,000)	(2,208,026)
Accumulated depreciation	-	43,115	-	16,998	1,173,841	1,233,954
Net book value (note 5.1)	-	(31,885)	-	(28,028)	(914,159)	(974,072)
Depreciation for the year	(3,588,584)	(362,389)	(463,849)	(3,458,768)	(89,333)	(7,962,923)
Closing net book value	22,003,573	3,352,497	3,829,256	9,576,164	-	38,761,490
<b>As at June 30, 2019</b>						
Cost	102,485,179	4,283,458	4,544,765	29,319,029	-	140,632,431
Accumulated depreciation	(80,481,606)	(930,961)	(715,509)	(19,742,865)	-	(101,870,941)
Net book value	22,003,573	3,352,497	3,829,256	9,576,164	-	38,761,490
<b>Annual rates of depreciation</b>	15%	15%	15%	33%	20%	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 5.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	WDV at Disposal	Accumulated Depreciation	Sale Proceed	Loss on diposal	Mode of Disposal	Particulars of Buyer
Computer & Allied	45,026	28,028	16,998	27,000	(1,028)	Insurance claim	Insurance claim
Office Equipment	75,000	31,885	43,115	20,000	(11,885)	Trade in	Real Technique
Vehicle	2,088,000	914,159	1,173,841	914,159	-	WDV	Employee
	<u>2,208,026</u>	<u>974,072</u>	<u>1,233,954</u>	<u>961,159</u>	<u>(12,913)</u>		

	Note	2019 Rupees	2018
<b>6 INTANGIBLES ASSETS</b>			
Computer software	6.1	<b>2,354,089</b>	2,852,439
Trading right entitlement certificates and offices	6.2	<b>4,600,000</b>	6,600,000
		<u><b>6,954,089</b></u>	<u>9,452,439</u>
<b>6.1 Computer Software</b>			
<b>Net carrying amount</b>			
Opening net book value		<b>2,852,439</b>	3,493,747
Additions during the year		-	-
Amortisation charge		<b>(498,350)</b>	(641,308)
Closing net book value		<u><b>2,354,089</b></u>	<u>2,852,439</u>
<b>Gross carrying amount</b>			
Cost		<b>7,433,958</b>	7,433,958
Accumulated amortisation		<b>(5,079,869)</b>	(4,581,519)
Net book value		<u><b>2,354,089</b></u>	<u>2,852,439</u>
Amortisation rate		<u><b>25%</b></u>	25%
<b>6.2 Trading Right Entitlement Certificate (TREC) and offices</b>			
<b>Trading Right Entitlement Certificates</b>			
Cost		<b>26,000,000</b>	26,000,000
Impairment		<b>(23,500,000)</b>	(21,500,000)
	6.2.1	<u><b>2,500,000</b></u>	<u>4,500,000</u>
<b>Offices-booths</b>			
Pakistan Stock Exchange Limited		<b>2,100,000</b>	2,100,000
		<u><b>4,600,000</b></u>	<u>6,600,000</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

	Note	2019	2018
		Rupees	
<b>7 LONG TERM INVESTMENTS</b>			
<b>Investments in subsidiaries - at cost</b>			
- Arif Habib Commodities (Private) Limited	7.1	38,000,000	38,000,000
- Arif Habib 1857 (Private) Limited	7.2	50,000,000	50,000,000
	7.3	88,000,000	88,000,000
<b>At fair value through profit or loss</b>			
- Pakistan Stock Exchange Limited	7.4	13,023,998	19,786,459
- ISE Towers REIT Management Company Limited	7.5	40,936,808	43,910,720
- LSE Financial Services Limited	7.5	12,085,722	8,692,943
		66,046,528	72,390,122
		154,046,528	160,390,122

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

**7.2** This represents paid up share capital comprising of 100% ownership in Arif Habib 1857 (Private) Limited which was incorporated on July 08, 2014 as a wholly owned subsidiary for the purpose of share brokerage. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on September 27, 2014 is Rs. 60 million. As of the reporting date, the Company had invested a total sum of Rs. 50 million.

**7.3** All investment has been made in accordance with the provision of the section 199 of the Act and the rules promulgated for this purpose.

**7.4** This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription.

Given the above, the investment to the extent of 25% has been classified as long term investment while the remaining investment in PSX and further shares acquired (if any) has been classified under short term investment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

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

2019 Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial services Limited	8.0%	13.10%	5	14.32	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	8.0%	13.10%	5	13.49	Discounted Free Cash Flow to Equity

2018 Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial services Limited	8.0%	12.23%	5	10.30	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	8.0%	11.93%	5	14.47	Discounted Free Cash Flow to Equity

Note 2019 2018  
Rupees

## 7.6 Unrealized loss on remeasurement of long term investments as of the reporting date

Fair value		66,046,528	72,390,122
Carrying value		86,688,713	86,688,713
Unrealized loss on remeasurement	7.6.1	<u>(20,642,185)</u>	<u>(14,298,591)</u>

### 7.6.1 Movement in unrealized (loss) / gain on remeasurement of long term investments

At the beginning of the year		(14,298,591)	10,038,497
Net unrealized loss in the value of investments for the year		(6,343,594)	(24,337,088)
At the end of the year		<u>(20,642,185)</u>	<u>(14,298,591)</u>

## 8 INVESTMENT PROPERTY

Opening carrying amount		1,373,500,000	369,211,719
Sale during the year		(180,540,000)	(239,821,719)
Acquisition during the year		163,419,941	859,120,000
		<u>1,356,379,941</u>	<u>988,510,000</u>
Increase in fair value during the year		370,039,859	384,990,000
<b>Closing carrying amount</b>		<u>1,726,419,800</u>	<u>1,373,500,000</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- 8.1** This represents investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited, ISE Towers REIT Management Company Limited and LSE Financial Services Limited. As of the reporting date, the fair value of such investment properties was determined by an independent external property valuer having appropriate recognised qualification and relevant experience according to which there was an increase of Rs. 370.04 million in fair value of the properties and forced sales value of these investment properties are Rs. 1,478.1 million (2018: 1,171 million).

	Note	2019	2018
		Rupees	
<b>9</b>	<b>LONG TERM DEPOSITS</b>		
	<b>Trading deposits placed with</b>		
	- Pakistan Stock Exchange Limited	700,461	700,461
	- National Clearing Company of Pakistan Limited	2,594,578	1,307,134
	- LSE Financial Services Limited	-	12,331,941
	- ISE Towers REIT Management Company Limited	150,000	150,000
	<b>Other security deposits</b>		
	- Others	1,043,946	612,988
		<b>4,488,985</b>	<b>15,102,524</b>
<b>10</b>	<b>DEFERRED TAX - net</b>		
	<b>Deferred tax liabilities - Taxable temporary differences</b>		
	- Accelerated depreciation	2,828,548	3,385,978
	- Investments at fair value through profit or loss	(46,922,257)	13,033,862
	- Investment property	160,686,292	44,832,675
	- Accrued markup	2,689,946	2,117,600
		<b>119,282,529</b>	<b>63,370,115</b>
	<b>Deferred tax assets - Deductible temporary differences</b>		
	- Impairment of intangible assets	(6,206,000)	(5,820,000)
	- Provision for doubtful debts and other receivables	(273,933,550)	(289,535,187)
	- Liabilities against assets subject to finance lease	-	(403,780)
		<b>(280,139,550)</b>	<b>(295,758,967)</b>
	<b>Deferred tax asset - net</b>	<b>(160,857,021)</b>	<b>(232,388,852)</b>
	Deferred tax asset recognised to the extent of deferred tax liability	119,282,529	63,370,115
	Unrecognised deferred tax asset in the books	41,574,492	169,018,737
		<b>160,857,021</b>	<b>232,388,852</b>
	<b>Deferred tax asset - net</b>	<b>-</b>	<b>-</b>
	10.1		

- 10.1** The Holding Company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate to Rs. 119.28 million. (2018: 63.37 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
<b>11 SHORT TERM INVESTMENTS - at fair value through profit or loss 'Held for trading'</b>		
Quoted equity securities	2,089,487,680	2,484,103,828
Units of Mutual funds	-	7,000,000
	<b>2,089,487,680</b>	2,491,103,828
Term finance / sukuk certificates	321,613,197	187,681,776
	<b>2,411,100,877</b>	2,678,785,604
<b>11.1 Unrealized (loss) / gain on remeasurement of short term investments as of the reporting date</b>		
Market value of the investments	2,411,100,877	2,678,785,604
Cost of the investments	2,786,478,935	2,574,514,709
	<b>(375,378,058)</b>	104,270,895
<b>11.2 Movement in unrealized (loss) / gain on remeasurement of short term investments</b>		
At the beginning of the year	104,270,895	74,863,752
Net unrealized (loss) / gain in the value of investments for the year	<b>(479,648,953)</b>	29,407,143
At the end of the year	<b>(375,378,058)</b>	104,270,895
<b>11.3</b>		
Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2019 amounted to Rs. 5,897.79 million (2018: Rs. 5,745.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:		

	June 30, 2019		June 30, 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	155,810,000	3,941,528,500	136,000,000	4,414,016,000
House	127,500,995	1,956,264,488	74,942,000	1,331,963,863
Total	<b>283,310,995</b>	<b>5,897,792,988</b>	<b>210,942,000</b>	<b>5,745,979,863</b>

		2019	2018
	Note	Rupees	
<b>12 TRADE DEBTS</b>			
Considered good		30,933,887	24,479,552
Considered doubtful		865,324,540	863,471,916
		<b>896,258,427</b>	887,951,468
Less: provision for doubtful debts	12.1	<b>(865,324,540)</b>	(863,471,916)
	12.2	<b>30,933,887</b>	24,479,552

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		Rupees	
<b>12.1</b>	<b>Movement in provision for doubtful debts</b>		
	Balance at the beginning of the year (as previously reported)	863,471,916	874,618,000
	Add: Effect of application of IFRS 9	1,625,601	-
	Balance at the beginning of the year (restated)	865,097,517	874,618,000
	Charged during the year	227,023	-
	Reversed during the year	-	(11,146,084)
	Balance at the end of the year	865,324,540	863,471,916
<b>12.2</b>	This includes Rs. 0.4 million (2018: Rs. 0.1 million) due from related parties. The Company holds capital securities having fair value of Rs. 37,076 million (2018: Rs. 42,456 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 47.4 million (2018: Rs. 31 million)		
<b>13</b>	<b>RECEIVABLE AGAINST MARGIN FINANCING</b>		
		2019	2018
		Rupees	
	Considered good	114,245,832	257,416,270
	Considered doubtful	1,917,749	-
		13.1	257,416,270
	Less: provision for doubtful debts	13.2	-
		114,245,832	257,416,270
<b>13.1</b>	Margin financing facility is provided to clients on markup basis ranging from 12% to 18.25% (2018: 12% to 14%) per annum.		
<b>13.2</b>	<b>Movement in provision for doubtful debts</b>		
	Balance at the beginning of the year (as previously reported)	950,907	-
	Add: Effect of application of IFRS 9	950,907	-
	Balance at the beginning of the year (restated)	966,842	-
	Charged during the year	-	-
	Reversed during the year	-	-
	Balance at the end of the year	1,917,749	-
<b>14</b>	<b>SHORT TERM LOANS - secured</b>		
	Executives	-	814,951
	Staff	50,002	4,544,157
		14.1	5,359,108

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- 14.1** Loans to executives and staff are interest free. These loans have been provided for the purchase of vehicles and for other purposes in accordance with the terms of employment. The loans are repayable over a year and are to be recovered through deduction from monthly payroll. The loans are secured against staff provident fund balance.

	Note	2019	2018
		Rupees	
<b>15 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
<b>Advances</b>			
Advance against equity	15.1	2,000,000	2,000,000
Advance against expenses		184,960	1,187,663
<b>Trade deposits</b>			
Exposure deposit with Pakistan Stock Exchange Limited	15.2	38,254,620	6,811,129
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	15.3	241,359,633	9,965,699
<b>Prepayments</b>			
Rent		5,848,357	1,233,341
Related Party		256,305	256,305
Insurance		420,000	126,747
		<b>288,323,875</b>	<b>21,580,884</b>

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

- 15.2** This represents deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited.

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

## 16 LOAN TO RELATED PARTY

This represents interest free loan provided to M/s. Arif Habib Commodities (Private) Limited and is receivable on demand.

	Note	2019	2018
		Rupees	
<b>17 OTHER RECEIVABLES</b>			
Receivable against Reverse Repo transactions		52,152,387	62,815,648
Dividend receivable		-	2,024,298
Other receivable		222,979,536	161,905,625
		<b>275,131,923</b>	<b>226,745,571</b>
Less: provision for doubtful debts	17.1	(77,356,160)	(59,357,212)
		<b>197,775,763</b>	<b>167,388,359</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
<b>17.1 Movement in provision for doubtful debts</b>			
Balance at the beginning of the year (as previously reported)		59,357,212	2,831,216
Add: Effect of application of IFRS 9		39,711,656	-
Balance at the beginning of the year (restated)		99,068,868	2,831,216
Charged during the year		469,758	56,525,996
Reversed during the year		(22,182,466)	-
Balance at the end of the year		77,356,160	59,357,212

## 18 CASH AND BANK BALANCES

Cash in hand		175,294	70,843
Cash at bank			
- current accounts		194,874,279	217,807,882
- savings accounts	18.1	432,406,698	468,886,357
	18.2	627,280,977	686,694,239
		627,456,271	686,765,082

**18.1** The return on these balances is 8% to 9.5% (2018: 4% to 5%) per annum on daily product basis.

**18.2** Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 595.989 million (2018: Rs. 661.625 million).

## 19 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 (Number of shares)	2018		2019	2018
			Rupees	
<b>75,000,000</b>	75,000,000	<b>Authorized capital</b>	<b>750,000,000</b>	750,000,000
		Ordinary shares of Rs. 10/- each		
		<b>Issued, Subscribed and Paid up Capital</b>		
		Ordinary shares of Rs.10/- each		
<b>12,000,000</b>	12,000,000	For Cash	<b>120,000,000</b>	120,000,000
<b>54,000,000</b>	43,000,000	As bonus shares	<b>540,000,000</b>	430,000,000
<b>66,000,000</b>	55,000,000		<b>660,000,000</b>	550,000,000

**19.1** Parent company hold 43,245,884 (2018: 36,038,237) ordinary shares of Rs. 10 each at year end.

**19.2** There is only one class of ordinary shares.

**19.3** There is no agreement with shareholders for voting rights, board selection, rights of first refusal, and block voting.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 20 SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Company reclassified Leasehold Land and Offices to Investment Property. In accordance with IAS 40 "Investment Property" surplus on revaluation of properties is recognised.

## 21 SHORT TERM BORROWINGS - secured

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,190 million (2018: Rs. 4,790 million). These facilities have various maturity dates up to September 30, 2019. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% (2018: 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25%) calculated on a daily product basis that is payable quarterly.

	Note	2019	2018
		Rupees	
<b>22 TRADE AND OTHER PAYABLES</b>			
Creditors	22.1	<b>594,518,438</b>	521,274,685
Commission payable	22.2	<b>10,858,152</b>	24,578,838
Accrued expenses		<b>17,262,865</b>	6,658,037
Payable to provident fund		<b>272,108</b>	46,694
Taxes payable		<b>13,916,869</b>	7,915,879
Other liabilities		<b>1,147,118</b>	2,285,740
		<b>637,975,550</b>	<u>562,759,873</u>

**22.1** This includes Rs. 26.42 million (2018: Rs. 0.5 million) payable to related parties of the Company.

**22.2** This includes Rs. 2.29 million (2018: Rs. 20.08 million) payable to related parties of the Company on account of commission.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingency

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
<b>23.2 Commitments</b>			
Following commitments are outstanding as at the reporting date:			
- Outstanding settlements against Margin Trading contracts		<b>183,844,159</b>	251,249,997
- Outstanding settlements against sale / purchase of securities in regular market.		<b>67,513,807</b>	150,852,380
- Financial guarantees given by commercial banks on behalf of the Company		<b>250,000,000</b>	250,000,000
<b>24 OPERATING REVENUE</b>			
Brokerage and operating revenue		<b>303,327,953</b>	328,539,207
Advisory and consultancy fee		<b>375,510,816</b>	218,033,808
Dividend income		<b>88,201,056</b>	109,534,946
		<b>767,039,825</b>	656,107,961
<b>25 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	25.1 & 34	<b>239,325,538</b>	187,790,099
CDC and clearing house charges		<b>27,574,851</b>	23,477,708
Fees and Subscription		<b>10,609,451</b>	7,927,672
Legal and professional charges		<b>5,013,931</b>	7,877,476
Communication		<b>13,403,453</b>	11,970,301
Rent, rates and taxes		<b>26,527,233</b>	23,334,199
Depreciation and amortization	5 & 6	<b>8,461,273</b>	8,407,741
Building maintenance		<b>16,707,059</b>	14,257,689
Repairs and maintenance		<b>4,425,723</b>	2,590,224
Insurance		<b>4,303,937</b>	4,236,380
Advertisement and business promotion		<b>638,700</b>	2,012,417
Business representation		<b>7,790,616</b>	4,916,283
Motor vehicle and travelling expense		<b>19,908,509</b>	15,467,126
Printing and stationery		<b>1,714,889</b>	2,800,423
Conveyance and meals		<b>443,486</b>	379,288
Meeting expenses		<b>604,127</b>	785,089
Auditors' remuneration	25.2	<b>1,775,000</b>	1,650,000
Donation	25.3	<b>800,000</b>	-
Others		<b>6,653,205</b>	4,539,546
		<b>396,680,981</b>	324,419,661
<b>25.1 Salaries and other benefits</b>			
Salaries and other benefits	25.1.1	<b>124,662,403</b>	106,628,382
Commission		<b>114,663,135</b>	81,161,717
		<b>239,325,538</b>	187,790,099

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**25.1.1** Salaries and benefits include Rs. 6.39 million (2018: Rs. 6.04 million) in respect of provident fund contribution.

	2019	2018
	Rupees	
<b>25.2 Auditors' remuneration</b>		
Annual audit fee	1,000,000	1,000,000
Half yearly review	310,000	310,000
Certification on compliance with Code of Corporate Governance	200,000	200,000
Other certifications	265,000	140,000
	<u>1,775,000</u>	<u>1,650,000</u>

**25.3** The name of donees to whom donation amount exceeds Rs. 0.5 million is M/s. I-Care Foundation. None of the directors of the Company or their spouses had any interest in the donee organizations.

	Note	2019	2018
		Rupees	
<b>26 FINANCE COSTS</b>			
Finance cost on finance lease		12,102	50,579
Markup on short term borrowings from banking companies		211,548,315	174,857,761
Markup on MTS securities		1,813,855	2,751,097
Bank charges and others		4,939,349	7,136,108
		<u>218,313,621</u>	<u>184,795,545</u>

## 27 OTHER CHARGES

Impairment loss on Trading Right Entitlement Certificate (TREC)		2,000,000	-
Provision for doubtful receivables		4,636,917	56,606,194
Loss on disposal of property and equipment	5.1	12,913	20,395
		<u>6,649,830</u>	<u>56,626,589</u>

## 28 OTHER INCOME

### From financial assets

Markup on reverse repo		25,265,266	4,076,856
Markup on margin financing		45,338,816	71,581,965
Profit on savings accounts		19,814,905	18,842,138
Profit on exposure deposit		2,564,458	1,404,805
Reversal of provision for doubtful debt		19,351,250	11,146,084
Others		18,325,500	13,522,762

### From non-financial assets

Gain on disposal of Investment property		23,315,000	46,876,750
		<u>153,975,195</u>	<u>167,451,360</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
<b>29 TAXATION</b>		
Current tax - for the year	71,372,655	116,754,113
- for prior years	3,369,498	-
	<u>74,742,153</u>	<u>116,754,113</u>
<b>29.1 Relationship between tax expense and accounting profit</b>		
Profit before taxation	12,281,624	653,923,424
Tax at the applicable rate of 29% (2018: 30%)	3,561,671	196,177,027
Tax effect of income under Presumptive Tax Regime	(27,486,393)	21,840,415
Tax effect of income taxed at lower rate	64,580,803	(784,894)
Tax effect of non-deductible expenses	3,306,737	14,097,927
Tax effect of exempt income / permanent differences	27,332,430	(131,355,006)
Tax effect of prior year charge	3,369,498	-
Others	66,200	16,778,644
	<u>74,730,946</u>	<u>116,754,113</u>
<b>29.2</b>	Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.	
<b>29.3</b>	The Company has been contesting Civil Suit No. 284/2016 against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. The Company is of the view that the same is imposed against the merit of law and the Company's legal council is of the view that the Company has a favorable case on merit. However, on prudent basis, a provision has been made in these unconsolidated financial statements.	
	2019	2018
	Rupees	
<b>30 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED</b>		
<b>30.1 Basic (loss) / earnings per share</b>		
(Loss) / profit after taxation	<u>(62,460,529)</u>	<u>536,256,096</u> (Restated)
	<b>Number of shares</b>	
Weighted average number of ordinary shares outstanding	<u>66,000,000</u>	<u>66,000,000</u> (Restated)
	<b>Rupees</b>	
(Loss) / earnings per share	<u>(0.95)</u>	<u>8.13</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 30.2 Diluted (loss) / earnings per share

There is no dilutive effect on the basic (loss) / earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the (loss) / earnings per share.

## 31 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 statement of financial position as follows:

	2019	2018
	Rupees	
Cash and bank balances	627,456,271	686,765,082
Short term borrowings	(1,909,233,639)	(1,472,580,896)
	<u>(1,281,777,368)</u>	<u>(785,815,814)</u>

## 32 STAFF RETIREMENT BENEFITS

32.1 The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2019:

	2019 (Un-Audited)	2018 (Un-Audited)
<b>Defined contribution plan - staff provident fund</b>		
Size of the Fund	13,311,773	17,832,695
Cost of investments made	13,272,294	17,555,843
Percentage of investments made	100%	98%
Fair value of investments	13,249,294	17,772,614

## 32.2 The break-up of fair value of investments are as follow:

	2019		2018	
	Rupees	%	Rupees	%
Open end mutual fund	2,895,064	22%	3,134,835	18%
Balance with bank in savings account	10,354,230	78%	14,637,779	82%
	<u>13,249,294</u>	<u>100%</u>	<u>17,772,614</u>	<u>100%</u>

32.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

## 33 RELATED PARTY TRANSACTIONS AND BALANCES

33.1 Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries), key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executives is disclosed in note 34 to these unconsolidated financial statements. Transactions with related parties during the year other than those disclosed elsewhere in these unconsolidated financial statements are as follows:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Name of the related party, relationship with company & Nature of Transaction	30 June 2019	Year ended 30 June 2018
		Rupees
<b>PARENT COMPANY</b>		
<b>Arif Habib Corporation Limited</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	6,525,709	7,836,192
Dividend paid during the year	108,114,711	360,382,370
Balance Receivable at year end	40,128	53,332
<b>SUBSIDIARY</b>		
<b>Arif Habib Commodities (Private) Limited</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	184,857	117,648
Balance payable at year end	433,481	573,152
Other receivables	15,256,305	15,256,305
<b>GROUP COMPANIES</b>		
<b>Javedan Corporation Limited</b>		
Purchase of plots	125,000,000	829,120,000
Development Charges Paid	26,088,000	30,000,000
Balance receivable at year end	-	14,256,026
Sale of Plots	-	162,710,000
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Zafar Alam (Chairman)</b>		
Dividend paid during the year	1,500	5,000
Meeting Fee Paid	125,000	100,000
<b>Muhammad Shahid Ali (CEO)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	8,037,263	6,465,888
Dividend paid during the year	2,196	7,320
Balance payable at year end	25,972,102	11,988,637
<b>Muhammad Haroon (Director)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	123,632	620,841
Dividend paid during the year	3,894	12,980
Balance payable at year end	4,239	11,466
Meeting Fee Paid	100,000	100,000
<b>Muhammad Sohail Salat (Director)</b>		
Dividend paid during the year	1,500	5,000
Meeting Fee Paid	125,000	100,000
<b>Sharmin Shahid (Director)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	626,491	8,113
Dividend paid during the year	2,748	9,160
Meeting Fee Paid	100,000	100,000
<b>Nida Ahsan (Director)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	7,691,785	35,000
Dividend paid during the year	2,748	9,160
Balance payable at year end	12,182	1,508,352
Meeting Fee Paid	-	100,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	30 June 2019	Year ended 30 June 2018
	Rupees	
<b>CLOSE FAMILY MEMBERS</b>		
<b>Arif Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	6,313,501	10,189,954
Dividend paid during the year	12,327,000	5,155,000
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	46,351	281,704
Dividend paid during the year	1,302	4,340
<b>Muhammad Kashif A. Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	76,805	-
<b>POST EMPLOYMENT BENEFIT PLAN</b>		
Provident fund trust - Contribution paid during the year	6,386,995	6,046,635

**33.2** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of association	Aggregate % of Shareholding
Arif Habib Corporation	Holding Company	65.52%
Arif Habib Commodities (Private) Limited	Subsidiary Company	100%
Arif Habib 1857 (Private) Limited	Subsidiary Company	100%

## 34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Other Executives	
	2019	2018	2019	2018	2019	2018
	Rupees					
Managerial remuneration	6,288,597	6,225,567	-	-	44,882,615	55,877,378
Contribution to provident fund	459,330	459,330	-	-	2,917,206	2,781,860
Medical allowance	367,464	367,464	-	-	2,333,765	2,225,488
Commission	32,386,602	14,100,848	450,000	550,000	13,488,233	1,956,497
	<u>39,501,993</u>	<u>21,153,209</u>	<u>450,000</u>	<u>550,000</u>	<u>63,621,819</u>	<u>62,841,223</u>
Number of persons	<u>1</u>	<u>1</u>	<u>4</u>	<u>6</u>	<u>18</u>	<u>14</u>

## 35 FINANCIAL RISK MANAGEMENT

### 35.1 Financial risk factors

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

## a) Market risk

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

### i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no material foreign currency transactions and balances at the reporting date.

### ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 2,103 million (2018: Rs. 2,511 million) and also the Company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Details of the industrial sector analysis of the short term investments are as follows:

	June 30, 2019		June 30, 2018	
	(Rupees)	%	(Rupees)	%
Engineering	11,897,500	0.49	28,873,710	1.08
Chemical	239,611	0.01	4,100,200	0.15
Food & Personal Care Products	3,208,150	0.13	4,137,970	0.15
Oil & Gas	-	-	64,834,048	2.42
Inv. Banks / Inv. Cos. / Securities Cos.	211,702,708	8.78	31,927,872	1.19
Sugar & Allied Industries	4,486,760	0.19	10,876,530	0.41
Automobile	-	-	9,896,860	0.37
Transport & technology	2,105,271	0.09	9,522,800	0.36
Textile Composite	217,970,758	9.04	857,574	0.03
Fertilizer	1,017,929,777	42.22	744,629,100	27.80
Commercial Bank	203,382,680	8.44	1,195,775,049	44.64
Equity Investment Instruments	321,613,196	13.34	187,681,776	7.01
Construction & Material ( Cement )	78,055,690	3.24	104,674,883	3.91
Leasing Companies	193,939,646	8.04	278,288,506	10.39
Power Generation & Distribution	132,136,805	5.48	-	-
Misc	12,432,325	0.52	2,708,726	0.10
	<b>2,411,100,877</b>	<b>100</b>	<b>2,678,785,604</b>	<b>100</b>

## Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has decreased by almost 19% (2018: increased by 10%) during the financial year.

The table below summarizes Company's equity price risk as of June 30, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) after tax
<b>June 30, 2019</b>	Rupees	2,102,511,678	10% increase	2,312,762,846	183,969,772	183,969,772
			10% decrease	1,892,260,510	(183,969,772)	(183,969,772)
June 30, 2018	Rupees	2,510,890,287	10% increase	2,761,979,316	219,702,900	219,702,900
			10% decrease	2,259,801,258	(219,702,900)	(219,702,900)

## (iii) Interest rate risk

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Financial assets and liabilities include balances of Rs. 598.8 million (2018: Rs.788.17 million) and Rs. 1,909.23 million (2018: Rs. 1,473.93 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2019 Effective interest rate (%)	2018 Effective interest rate (%)	2019 Carrying amounts (Rs.)	2018 Carrying amounts (Rs.)
<b>Financial assets</b>				
Bank deposits - pls account	8% to 9.5%	4% to 5%	432,406,698	468,886,357
Receivable against Reverse Repo	12% to 16%	8% to 9%	52,152,387	62,815,648
Receivable against margin financing	12% to 18%	12% to 14%	114,245,832	257,416,270
<b>Financial liabilities</b>				
Finance Lease liability	-	8% to 9%	-	1,345,933
Short term borrowings	7.53% to 12.63%	6.76% to 8.5%	1,909,233,639	1,472,580,896

## Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 605 bps during the year.

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

	Statement of profit or loss account 100 bp	
	increase	decrease
<b>As at June 30, 2019</b>		
Cash flow sensitivity-Variable rate financial instruments	9,304,044	(9,304,044)
<b>As at June 30, 2018</b>		
Cash flow sensitivity-Variable rate financial instruments	4,793,660	(4,793,660)

## b) Credit risk

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## Exposure to credit risk

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

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk as disclosed in note 35.1.3 which ultimately affects the recoverability of trade debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

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

	Note	2019 Rupees	2018
Long term deposits		4,488,985	15,102,524
Trade debts	35.1.1	30,933,887	24,479,552
Receivable against margin financing		114,245,832	257,416,270
Short term loans - secured	35.1.2	50,002	5,359,108
Advances and deposits		279,614,253	16,776,828
Other receivables		197,775,763	167,388,359
Bank balances		627,280,977	686,694,239
		<b>1,254,389,699</b>	<b>1,173,216,880</b>

**35.1.1** The maximum exposure to credit risk for trade debts is due from local clients.

**35.1.2** Loan to executive and employees are secured against provident fund balance of these executives and employees.

**35.1.3** The Company holds equity securities having fair value of Rs. 37,193 million (2018: Rs 40,421 million) owned by its clients, as collaterals against trade debts and margin finance receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts and receivable against margin financing) as at the reporting date is as follows:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019		2018	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	116,163,581	-	257,416,270	-
Past due 1 day - 30 days	32,051,907	-	31,194,016	-
Past due 31 days - 180 days	11,978,370	-	4,031,550	-
Past due 181 days - 1 year	13,350,004	-	4,366,266	-
More than one year	838,878,146	867,242,289	848,359,636	863,471,916
	<u>1,012,422,008</u>	<u>867,242,289</u>	<u>1,145,367,738</u>	<u>863,471,916</u>

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

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

Short term rating	2019	2018
	Rupees	
A1+	478,176,441	208,024,126
A-1+	106,779,064	20,203,742
A-1	42,325,472	458,466,371
	<u>627,280,977</u>	<u>686,694,239</u>

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

## Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

## Liquidity risk

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

On the reporting date, the Company has cash and bank balance Rs. 627.45 million (2018: Rs. 686.76 million) unutilized credit lines Rs. 3,276 million (2018: Rs. 3,317 million) and liquid assets in the form of short term securities amounting to Rs. 2,411 million (2018: Rs. 2,678 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	-	-	-	-
Trade and other payables	624,058,681	624,058,681	624,058,681	-
Short term borrowings	1,909,233,639	1,909,233,639	1,909,233,639	-
Markup accrued	84,812,447	84,812,447	84,812,447	-
	<u>2,618,104,767</u>	<u>2,618,104,767</u>	<u>2,618,104,767</u>	<u>-</u>
	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	1,345,933	1,345,933	1,345,933	-
Trade and other payables	554,843,994	554,843,994	554,843,994	-
Short term borrowings	1,472,580,896	1,472,580,896	1,472,580,896	-
Markup accrued	45,791,816	45,791,816	45,791,816	-
	<u>2,074,562,639</u>	<u>2,074,562,639</u>	<u>2,074,562,639</u>	<u>-</u>

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

## 35.2 Fair value estimate

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2 : Valuation techniques based on observable inputs.

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

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

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

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

June 30, 2019	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets measured at fair value				
Equity Securities	2,102,511,678	321,613,197	53,022,530	2,477,147,405
Non-Financial assets measured at fair value				
Investment properties	-	1,726,419,800	-	1,726,419,800
June 30, 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets measured at fair value				
Equity Securities	2,503,890,287	187,681,776	52,603,663	2,744,175,726
Non-Financial assets measured at fair value				
Investment properties	-	1,373,500,000	-	1,373,500,000

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

	2019	2018
	Rupees	
Balance as at July 01	52,603,663	58,591,979
Total losses recognised in statement of profit or loss on remeasurement of investment	418,867	(5,988,316)
Balance as at June 30	53,022,530	52,603,663

During the year ended June 30 2019, the Company did not acquire any new shares of investee companies classified in level 3.

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

	Effect on profit and loss account	
	Favourable	(Unfavourable)
	Rupees	
June 30, 2019		
Equity securities	530,225	(530,225)
June 30, 2018		
Equity securities	526,037	(526,037)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 35.3 Financial instruments by categories

As at June 30, 2019 Financial assets as per statement of financial position	2019			Total
	Asset at cost	Asset at fair value through profit or loss	Ammortized cost	
	Rupees			
Long Term Investment	88,000,000	66,046,528	-	154,046,528
Long term deposits	-	-	4,488,985	4,488,985
Short term investments	-	2,411,100,877	-	2,411,100,877
Trade debts	-	-	30,933,887	30,933,887
Receivable against margin financing	-	-	114,245,832	114,245,832
Short term loans	-	-	50,002	50,002
Advances and deposits	-	-	279,614,253	279,614,253
Other receivables	-	-	197,775,763	197,775,763
Bank balances	-	-	627,280,977	627,280,977
	<u>88,000,000</u>	<u>2,477,147,405</u>	<u>1,254,389,699</u>	<u>3,819,537,104</u>
				Financial liabilities at amortized cost
				Rupees
As at June 30, 2019 Financial liabilities as per statement of financial position				
Liabilities against assets subject to finance lease				-
Short term borrowings				1,909,233,639
Trade and other payables				624,058,681
Payable against purchase of securities - net				30,970,319
Markup accrued				84,812,447
				<u>2,649,075,086</u>
				Financial liabilities at amortized cost
				Rupees
As at June 30, 2018 Financial assets as per statement of financial position				
	2018			
	Asset at cost	Asset at fair value through profit or loss	Ammortized cost	Total
	Rupees			
Long Term Investment	88,000,000	84,314,338	-	172,314,338
Long term deposits	-	-	15,102,524	15,102,524
Short term investments	-	3,263,767,965	-	3,263,767,965
Trade debts	-	-	24,479,552	24,479,552
Receivable against margin financing	-	-	257,416,270	257,416,270
Short term loans	-	-	5,359,108	5,359,108
Advances and deposits	-	-	16,776,828	16,776,828
Other receivables	-	-	167,388,359	167,388,359
Cash and bank balances	-	-	686,694,239	686,694,239
	<u>88,000,000</u>	<u>3,348,082,303</u>	<u>1,173,216,880</u>	<u>4,609,299,183</u>
				Financial liabilities at amortized cost
				Rupees
As at June 30, 2018 Financial liabilities as per statement of financial position				
Liabilities against assets subject to finance lease				1,345,933
Short term borrowings				1,472,580,896
Current portion of lease liabilities				-
Trade and other payables				554,843,994
Payable against purchase of securities - net				115,245,045
Markup accrued				45,791,816
				<u>2,189,807,684</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 36 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

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

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows;

	2019	2018
	Rupees	
Total assets	5,642,456,863	5,473,367,385
Less: Total liabilities	2,724,889,709	2,286,051,538
Less: Revaluation Reserves (created upon revaluation of fixed assets)	15,432,500	15,432,500
Capital adequacy level	<u>2,902,134,654</u>	<u>3,171,883,347</u>

**36.1** While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

## 37 OPERATING SEGMENT

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

All non current assets of the Company as at June 30, 2019 are located in Pakistan.

## 38 EVENTS AFTER THE REPORTING DATE

The shareholders of the Company, in their Extra Ordinary General Meeting held on July 03, 2019, have approved the purchase (buy back) of 10% (6.6 million) of its ordinary shares outstanding as at reporting date by the Company for the purpose of their subsequent cancellation, via special resolution, in accordance with section 88 of the Companies Act, 2017 and requirements of Listed Companies (Buy-back of shares) Regulations, 2019 at Rs. 35 per share.

## 39 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors in meeting held on September 26, 2019.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 40 NUMBER OF EMPLOYEES

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

	2019	2018
	Number	
Total number of employees as at	118	109
Average number of employees during the year	116	105

## 41 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassified from component	Reclassified to component	Rupees
Advance against equity (Advances, deposits and prepayments)	Loan to related party (Disclosed on the face of statement of financial position)	15,000,000

## 42 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer



# AUDITORS' REPORT TO THE MEMBERS

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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### Opinion

We have audited the annexed consolidated financial statements of Arif Habib Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matter(s)

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

## Following are the Key audit matter(s):

NO.	Key Audit Matter(S)	How the matter was addressed in our audit
01.	<p><b>First time application of IFRS 9</b></p> <p>As referred to in note 4(a) to the consolidated financial statements, the IFRS 9 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2019.</p> <p>The IFRS 9 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the classification, measurement and content of disclosures in relation to various elements of the financial statements.</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions.</p> <p>We consider it as a key audit matter in view of the changes in classification, measurement and disclosure impacts in the consolidated financial statements due to the application of IFRS 9.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Considering the management's process to identify the necessary amendments required in the Group's consolidated financial statements.</li> <li>Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group. Reviewed the working of management for expected credit losses.</li> <li>We reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.</li> </ul>
02.	<p><b>Valuation of investment properties</b></p> <p>As stated in note 8 to the consolidated financial statements, the Group revalued its investment properties (i.e. residential and commercial plots of land located in the Naya Nazimabad project as well as of offices located in Pakistan Stock Exchange, ISE Tower Reit Management Limited and LSE Financial Services Limited) based on the valuation carried out by an independent external valuer engaged by management. The valuation of such properties was identified as an area subject to significant risk due to its significant effect on the Group's financial position as well as the performance and loss per share for the year.</p> <p>As part of our risk assessment exercise, we considered the risk that the aforesaid valuation may be materially overstated keeping in view the significant increase in the value of the investment properties as at reporting date.</p>	<p>To address this significant risk, we, amongst others, carried out the following key audit procedures:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the scope of the valuer's work;</li> <li>As stated in the valuation report, development work in the area in which the Group holds properties at Naya Nazimabad is ongoing and is rapidly progressing and that the value of the properties was determined on the basis of investigation with other realtors. Accordingly, we reviewed the investments made by the Group in other blocks of the Naya Nazimabad project over the past few years with respect to the cost of acquisition, valuation and disposals. Further, we corroborated the values assigned to the properties by the valuer with that realized on the most recent property disposal transactions executed by the Group; and</li> <li>Performed appropriate background searches to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources.</li> </ul>
03.	<p><b>Valuation of unquoted investments in equity securities</b></p> <p>As stated in note 7.2 to the consolidated financial statements, the Group revalued its investment in unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and M/s. LSE Financial Services Limited based on the valuation carried out internally by the Group's personnel in the Research &amp; Investment section through the use of Discounted Free Cash Flow to Equity model for business valuation. Since the use of such valuation model requires management to make significant estimates and assumptions, the degree of subjectivity and complexity involved in the valuation increases to a considerable extent. This, in turn, affected our assessment of the risk that the consolidated financial statements may be materially misstated due to error and, hence, necessitated us to devote our significant time and resources to address the risk successfully.</p>	<p>To get reasonable assurance over the adequacy of the valuation, we obtained an understanding of the valuation exercise carried out by the Group's staff in the Research &amp; Investment section who were responsible for performing the valuation and made relevant inquiries of such persons in order to assess their competence, capability and objectivity which are recognized as the important factors affecting the reliability of the valuation. Further, as part of this exercise, we assessed the reasonableness of significant assumptions used by management in estimating the following:</p> <ul style="list-style-type: none"> <li>Components of cost of equity of investee companies (used as discount rate) such as the risk-free rate of return, equity risk premium and equity beta;</li> <li>Significant amounts of revenues, operating expenses, capital expenditures, tax payments, dividend receipts etc. used in the cash flow projections; and</li> <li>Long term growth rates assumed by management in estimating the terminal value of the investee companies at the end of the 5-year projection period.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants

Karachi

Date: September 26, 2019

The first part of the document discusses the importance of maintaining accurate records of all transactions. This includes not only sales and purchases but also any other financial activities that may occur during the course of the business. It is essential to ensure that all records are kept in a clear and organized manner, and that they are readily accessible at all times.

In addition, it is important to regularly review and reconcile these records to ensure that they are accurate and up-to-date. This will help to identify any discrepancies or errors as soon as possible, and will also provide a clear picture of the company's financial performance over time.

The second part of the document focuses on the importance of maintaining accurate records of all assets and liabilities. This includes not only physical assets such as property and equipment, but also intangible assets such as patents and trademarks. It is essential to ensure that all assets are properly valued and recorded, and that any changes in value are accurately reflected in the records.

Similarly, it is important to maintain accurate records of all liabilities, including loans, accounts payable, and other obligations. This will help to ensure that the company is able to meet its financial obligations as they come due, and will also provide a clear picture of the company's overall financial position.

Finally, the document discusses the importance of maintaining accurate records of all tax-related information. This includes not only income tax returns, but also any other tax-related documents such as receipts and invoices. It is essential to ensure that all tax-related information is properly recorded and organized, and that it is readily accessible at all times.

In conclusion, maintaining accurate records is a critical component of any successful business. By ensuring that all financial, asset, liability, and tax-related information is properly recorded and organized, a company can ensure that it is able to make informed decisions about its future operations, and that it is able to meet its financial obligations as they come due.

**CONSOLIDATED  
FINANCIAL STATEMENTS**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	39,664,224	37,920,627
Intangible assets	6	10,454,089	19,952,439
Long term investment	7	66,046,528	72,390,122
Investment property	8	1,726,419,800	1,373,500,000
Long-term deposits	9	32,503,690	43,117,229
Deferred tax - net	10	-	-
		<b>1,875,088,331</b>	<b>1,546,880,417</b>
<b>CURRENT ASSETS</b>			
Short term investments	11	2,417,046,133	2,693,257,911
Trade debts	12	30,933,887	24,426,220
Receivable against margin financing	13	114,245,832	257,416,270
Short term loans - secured	14	4,100,002	9,359,108
Advances, deposits and prepayments	15	346,522,172	67,723,586
Accrued markup		26,899,464	21,175,998
Other receivables	16	197,776,510	167,578,149
Cash and bank balances	17	657,572,366	712,097,850
		<b>3,795,096,366</b>	<b>3,953,035,092</b>
<b>TOTAL ASSETS</b>		<b>5,670,184,697</b>	<b>5,499,915,509</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital	18	750,000,000	750,000,000
Issued, subscribed and paid up capital	18	660,000,000	550,000,000
<b>REVENUE RESERVE</b>			
Unappropriated profits		2,264,332,324	2,647,092,238
Surplus on revaluation of property	19	15,432,500	15,432,500
		<b>2,279,764,824</b>	<b>2,662,524,738</b>
		<b>2,939,764,824</b>	<b>3,212,524,738</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured	20	1,909,233,639	1,472,580,896
Current portion of liability subject to finance lease		-	1,345,933
Trade and other payables	21	639,337,108	563,936,605
Unclaimed dividend		14,460,393	12,755,839
Loan from related party	22	3,800,000	-
Payable against purchase of securities- net		30,970,319	115,245,045
Markup accrued		84,812,447	45,791,816
Taxation-net		47,805,967	75,734,637
		<b>2,730,419,873</b>	<b>2,287,390,771</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,670,184,697</b>	<b>5,499,915,509</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018
Operating revenue	24	778,853,294	672,028,526
Capital gain on sale of investments - net		(166,506,931)	5,350,276
Gain / (loss) on re-measurement of investments carried at fair value through profit or loss - net		(485,992,547)	5,070,055
Unrealised gain on re-measurement of investment property	8	370,039,859	384,990,000
		<u>496,393,675</u>	<u>1,067,438,857</u>
Administrative and operating expenses	25	(414,596,578)	(343,564,886)
Finance cost	26	(218,337,181)	(184,815,373)
Other charges	27	(13,649,830)	(56,626,589)
Other income	28	163,721,530	207,300,165
<b>Profit before taxation</b>		<u>13,531,616</u>	<u>689,732,174</u>
Provision for taxation	29	(79,003,366)	(118,896,583)
(Loss) / profit before taxation		<u>(65,471,750)</u>	<u>570,835,591</u>
<b>(Loss) / profit attributable to:</b>			
Equity holders of the holding company		(65,471,750)	570,835,591
Non-controlling interest		-	-
		<u>(65,471,750)</u>	<u>570,835,591</u>
			(Restated)
<b>(Loss) / earnings per share - basic and diluted</b>	30	<u>(0.99)</u>	<u>8.65</u>

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



Chief Executive Officer



Director




Chief Financial Officer

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees)	
(Loss) / profit before taxation	(65,471,750)	570,835,591
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(65,471,750)</b>	<b>570,835,591</b>
Total comprehensive (loss) / income attributable to		
Equity holders of the holding company	(65,471,750)	570,835,591
Non-controlling interest	-	-
	<b>(65,471,750)</b>	<b>570,835,591</b>

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



Chief Executive Officer



Director



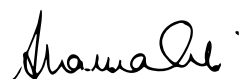
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed & paid up capital	Revenue Reserve		Total
		Unappropriated profits	Surplus on revaluation	
Rupees				
Balance as at July 1, 2017	550,000,000	2,626,256,647	15,432,500	3,191,689,147
Cash dividend paid @ 100% for the year ended June 30, 2017 (2016: 70%)	-	(550,000,000)	-	(550,000,000)
Comprehensive income for the year ended June 30, 2018	-	570,835,591	-	570,835,591
Balance as at June 30, 2018	<u>550,000,000</u>	<u>2,647,092,238</u>	<u>15,432,500</u>	<u>3,212,524,738</u>
<b>Balance as at July 1, 2018 (as previously reported)</b>	<b>550,000,000</b>	<b>2,647,092,238</b>	<b>15,432,500</b>	<b>3,212,524,738</b>
"Effect of adoption of new accounting standards (Note 4)"	-	(42,288,164)	-	(42,288,164)
<b>Balance as at July 1, 2018 (restated)</b>	<b>550,000,000</b>	<b>2,604,804,074</b>	<b>15,432,500</b>	<b>3,170,236,574</b>
Cash dividend paid @ 30% for the year ended June 30, 2018 (2017: 100%)	-	(165,000,000)	-	(165,000,000)
Bonus shares issued @ 20% for the year ended June 30, 2018	110,000,000	(110,000,000)	-	-
Comprehensive loss for the year ended June 30, 2019	-	(65,471,750)	-	(65,471,750)
<b>Balance as at June 30, 2019</b>	<b><u>660,000,000</u></b>	<b><u>2,264,332,324</u></b>	<b><u>15,432,500</u></b>	<b><u>2,939,764,824</u></b>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		13,531,616	689,732,174
Adjustments for:			
- Depreciation	5	8,251,332	8,063,525
- Amortization of intangible asset	6.1	498,350	641,308
- Impairment loss on intangible assets		9,000,000	-
- Loss on disposal of property and equipment		12,913	20,395
- Loss / (gain) on remeasurement of Investments carried at fair value		485,992,547	(5,070,055)
- Gain on disposal of Investment property		(23,315,000)	(46,876,750)
- Unrealized gain on re-measurement of investment property		(370,039,859)	(384,990,000)
- Dividend income		(88,201,056)	(109,534,946)
- Recovery of bad debts written off		(19,351,250)	(11,146,084)
- Provision for doubtful receivable		4,636,917	56,606,194
- Finance costs		218,337,181	184,815,373
<b>Cash generated from operating activities before working capital changes</b>		<b>225,822,075</b>	<b>(307,471,040)</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		<b>239,353,691</b>	<b>382,261,134</b>
- Short-term investments		(209,780,769)	579,459,054
- Trade debts		11,217,982	61,503,004
- Receivable against margin financing		142,219,531	302,041,434
- Short term loans		5,259,106	(1,218,319)
- Advances, deposits and prepayments		(278,798,586)	74,827,575
- Accrued markup		(5,723,466)	(21,175,998)
- Other receivables		(76,571,232)	(20,359,574)
<b>Increase/(decrease) in current liabilities</b>		<b>75,400,503</b>	<b>(279,076,318)</b>
- Trade and other payables		(84,274,726)	80,831,038
- Payable against sale of securities- Net		(421,051,657)	776,831,896
<b>Cash (used in) / generated from operations</b>		<b>(181,697,966)</b>	<b>1,159,093,030</b>
- Taxes paid		(106,932,036)	(211,200,245)
- Finance cost paid		(179,316,550)	(148,664,058)
<b>Net cash (used in) / generated from operating activities</b>		<b>(467,946,552)</b>	<b>799,228,727</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
- Acquisition of property and equipment		(10,969,001)	(5,177,595)
- Proceeds from disposal of property and equipment		961,159	921,666
- Loan from related party		3,800,000	-
- Acquisition of Investment property		(163,419,941)	(859,120,000)
- Proceeds from disposal of investment property		203,855,000	286,698,469
- Disposal of Long Term Investment		6,343,594	11,924,216
- Dividends received		90,225,354	115,180,885
- Long term deposits		10,613,539	3,930,800
<b>Net cash generated / (used in) from investing activities</b>		<b>141,409,704</b>	<b>(445,641,559)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
- Rental paid against finance lease liability		(1,345,933)	(470,480)
- Dividend paid		(163,295,446)	(557,141,297)
<b>Net cash (used in) financing activities</b>		<b>(164,641,379)</b>	<b>(557,611,777)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(491,178,227)</b>	<b>(204,024,609)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(760,483,046)</b>	<b>(556,458,437)</b>
<b>Cash and cash equivalents at the end of the year</b>	31	<b>(1,251,661,273)</b>	<b>(760,483,046)</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 1 STATUS AND NATURE OF BUSINESS

**1.1** Arif Habib Limited (“the Holding Company”) is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (“the Ordinance”) which has now been replaced with Companies Act, 2017 (“the Act”). The shares of the Holding Company are listed on Pakistan Stock Exchange Limited (“the Exchange”). The Holding Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited (“the Parent Company”). Subsequently, the Parent Company offered its 25% share holding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. Currently, the Parent Company of the Holding Company holds 65.52% shares of the Company.

The Holding Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Holding Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. The registered office of the Holding Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

**1.2** These consolidated financial statements of Arif Habib Limited for the year ended 30 June 2019 comprise of the Holding Company and following subsidiary companies (here-in-after referred to as “the Group”):

Name of Subsidiary Companies	Effective holding
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	100.00%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	100.00%

**1.2.1** Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of AHCPL is located at Arif Habib Centre Karachi. AHCPL holds license of Pakistan Mercantile Exchange (PMEX). The principal activity of AHCPL is to effectively manage investment portfolios in commodities.

**1.2.2** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 08 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the AH1857 is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. AH1857 holds Trading Right Entitlement Certificate (TREC). The principal activities of AH1857 are investments and shares brokerage.

**1.3** The Securities and Exchange Commission of Pakistan (SECP) vide its letter No. EMD/233/683/07-294 dated October 05, 2017 and EMD/233/683/07-295 dated October 05, 2017 had granted exemption to the Holding Company from preparation of the consolidated financial statements for its subsidiaries namely M/s. Arif Habib Commodities (Pvt.) Limited and M/s. Arif Habib 1857 (Pvt.) Limited respectively. During the current year, the said exemption was not provided by SECP to the Holding Company and as a result of which the Holding Company was required to prepare Consolidated Financial Statements for the year ended June 30, 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except;

- Investment property which is carried at fair value;
- Long term investments in ISE Tower Reit Management Limited and LSE Financial Services Limited which is carried at fair value;
- Short term investments in quoted equity securities, units of mutual funds and term finance certificates / sukuku carried at fair value;

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

	<b>Note</b>
- Useful lives and residual values of property and equipment.	<b>3.2</b>
- Useful lives and residual values of intangible assets.	<b>3.3</b>
- Valuation of investment property.	<b>3.4 &amp; 8</b>
- Valuation of investment in ordinary shares of ISE Towers Reit Management Limited and LSE Financial Services Limited.	<b>7.2</b>
- Provision for taxation	<b>3.14</b>

## 2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the consolidated financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the consolidated financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the consolidated financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

## **Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:**

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of consolidation

#### 3.1.1 Business Combination

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortised and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated statement of profit or loss account. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated statement of profit or loss account.

#### 3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

These consolidated financial statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and the accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Holding Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss account. Any retained interest in the former subsidiary is measured at fair value where control is lost.

The financial year of the Holding Company and its subsidiaries are the same.

### 3.1.3 Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

### 3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.2 Property and equipment

### Owned

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

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

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 5. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.10,000 the same is charged directly to the statement of profit or loss account .

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

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Group's estimate of residual value of property and equipment as at June 30, 2019 did not require any adjustment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## Leased assets

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives.

## 3.3 Intangible assets

### 3.3.1 Computer softwares

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

Amortization on additions is charged when the asset is available for use till the asset is disposed off.

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

### 3.3.2 Membership cards and offices

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

## 3.4 Investment properties

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

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

## 3.5 Financial instruments

### 3.5.1 Financial instruments

#### a) Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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**b)** i) Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit and loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortised cost.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss (“FVTPL”), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as ‘instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

**c)** Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss account and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) Impairment of financial assets at amortised cost

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4.

e) Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of profit or loss account. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of profit or loss account. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss account, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

### 3.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 3.7 Securities purchased under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognized in the statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

## 3.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

## 3.9 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances, running finances under markup arrangement.

## 3.10 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 3.11 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## 3.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 3.13 Staff retirement benefits - Defined contribution plan

The Holding Company operates a defined contribution plan i.e. recognized provident fund (“the Fund”) for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate of 12.50% of basic salary are made to the Fund by the Holding Company and the employees. Subsidiary companies have no staff retirement benefits plans.

## 3.14 Taxation

Income tax expense comprises current and deferred tax.

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

## 3.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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## 3.16 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at reporting date. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to statement of profit or loss account.

## 3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gain / (loss) arising on sale of investments are included in the statement of profit or loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in the statement of profit or loss account for the period in which they arise.

## 3.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of relevant asset.

## 4 CHANGES IN ACCOUNTING POLICY

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Group has adopted modified retrospective approach as, permitted by this standard, according to which the Group is not required to restate the prior year results. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The impact of the adoption of IFRS 9 has been in the following areas:

### i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

**Upon the adoption of IFRS 9, the Group had the following required or elected reclassifications as at July 01, 2018**

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Long term deposit	LR	AC	43,117,229	43,117,229	-
Trade debts	LR	AC	26,051,821	24,426,220	1,625,601
Receivable against margin financing	LR	AC	258,367,177	257,416,270	950,907
Short term loans	LR	AC	9,359,108	9,359,108	-
Advances and deposits	LR	AC	66,128,599	66,128,599	-
Other receivable	LR	AC	207,289,805	167,578,149	39,711,656
Bank balances	LR	AC	712,027,007	712,027,007	-

- "LR" is loans and receivables

- "AC" is amortised cost

### ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended June 30, 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Group considers the impact of forward looking information (such Group's internal factors and economic environment of the customers) on ECLs.

## Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Group expects to receive).

## Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as at July 01, 2018"
Provision for doubtful debts - Trade debts	863,471,916	1,625,601	865,097,517
Provision against marginal financing	-	950,908	950,908
Provision for doubtful debts - Other receivable	59,357,212	-	59,357,212
	<u>922,829,128</u>	<u>2,576,509</u>	<u>925,405,637</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Group for the year ended June 30, 2019.

## 5 PROPERTY AND EQUIPMENT

	Owned Assets				Leased Assets	Total
	Leasehold improvements	Office equipments	Furniture & Fixture	Compter & Allied	Vehicles	
<b>As at July 01, 2017</b>						
Cost	102,485,179	1,061,768	371,936	23,431,585	3,880,500	131,230,968
Accumulated depreciation	(72,723,211)	(559,223)	(154,606)	(14,277,440)	(1,767,870)	(89,482,350)
Net book value	29,761,968	502,545	217,330	9,154,145	2,112,630	41,748,618
<b>Year ended June 30, 2018</b>						
Opening net book value	29,761,968	502,545	217,330	9,154,145	2,112,630	41,748,618
Additions / transfers during the year	-	389,860	1,675,126	3,112,609	-	5,177,595
Disposals / transfers / writeoff						
Cost	-	-	-	(218,143)	(1,792,500)	(2,010,643)
Accumulated depreciation	-	-	-	49,648	1,018,934	1,068,582
Net book value (note 5.1)	-	-	-	(168,495)	(773,566)	(942,061)
Depreciation for the year	(4,169,811)	(93,403)	(97,054)	(3,367,685)	(335,572)	(8,063,525)
Closing net book value	25,592,157	799,002	1,795,402	8,730,574	1,003,492	37,920,627
<b>As at June 30, 2018</b>						
Cost	102,485,179	1,451,628	2,047,062	26,326,051	2,088,000	134,397,920
Accumulated depreciation	(76,893,022)	(652,626)	(251,660)	(17,595,477)	(1,084,508)	(96,477,293)
Net book value	25,592,157	799,002	1,795,402	8,730,574	1,003,492	37,920,627
<b>Year ended June 30, 2019</b>						
Opening net book value	25,592,157	799,002	1,795,402	8,730,574	1,003,492	37,920,627
Additions / transfers during the year	-	3,387,442	2,497,703	5,083,856	-	10,969,001
Disposals / transfers / writeoff						
Cost	-	(75,000)	-	(45,026)	(2,088,000)	(2,208,026)
Accumulated depreciation	-	43,115	-	16,998	1,173,841	1,233,954
Net book value (note 5.1)	-	(31,885)	-	(28,028)	(914,159)	(974,072)
Depreciation for the year	(3,588,584)	(422,648)	(463,849)	(3,686,918)	(89,333)	(8,251,332)
Closing net book value	22,003,573	3,731,911	3,829,256	10,099,484	-	39,664,224
<b>As at June 30, 2019</b>						
Cost	102,485,179	4,764,070	4,544,765	31,364,881	-	143,158,895
Accumulated depreciation	(80,481,606)	(1,032,159)	(715,509)	(21,265,397)	-	(103,494,671)
Net book value	22,003,573	3,731,911	3,829,256	10,099,484	-	39,664,224
<b>Annual rates of depreciation</b>						
	15%	15%	15%	33%	20%	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 5.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	WDV at Disposal	Accumulated Depreciation	Sale Proceed	Loss on disposal	Mode of Disposal	Particulars of Buyer
Computer & Allied	45,026	28,028	16,998	27,000	(1,028)	Insurance claim	Insurance claim
Office Equipment	75,000	31,885	43,115	20,000	(11,885)	Trade in	Real Technique
Vehicle	2,088,000	914,159	1,173,841	914,159	-	WDV	Employee
	<u>2,208,026</u>	<u>974,072</u>	<u>1,233,954</u>	<u>961,159</u>	<u>(12,913)</u>		

	Note	2019 Rupees	2018
<b>6 INTANGIBLES ASSETS</b>			
Computer software	6.1	<b>2,354,089</b>	2,852,439
Trading right entitlement certificates and offices	6.2	<b>7,100,000</b>	16,100,000
Membership Card - Pakistan Mercantile Exchange Limited		<b>1,000,000</b>	1,000,000
		<u><b>10,454,089</b></u>	<u>19,952,439</u>
<b>6.1 Computer software</b>			
<b>Net carrying amount</b>			
Opening net book value		<b>2,852,439</b>	3,493,747
Additions during the year		-	-
Amortisation charge		<b>(498,350)</b>	(641,308)
Closing net book value		<u><b>2,354,089</b></u>	<u>2,852,439</u>
<b>Gross carrying amount</b>			
Cost		<b>7,433,958</b>	7,433,958
Accumulated amortisation		<b>(5,079,869)</b>	(4,581,519)
Net book value		<u><b>2,354,089</b></u>	<u>2,852,439</u>
<b>Amortisation rate</b>		<u><b>25%</b></u>	<u>25%</u>
<b>6.2 Trading Right Entitlement Certificate (TREC) and offices</b>			
<b>Trading Right Entitlement Certificates</b>			
Cost		<b>35,500,000</b>	35,500,000
Impairment		<b>(30,500,000)</b>	(21,500,000)
	6.2.1	<u><b>5,000,000</b></u>	<u>14,000,000</u>
<b>Offices-booths</b>			
Pakistan Stock Exchange Limited		<b>2,100,000</b>	2,100,000
		<u><b>7,100,000</b></u>	<u>16,100,000</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- 6.2.1** This represents TREC received by the Holding Company and its subsidiary M/s. Arif Habib 1857 (Private) Limited, in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, These have been carried at cost less impairment.

	Note	2019	2018
		Rupees	
<b>7 LONG TERM INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Pakistan Stock Exchange Limited	7.1	13,023,998	19,786,459
- ISE Towers REIT Management Company Limited	7.2	40,936,808	43,910,720
- LSE Financial Services Limited	7.2	12,085,722	8,692,943
		<b>66,046,528</b>	<b>72,390,122</b>

- 7.1** This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Holding Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Holding Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

In March 2017, the Holding Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Holding Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription.

Given the above, the investment to the extent of 25% has been classified as long term investment while the remaining investment in PSX and further shares acquired (if any) has been classified under short term investment.

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

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

2019					
Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique
LSE Financial services Limited	8.0%	13.10%	5	14.32	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	8.0%	13.10%	5	13.49	Discounted Free Cash Flow to Equity
2018					
Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique
LSE Financial services Limited	8.0%	12.23%	5	10.30	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	8.0%	11.93%	5	14.47	Discounted Free Cash Flow to Equity

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
<b>7.3 Unrealized loss on remeasurement of long term investments as of the reporting date</b>			
Fair value		66,046,528	72,390,122
Carrying value		86,688,713	86,688,713
Unrealized loss on remeasurement	7.3.1	(20,642,185)	(14,298,591)
<b>7.3.1 Movement in unrealized (loss) / gain on remeasurement of long term investments</b>			
At the beginning of the year		(14,298,591)	10,038,497
Net unrealized loss in the value of investments for the year		(6,343,594)	(24,337,088)
At the end of the year		(20,642,185)	(14,298,591)
<b>8 INVESTMENT PROPERTY</b>			
Opening carrying amount		1,373,500,000	369,211,719
Sale during the year		(180,540,000)	(239,821,719)
Acquisition during the year		163,419,941	859,120,000
		1,356,379,941	988,510,000
Increase in fair value during the year		370,039,859	384,990,000
<b>Closing carrying amount</b>		<b>1,726,419,800</b>	<b>1,373,500,000</b>
<b>8.1</b>	This represents investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited, ISE Towers REIT Management Company Limited and LSE Financial Services Limited. As of the reporting date, the fair value of such investment properties was determined by an independent external property valuer having appropriate recognised qualification and relevant experience according to which there was an increase of Rs. 370.04 million in fair value of the properties and the forced sales value of the above investment properties is Rs. 1,478.1 million (2018: Rs. 1,171 million).		
		2019	2018
		Rupees	
<b>9 LONG TERM DEPOSITS</b>			
- Pakistan Stock Exchange Limited		17,207,961	17,207,961
- National Clearing Company of Pakistan Limited		2,594,578	1,307,134
- LSE Financial Services Limited		-	12,331,941
- ISE Towers REIT Management Company Limited		150,000	150,000
- Pakistan Mercantile Exchange deposit for office		11,507,205	11,507,205
- Others		1,043,946	612,988
		<b>32,503,690</b>	<b>43,117,229</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	Rupees
<b>10 DEFERRED TAX - net</b>			
<b>Deferred tax liabilities - Taxable temporary differences</b>			
- Accelerated depreciation		2,828,548	3,385,978
- Investments at fair value through profit and loss		(46,922,257)	13,033,862
- Investment property		160,686,292	44,832,675
- Accrued markup		2,689,946	2,117,600
		119,282,529	63,370,115
<b>Deferred tax assets - Deductible temporary differences</b>			
- Impairment of intangible assets		(6,206,000)	(5,820,000)
- Provision for doubtful debts and other receivables		(273,933,550)	(289,535,187)
- Liabilities against assets subject to finance lease		-	(403,780)
		(280,139,550)	(295,758,967)
<b>Deferred tax asset - net</b>		(160,857,021)	(232,388,852)
Deferred tax asset recognised to the extent of deferred tax liability		119,282,529	63,370,115
Unrecognised deferred tax asset in the books		41,574,492	169,018,737
		160,857,021	232,388,852
<b>Deferred tax asset - net</b>	10.1	-	-
<b>10.1</b>	The Holding Company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate to Rs. 119.28 million. (2018: Rs. 63.37 million).		

		2019	2018
		Rupees	Rupees
<b>11 SHORT TERM INVESTMENTS - at fair value through profit or loss 'Held for trading'</b>			
Quoted equity securities		2,089,487,680	2,484,103,828
Investment in MTS		5,945,256	14,472,307
Units of Mutual funds		-	7,000,000
		2,095,432,936	2,505,576,135
Term finance / sukuk certificates		321,613,197	187,681,776
		2,417,046,133	2,693,257,911
<b>11.1 Unrealized (loss) / gain on remeasurement of short term investments as of the reporting date</b>			
Market value of the investments		2,417,046,133	2,678,785,604
Cost of the investments		2,788,527,454	2,574,514,709
		(371,481,321)	104,270,895

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
<b>11.2 Movement in unrealized (loss) / gain on remeasurement of short term investments</b>		
At the beginning of the year	<b>104,270,895</b>	74,863,752
Net unrealized (loss) / gain in the value of investments for the year	<b>(475,752,216)</b>	29,407,143
At the end of the year	<b>(371,481,321)</b>	<u>104,270,895</u>

**11.3** Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2019 amounted to Rs. 5,344.29 million (2018: Rs. 5,745.98 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	June 30, 2019		June 30, 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	<b>155,810,000</b>	<b>3,941,528,500</b>	136,000,000	4,414,016,000
House	<b>127,500,995</b>	<b>1,956,264,488</b>	74,942,000	1,331,963,863
Total	<b>283,310,995</b>	<b>5,897,792,988</b>	<u>210,942,000</u>	<u>5,745,979,863</u>

	2019	2018
	Rupees	
<b>12 TRADE DEBTS</b>		
Considered good	<b>30,933,887</b>	24,426,220
Considered doubtful	<b>865,324,540</b>	863,471,916
	<b>896,258,427</b>	887,898,136
Less: provision for doubtful debts	12.1 <b>(865,324,540)</b>	(863,471,916)
	12.2 <b>30,933,887</b>	<u>24,426,220</u>

### 12.1 Movement in Provision for doubtful debts

Balance at the beginning of the year (as previously reported)	<b>863,471,916</b>	874,618,000
Add: Effect of application of IFRS 9	<b>1,625,601</b>	-
Balance at the beginning of the year (restated)	<b>865,097,517</b>	<u>874,618,000</u>
Charged during the year	<b>227,023</b>	-
Reversed during the year	<b>-</b>	(11,146,084)
Balance at the end of the year	<b>865,324,540</b>	<u>863,471,916</u>

**12.2** This includes Rs. 0.4 million (2018: Rs. 0.1 million) due from related parties. The Holding Company holds capital securities having fair value of Rs. 37,076 million (2018: Rs. 42,456 million) owned by its clients, as collaterals against trade debts. The maximum aggregate amount outstanding at any time during the year amounts to Rs. 47.4 million (2018: Rs. 31 million)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	Rupees
<b>13 RECEIVABLE AGAINST MARGIN FINANCING</b>			
Considered good		114,245,832	257,416,270
Considered doubtful		1,917,749	-
	13.1	<u>116,163,581</u>	<u>257,416,270</u>
Less: provision for doubtful debts	13.2	<u>(1,917,749)</u>	<u>-</u>
		<u>114,245,832</u>	<u>257,416,270</u>
<b>13.1</b>			
Margin financing facility is provided to clients on markup basis ranging from 12% to 18.25% (2018: 12% to 14%) per annum.			
<b>13.2 Movement in Provision for doubtful debts</b>			
Balance at the beginning of the year (as previously reported)		-	-
Add: Effect of application of IFRS 9		950,907	-
Balance at the beginning of the year (restated)		<u>950,907</u>	<u>-</u>
Charged during the year		966,842	-
Reversed during the year		-	-
Balance at the end of the year		<u>1,917,749</u>	<u>-</u>
<b>14 SHORT TERM LOANS - secured</b>			
Executives		4,050,000	4,814,951
Staff		50,002	4,544,157
	14.1	<u>4,100,002</u>	<u>9,359,108</u>
<b>14.1</b>			
Loans to executives and staff are interest free. These loans have been provided for the purchase of vehicles and for other purposes in accordance with the terms of employment. The loans are repayable over a year and are to be recovered through deduction from monthly payroll. The loans are secured against staff provident fund balance.			
<b>15 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
<b>Advances</b>			
Advance against expenses		184,960	1,187,663
<b>Trade deposits</b>			
Exposure deposit with Pakistan Stock Exchange Limited	15.1	38,254,620	6,811,129
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	15.2	301,754,729	58,129,807
<b>Prepayments</b>			
Rent		5,848,357	1,233,341
Insurance		420,000	126,747
Others		59,506	234,899
		<u>346,522,172</u>	<u>67,723,586</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**15.1** This represents deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited.

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

	Note	2019	2018
		Rupees	
<b>16 OTHER RECEIVABLES</b>			
Receivable against Reverse Repo transactions		52,152,387	62,815,648
Dividend receivable		-	2,024,298
Other receivable		222,980,283	162,095,415
		<u>275,132,670</u>	<u>226,935,361</u>
Less: provision for doubtful debts		(77,356,160)	(59,357,212)
		<u>197,776,510</u>	<u>167,578,149</u>

## 16.1 Movement in provision for doubtful debts

Balance at the beginning of the year (as previously reported)		59,357,212	2,831,216
Add: Effect of application of IFRS 9		39,711,656	
Balance at the beginning of the year (restated)		<u>99,068,868</u>	<u>2,831,216</u>
Charged during the year		-	56,525,996
Charge due to adoption of new accounting standard		469,758	-
Reversed during the year		(22,182,466)	-
Balance at the end of the year		<u>77,356,160</u>	<u>59,357,212</u>

## 17 CASH AND BANK BALANCES

Cash in hand		175,294	70,843
Cash at bank			
- current accounts		195,786,812	217,807,882
- savings accounts	17.1	461,610,260	494,219,125
	17.2	657,397,072	712,027,007
		<u>657,572,366</u>	<u>712,097,850</u>

**17.1** The return on these balances is 3.75% to 9.5% (2018: 4% to 5%) per annum on daily product basis.

**17.2** Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 595.989 million (2018: Rs. 661.625 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 18 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
(Number of shares)			Rupees	
<b>75,000,000</b>	75,000,000	<b>Authorized capital</b>	<b>750,000,000</b>	750,000,000
		Ordinary shares of Rs. 10/- each		
		<b>Issued, Subscribed and Paid up Capital</b>		
		Ordinary shares of Rs.10/- each		
<b>12,000,000</b>	12,000,000	For Cash	<b>120,000,000</b>	120,000,000
<b>54,000,000</b>	43,000,000	As bonus shares	<b>540,000,000</b>	430,000,000
<b>66,000,000</b>	55,000,000		<b>660,000,000</b>	550,000,000

**18.1** Holding Company hold 43,245,884 (2018: 36,038,237) ordinary shares of Rs. 10 each at year end.

**18.2** There is only one class of ordinary shares.

**18.3** There is no agreement with shareholders for voting rights, board selection, rights of first refusal, and block voting.

## 19 SURPLUS ON REVALUATION OF PROPERTY

In the year 2015, the Group reclassified Leasehold Land and Offices to Investment Property. In accordance with IAS 40 "Investment Property" surplus on revaluation of properties is recognised.

## 20 SHORT TERM BORROWINGS - secured

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,190 million (2018: Rs. 4,790 million). These facilities have various maturity dates up to September 30, 2019. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% (2018: 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25%) calculated on a daily product basis that is payable quarterly.

	Note	2019	2018
		Rupees	
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors	21.1	<b>605,331,712</b>	521,281,176
Commission payable	21.2	<b>10,858,152</b>	24,578,838
Accrued expenses		<b>6,228,628</b>	6,724,705
Payable to provident fund		<b>272,108</b>	46,694
Sindh sales tax payable		<b>13,916,869</b>	7,915,879
Other liabilities		<b>2,729,639</b>	3,389,313
		<b>639,337,108</b>	563,936,605

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**21.1** This includes Rs. 26.42 million (2018: Rs. 0.5 million) payable to related parties of the Group.

**21.2** This includes Rs. 2.29 million (2018: Rs. 20.08 million) payable to related parties of the Group on account of commission.

	Note	2019	2018
		Rupees	Rupees
<b>22</b>	<b>LOAN FROM RELATED PARTY</b>		
Loan from director - Ahsan Mehnti	22.1	<b>3,800,000</b>	-

**22.1** This represents short term interest free loan from director of M/s. Arif Habib Commodities (Private) Limited ('the Subsidiary Company') to meet working capital requirements of the Subsidiary Company and is repayable on demand.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingency

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

	2019	2018
	Rupees	Rupees
<b>23.2</b>	<b>Commitments</b>	
Following commitments are outstanding as at the reporting date:		
- Outstanding settlements against Margin Trading contracts	<b>183,844,159</b>	251,249,997
- Outstanding settlements against sale / purchase of securities in regular market.	<b>67,513,807</b>	150,852,380
- Financial guarantees given by commercial banks on behalf of the Holding Company	<b>250,000,000</b>	250,000,000

## 24 OPERATING REVENUE

Brokerage and operating revenue	<b>315,132,957</b>	344,456,790
Advisory and consultancy fee	<b>375,519,281</b>	218,036,790
Dividend income	<b>88,201,056</b>	109,534,946
	<b>778,853,294</b>	672,028,526

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	Rupees
<b>25 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	25.1 & 34	250,168,380	199,414,540
CDC and clearing house charges		27,574,851	23,477,708
Fees and Subscription		10,729,451	8,059,589
Legal and professional charges		6,210,521	9,422,447
Communication		14,202,243	12,148,631
Rent, rates and taxes		26,759,698	23,356,081
Depreciation and amortization	5 & 6	8,749,682	8,704,833
Building maintenance		16,707,059	14,257,689
Repairs and maintenance		4,425,723	2,598,224
Insurance		4,442,174	4,329,221
Advertisement and business promotion		1,673,265	4,005,716
Business representation		7,790,616	4,916,283
Motor vehicle and travelling expense		21,085,748	16,481,324
Printing and stationery		1,772,666	3,090,604
Conveyance and meals		1,049,006	921,687
Meeting expenses		604,127	785,089
Auditors' remuneration	25.2	2,320,083	1,953,512
Donation	25.3	800,000	-
Others		7,531,285	5,641,708
		<b>414,596,578</b>	<b>343,564,886</b>

## 25.1 Salaries and other benefits

Salaries and other benefits	25.1.1	134,135,794	134,499,315
Commission		116,032,586	116,450,664
		<b>250,168,380</b>	<b>250,949,979</b>

**25.1.1** Salaries and benefits include Rs. 6.39 million (2018: Rs. 6.04 million) in respect of provident fund contribution.

	2019	2018
	Rupees	Rupees
<b>25.2 Auditors' remuneration</b>		
Annual audit fee	1,322,000	1,303,512
Half yearly review	310,000	310,000
Certification on compliance with Code of Corporate Governance	200,000	200,000
Other certifications	488,083	140,000
	<b>2,320,083</b>	<b>1,953,512</b>

**25.3** The name of donees to whom donation amount exceeds Rs. 0.5 million is M/s. I-Care Foundation. None of the directors of the Holding Company or their spouses had any interest in the donee organizations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
<b>26 FINANCE COSTS</b>			
Finance cost on finance lease		12,102	50,579
Markup on short term borrowings			
from banking companies		211,548,315	174,857,761
Markup on MTS securities		1,813,855	2,751,097
Bank charges and others		4,962,909	7,155,936
		<u>218,337,181</u>	<u>184,815,373</u>
<b>27 OTHER CHARGES</b>			
Impairment loss on Trading Right Entitlement Certificate (TREC)		9,000,000	-
Provision for doubtful receivables		4,636,917	56,606,194
Loss on disposal of property and equipment	5.1	12,913	20,395
		<u>13,649,830</u>	<u>56,626,589</u>
<b>28 OTHER INCOME</b>			
<b>From financial assets</b>			
Markup on reverse repo		25,265,266	4,076,856
Markup on margin financing		45,338,816	71,581,965
Markup on MTS		1,077,200	1,144,979
Profit on savings accounts		21,479,782	19,453,812
Profit on exposure deposit		2,564,458	1,404,805
Reversal of provision for doubtful debt		19,351,250	11,146,084
Others		25,329,758	51,614,914
<b>From non-financial assets</b>		-	
Gain on disposal of Investment property		23,315,000	46,876,750
		<u>163,721,530</u>	<u>207,300,165</u>
<b>29 TAXATION</b>			
Current tax - for the year		75,633,868	118,896,583
- for prior years		3,369,498	-
		<u>79,003,366</u>	<u>118,896,583</u>
Deferred	10.1	-	-
		<u>79,003,366</u>	<u>118,896,583</u>
<b>29.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		13,531,616	689,732,174
Tax at the applicable rate of 29% (2018: 30%)		3,924,169	196,177,027
Tax effect of income under Presumptive Tax Regime		(27,494,954)	21,861,869
Tax effect of income taxed at lower rate		68,966,786	(784,894)
Tax effect of prior year tax charge		3,369,498	-
Tax effect of non-deductible expenses		3,306,737	14,097,927
Tax effect of exempt income / permanent differences		26,864,930	(131,355,006)
Others		66,200	18,899,660
		<u>79,003,366</u>	<u>118,896,583</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

**29.2** Income tax assessments of the Group are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 (“the Ordinance”) unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

**29.3** The Holding Company has been contesting Civil Suit No. 284/2016 against levy of “Super Tax” u/s 4B of the Income Tax Ordinance, 2001 introduced through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. The Holding Company is of the view that the same is imposed against the merit of law and the legal council is of the view that the Holding Company has a favorable case on merit. However, on prudent basis, a provision has been made in the consolidated financial statements.

	2019	2018
	Rupees	
<b>30 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED</b>		
<b>30.1 Basic (loss) / earnings per share</b>		
(Loss) / profit after taxation	<u>(65,471,750)</u>	<u>570,835,591</u> (Restated)
	Number of shares	
Weighted average number of ordinary shares outstanding	<u>66,000,000</u>	<u>66,000,000</u> (Restated)
	Rupees	
(Loss) / earnings per share	<u>(0.99)</u>	<u>8.65</u>

## 30.2 Diluted (loss) / earnings per share

There is no dilutive effect on the basic (loss) / earnings per share of the Group, since there are no convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the (loss) / earnings per share.

## 31 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 statement of financial position as follows:

	2019	2018
	Rupees	
Cash and bank balances	<u>657,572,366</u>	712,097,850
Short term borrowings	<u>(1,909,233,639)</u>	(1,472,580,896)
	<u>(1,251,661,273)</u>	<u>(760,483,046)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 32 STAFF RETIREMENT BENEFITS

**32.1** The Holding Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2019:

	<b>2019</b> <b>(Un-Audited)</b>	2018 (Un-Audited)
Defined contribution plan - staff provident fund		
Size of the Fund	<u>13,311,773</u>	<u>17,832,695</u>
Cost of investments made	<u>13,272,294</u>	<u>17,555,843</u>
Percentage of investments made	<u>100%</u>	<u>98%</u>
Fair value of investments	<u>13,249,294</u>	<u>17,772,614</u>

**32.2** The break-up of fair value of investments are as follow:

	<b>2019</b>		2018	
	Rupees	%	Rupees	%
Open end mutual fund	<u>2,895,064</u>	<u>22%</u>	3,527,928	22%
Balance with bank in savings account	<u>10,354,230</u>	<u>78%</u>	12,596,822	78%
	<u>13,249,294</u>	<u>100%</u>	<u>16,124,750</u>	<u>100%</u>

**32.3** The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

## 33 RELATED PARTY TRANSACTIONS AND BALANCES

**33.1** Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries), key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executives is disclosed in note 34 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	30 June 2019	Year ended 30 June 2018
		Rupees
<b>PARENT COMPANY</b>		
<b>Arif Habib Corporation Limited</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	6,525,709	7,836,192
Dividend paid during the year	108,114,711	360,382,370
Balance Receivable at year end	40,128	53,332
<b>GROUP COMPANIES</b>		
<b>Javedan Corporation Limited</b>		
Purchase of plots	125,000,000	829,120,000
Development Charges Paid	26,088,000	30,000,000
Balance receivable at year end	-	14,256,026
Sale of Plots	-	162,710,000
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Zafar Alam (Chairman of the Holding Company)</b>		
Dividend paid during the year	1,500	5,000
Meeting Fee Paid	125,000	100,000
<b>Muhammad Shahid Ali (CEO of the Holding Company)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	8,037,263	6,465,888
Dividend paid during the year	2,196	7,320
Balance payable at year end	25,972,102	1,988,637
<b>Muhammad Haroon (Director of Holding Company)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	123,632	620,841
Dividend paid during the year	3,894	12,980
Balance payable at year end	4,239	11,466
Meeting Fee Paid	100,000	100,000
<b>Muhammad Sohail Salat (Director of Holding Company)</b>		
Dividend paid during the year	1,500	5,000
Meeting Fee Paid	125,000	100,000
<b>Sharmin Shahid (Director of Holding Company)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	626,491	8,113
Dividend paid during the year	2,748	9,160
Meeting Fee Paid	100,000	100,000
<b>Nida Ahsan (Director of Holding Company)</b>		
Brokerage Commission earned during the year on sale and purchase of Securities	7,691,785	35,000
Dividend paid during the year	2,748	9,160
Balance payable at year end	12,182	1,508,352
Meeting Fee Paid	-	100,000
<b>CLOSE FAMILY MEMBERS</b>		
<b>Arif Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	6,313,501	10,189,954
Dividend paid during the year	12,327,000	5,155,000
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	46,351	281,704
Dividend paid during the year	1,302	4,340
<b>Muhammad Kashif A. Habib</b>		
Brokerage commission earned during the year on sale and purchase of Securities	76,805	-
<b>POST EMPLOYMENT BENEFIT PLAN - Holding Company</b>		
Provident fund trust - Contribution paid during the year	6,386,995	6,046,635

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Other Executives	
	2019	2018	2019	2018	2019	2018
				Rupees		
Managerial remuneration	9,712,797	9,649,767	-	-	44,882,615	55,877,378
Contribution to provident fund	1,262,454	1,262,454	-	-	2,917,206	2,781,860
Medical allowance	463,816	1,329,816	-	-	2,333,765	2,225,488
Commission	32,428,602	14,284,772	450,000	550,000	13,488,233	1,956,497
	<u>43,867,669</u>	<u>26,526,809</u>	<u>450,000</u>	<u>550,000</u>	<u>63,621,819</u>	<u>62,841,223</u>
Number of persons	<u>2</u>	<u>2</u>	<u>4</u>	<u>6</u>	<u>18</u>	<u>14</u>

## 35 FINANCIAL RISK MANAGEMENT

### 35.1 Financial risk factors

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

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

#### a) Market risk

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

#### i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Group is not exposed to currency risk since there are no material foreign currency transactions and balances at the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Group manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Group to incur significant mark to market and credit losses. The Group is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 2,103 million (2018: 2,511 million) and also the Group holds collaterals in the form of equity securities against their debtor balances at the reporting date.

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

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

Details of the industrial sector analysis of the short term investments are as follows:

	June 30, 2019		June 30, 2018	
	(Rupees)	%	(Rupees)	%
Engineering	11,897,500	0.49	28,873,710	1.07
Chemical	239,611	0.01	4,100,200	0.15
Food & Personal Care Products	3,208,150	0.13	4,137,970	0.15
Oil & Gas	-	-	64,834,048	2.41
Inv. Banks / Inv. Cos. / Securities Cos.	213,751,227	8.84	46,400,179	1.72
Sugar & Allied Industries	4,486,760	0.19	10,876,530	0.40
Automobile	-	-	9,896,860	0.37
Transport & Technology	2,105,271	0.09	9,522,800	0.35
Textile Composite	217,970,758	9.02	857,574	0.03
Fertilizer	1,017,929,777	42.11	744,629,100	27.65
Commercial Bank	203,382,680	8.41	1,195,775,049	44.40
Equity Investment Instruments	321,613,196	13.31	187,681,776	6.97
Construction & Material ( Cement )	78,055,690	3.23	104,674,883	3.89
Leasing Companies	193,939,646	8.02	278,288,506	10.33
Power Generation & Distribution	132,136,805	5.47	-	-
Misc	16,329,062	0.68	2,708,726	0.10
	<b>2,417,046,133</b>	<b>100</b>	<b>2,693,257,911</b>	<b>100</b>

## Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has decreased by almost 19.11% (2018: increased by 10%) during the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The table below summarizes Group's equity price risk as of June 30, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Group's equity investment portfolio.

		Fair value	Estimated fair Hypothetical price change	Hypothetical value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	increase / (decrease) in profit / (loss) after tax
June 30, 2019	Rupees	2,108,456,934	10% increase	2,319,302,627	210,845,693	184,489,982
			10% decrease	1,897,611,241	(210,845,693)	(184,489,982)
June 30, 2018	Rupees	2,525,362,594	10% increase	2,777,898,853	252,536,259	220,969,227
			10% decrease	2,272,826,335	(252,536,259)	(220,969,227)

### iii) Interest rate risk

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

Financial assets and liabilities include balances of Rs. 628.01 million (2018: Rs. 814.45 million) and Rs. 1,909.23 million (2018: Rs. 1,472.58 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

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

	2019 Effective interest rate (%)	2018 Effective interest rate (%)	2019 Carrying amounts (Rs.)	2018 Carrying amounts (Rs.)
<b>Financial assets</b>				
Bank deposits - pls account	6% to 9.5%	4% to 5%	461,610,260	494,219,125
Receivable against Reverse Repo	12% to 16%	8% to 9%	52,152,387	62,815,648
Receivable against margin financing	12% to 18%	12% to 14%	114,245,832	257,416,270
<b>Financial liabilities</b>				
Finance Lease liability	-	8% to 9%	-	1,345,933
Short term borrowings	7.53% to 12.63%	6.76% to 8.5%	1,909,233,639	1,472,580,896

### Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 605 bps during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

	Effect of profit or loss account 100 bp	
	increase	(decrease)
<b>As at June 30, 2019</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>9,096,699</u>	<u>(9,096,699)</u>
<b>As at June 30, 2018</b>		
Cash flow sensitivity-Variable rate financial instruments	<u>4,606,909</u>	<u>(4,606,909)</u>

## b) Credit risk

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

### Exposure to credit risk

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

The Group's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk as disclosed in note 34.1 which ultimately affects the recoverability of trade debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

	Note	2019	2018
		Rupees	
Long-term deposits		<b>32,503,690</b>	43,117,229
Trade debts	35.1.1	<b>30,933,887</b>	24,426,220
Receivable against margin financing		<b>114,245,832</b>	257,416,270
Short term loans - secured	35.1.2	<b>4,100,002</b>	9,359,108
Advances and deposits		<b>340,009,349</b>	66,128,599
Other receivables		<b>197,776,510</b>	167,578,149
Bank balances		<b>657,397,072</b>	712,027,007
		<b>1,376,966,342</b>	1,280,052,582

**35.1.1** The maximum exposure to credit risk for trade debts is due from local clients.

**5.1.2** Loan to executive and employees are secured against provident fund balance of these executives and employees.

**35.1.3** The Group holds equity securities having fair value of Rs. 37,193 million (2018: Rs 40,421 million) owned by its clients, as collaterals against trade debts and margin finance receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts and receivable against margin financing) as at the reporting date is as follows:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	Rupees			
Not past due	<b>116,163,581</b>	-	257,416,270	-
Past due 1 day - 30 days	<b>32,051,907</b>	-	31,194,016	-
Past due 31 days - 180 days	<b>11,978,370</b>	-	4,031,550	-
Past due 181 days - 1 year	<b>13,350,004</b>	-	4,366,266	-
More than one year	<b>838,878,146</b>	<b>867,242,289</b>	848,359,636	863,471,916
	<b>1,012,422,008</b>	<b>867,242,289</b>	1,145,367,738	863,471,916

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

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

	Short term rating	2019	2018
		Rupees	
	A-1+	<b>478,176,441</b>	208,024,126
	A1+	<b>136,805,159</b>	22,799,054
	A-1	<b>42,325,472</b>	481,203,827
	Suspended	<b>90,000</b>	-
		<b>657,397,072</b>	712,027,007

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

## Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Group's total exposure. The Group's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

## c) Liquidity risk

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

On the reporting date, the Group has cash and bank balance Rs. 657.57 million (2018: Rs. 712.09 million) unutilized credit lines Rs. 3,276 million (2018: Rs. 3,317 million) and liquid assets in the form of short term securities amounting to Rs. 2,417.05 million (2018: Rs. 2,693.26 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees			
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	-	-	-	-
Trade and other payables	625,420,239	625,420,239	625,420,239	-
Short term borrowings	1,909,233,639	1,909,233,639	1,909,233,639	-
Markup accrued	84,812,447	84,812,447	84,812,447	-
	<u>2,619,466,325</u>	<u>2,619,466,325</u>	<u>2,619,466,325</u>	<u>-</u>
	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees			
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	1,345,933	1,365,350	1,345,933	-
Trade and other payables	556,020,726	554,843,994	554,843,994	-
Short term borrowings	1,472,580,896	1,472,580,896	1,472,580,896	-
Markup accrued	45,791,816	45,791,816	45,791,816	-
	<u>2,075,739,371</u>	<u>2,074,582,056</u>	<u>2,074,562,639</u>	<u>-</u>

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 35.2 Fair value estimate

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2 : Valuation techniques based on observable inputs.

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

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

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

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

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

<b>June 30, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Rupees			
Financial assets measured at fair value				
Equity Securities	<u>2,108,456,934</u>	<u>321,613,197</u>	<u>53,022,530</u>	<u>2,483,092,661</u>
Non-Financial assets measured at fair value				
Investment properties	<u>-</u>	<u>1,726,419,800</u>	<u>-</u>	<u>1,726,419,800</u>
June 30, 2018	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Rupees			
Financial assets measured at fair value				
Equity Securities	<u>2,525,362,594</u>	<u>187,681,776</u>	<u>52,603,663</u>	<u>2,765,648,033</u>
Non-Financial assets measured at fair value				
Investment properties	<u>-</u>	<u>1,373,500,000</u>	<u>-</u>	<u>1,373,500,000</u>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Balance as at July 01	52,603,663	58,591,979
Total losses recognised in statement of profit or loss account on remeasurement of investment	418,867	(5,988,316)
Balance as at June 30	<u>53,022,530</u>	<u>52,603,663</u>

During the year ended June 30 2019, the Group did not acquire any new shares of investee companies classified in level 3.

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

	Effect on profit and loss account	
	Favourable	(Unfavourable)
	Rupees	
<b>June 30, 2019</b>		
Equity securities	<u>530,225</u>	<u>(530,225)</u>
June 30, 2018		
Equity securities	<u>526,037</u>	<u>(526,037)</u>

### 35.3 Financial instruments by categories

	2019		
	Asset at fair value through profit or loss	Amortized cost	Total
	Rupees		
<b>As at June 30, 2019</b>			
<b>Financial assets as per statement of financial position</b>			
Long Term Investment	66,046,528	-	66,046,528
Long term deposits	-	32,503,690	32,503,690
Short term investments	2,417,046,133	-	2,417,046,133
Trade debts	-	30,933,887	30,933,887
Receivable against margin financing	-	114,245,832	114,245,832
Short term loans	-	4,100,002	4,100,002
Advances and deposits	-	340,009,349	340,009,349
Other receivables	-	197,776,510	197,776,510
Bank balances	-	657,397,072	657,397,072
	<u>2,483,092,661</u>	<u>1,376,966,342</u>	<u>3,860,059,003</u>
<b>As at June 30, 2019</b>			
<b>Financial liabilities as per statement of financial position</b>			
Liabilities against assets subject to finance lease			-
Short term borrowings			1,909,233,639
Trade and other payables			625,420,239
Payable against purchase of securities - net			30,970,319
Accrued markup			84,812,447
			<u>2,650,436,644</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

As at June 30, 2018 Financial assets as per statement of financial position	2018		
	Asset at fair value through profit or loss	Ammortized cost	Total
	Rupees		
Long Term Investment	72,390,122	-	72,390,122
Long term deposits	-	43,117,229	43,117,229
Short term investments	2,693,257,911	-	2,693,257,911
Trade debts	-	24,426,220	24,426,220
Receivable against margin financing	-	257,416,270	257,416,270
Short term loans	-	9,359,108	9,359,108
Advances and deposits	-	66,128,599	66,128,599
Other receivables	-	167,578,149	167,578,149
Cash and bank balances	-	712,027,007	712,027,007
	<u>2,765,648,033</u>	<u>1,280,052,582</u>	<u>4,045,700,615</u>
			<b>Financial liabilities at amortized cost</b>
			<b>Rupees</b>
Liabilities against assets subject to finance lease			1,345,933
Short term borrowings			1,472,580,896
Trade and other payables			556,020,726
Payable against purchase of securities - net			115,245,045
Accrued markup			45,791,816
			<u>2,190,984,416</u>

## 35.4 Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('lease liability' and 'short term borrowings' as shown in the statement of financial position). Total capital comprises shareholders' equity:

	2019	2018
	Rupees	
Total borrowings	<b>1,909,233,639</b>	1,473,926,829
Total equity	<b>2,939,764,824</b>	3,212,524,738
Total capital	<b>4,848,998,463</b>	4,686,451,567
Gearing ratio	<b>39.37%</b>	31.45%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

## 36 OPERATING SEGMENT

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

All non current assets of the Group as at June 30, 2019 are located in Pakistan.

## 37 EVENTS AFTER THE REPORTING DATE

The shareholders of the Holding Company, in their Extra Ordinary General Meeting held on July 03, 2019, have approved the purchase (buy back) of 10% (6.6 million) of its ordinary shares outstanding as at reporting date by the Holding Company for the purpose of their subsequent cancellation, via special resolution, in accordance with section 88 of the Companies Act, 2017 and requirements of Listed Companies (Buy-back of shares) Regulations, 2019 at Rs. 35 per share.

## 38 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group in meeting held on September 26, 2019.

## 39 NUMBER OF EMPLOYEES

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

	2019	2018
	Number	
Total number of employees as at	136	127
Average number of employees during the year	134	123

## 40 GENERAL

Figures have been rounded off to the nearest rupee and corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.



Chief Executive Officer



Director



Chief Financial Officer

# NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of Arif Habib Limited will be held on October 26, 2019 at 09:15 A.M. at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

## ORDINARY BUSINESS

- 1) To confirm minutes of the Extraordinary General Meeting held on July 03, 2019.
- 2) To review, consider and adopt audited accounts of the company together with the auditors' and directors' report thereon including approval of the annexures there to, for the year ended June 30, 2019 together with Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended June 30, 2019.
- 3) To appoint auditors of the company and fix their remuneration for the financial year 2019-20. The Board of Directors have recommended for reappointment of M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as external auditors.

## SPECIAL BUSINESS

- 4) To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending 30th June 2020 which require approval of shareholders u/s 207 and u/s 208 of the Companies Act, 2017, by passing the following special resolution with or without modification:

**“RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending 30th June 2020.”

**“FURTHER RESOLVED THAT** the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or u/s 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).”

- 5) To consider and if deemed fit, pass the following Special Resolutions with or without modification(s):

Investment in Associated Companies & Associated Undertakings:

**“RESOLVED THAT** the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and “Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012” for the following limit of investments/ additional investments in associated companies and associated undertakings subject to the terms and conditions mentioned in the Annexure-B of Statement under Section 134(3).”

**“FURTHER RESOLVED THAT** the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of the following equity investments limit up to unutilized portion of for which approval had been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3).”

**“FURTHER RESOLVED THAT** the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of following sanctioned limits of loans and advances for which approval has been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3) whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year.”

Name of Companies & Undertakings	Amount in Million	
	Proposed Amount of Equity	Proposed Amount of Loan / Advance
Safemix Concrete Products Limited (Renewal Requested)	156	250
Arif Habib Corporation Limited (Renewal Requested)	-	1,500
Power Cement Limited (Proposed Fresh Investment)	250	500
Aisha Steel Mills Limited (Proposed Fresh Investment)	250	500

**“FURTHER RESOLVED THAT** the Chief Executive and/or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company’s funds as above as and when required at the time of investment.”

#### ANY OTHER BUSINESS

- 6) To consider any other business with the permission of the Chair.

A Statement under Section 134(3) of the Companies Act, 2017, comprising of Annexure A, Annexure B and Annexure C pertaining to the special business is being sent to the shareholders along with this notice.

Karachi  
Friday, October 04, 2019

By order of the Board



**AAMIR JAMAL**  
Company Secretary

## NOTES

### A. Book closure:

- i) The share transfer books will remain closed from October 18, 2019 to October 26, 2019 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 17, 2019 will be treated in time for the purpose of attending the annual general meeting.
- ii) All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received at the office of our Registrar: M/s. Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 not less than 48 hours before the meeting.
- iii) In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iv) Members are requested to intimate any changes in address immediately to Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

### B. Video conference facility:

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the company ten days before holding of the annual general meeting.

If the company receives consent from members holding in aggregate 16% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to day of meeting, the company will arrange a video conference facility in the city subject to availability of such facility in that city

I/We, \_\_\_\_\_ of \_\_\_\_\_ being member of Arif Habib Limited, holder of \_\_\_\_\_ ordinary shares as per registered folio # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

\_\_\_\_\_  
Signature of shareholder

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

### **C. E-VOTING**

Member entitled to attend and vote at the meeting may opt to e-vote either by self to e-vote through intermediary or by way of instructions to appoint proxy / execution officer e-voting through intermediary.

### **D. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website (<http://www.arifhabibltd.com>) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on September 24, 2016. Accordingly Annual Report of the Company for the year ended June 30, 2019 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Financial Accounts" have also been made available on the Company's website.

### **E. Unclaimed dividend / Shares**

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(1)(a) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further, SECP vide Direction No. 16 of 2017 issued on July 7, 2017 directed all listed companies issue such notices to the members and submit statement of unclaimed shares or dividend or any other instrument which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2018

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This statement sets out the material facts concerning the Special Business given in Agenda items No. 6 of the Notice and comprise of Annexure - A, to be transacted at the Annual General Meeting of the Company.

### ANNEXURE A

#### **AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THOSE TRANSACTIONS WITH RELATED PARTIES (IF EXECUTED) DURING THE FINANCIAL YEAR ENDING 30TH JUNE 2020 WHICH REQUIRE APPROVAL OF SHAREHOLDERS U/S 207 AND / OR 208 OF THE COMPANIES ACT, 2017**

The Company shall be conducting transactions with its related parties during the year ending 30th June 2020 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of a brokerage house, many Directors may be deemed to be treated as interested in transactions with related parties due to their shareholding in such companies. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2020, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their shareholding and / or directorships in such companies.

## ANNEXURE - B

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

#### INVESTMENTS IN ASSOCIATED COMPANIES & ASSOCIATED UNDERTAKING

The Board of Directors of the Company has approved the specific limits for loans/advances along with other particulars for investments in the following associated companies and associated undertakings subject to the consent of members under Section 199 of the Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The Board of Directors do hereby undertake / certify that necessary due diligence for the following proposed investments have been carried out. The principle purpose of this special resolution is to make the Company in a ready position to capitalize on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

S.NO	DESCRIPTION	INFORMATION
<b>1</b>	<b>INVESTMENT IN SECURITIES</b>	<b>SAFEMIX CONCRETE PRODUCTS LIMITED</b>
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Unutilized limit of PKR 155.69 million is requested for approval. This is in addition to Investment at cost of PKR 94.31 million already made upto 30 June, 2019.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Before: 7.69 million shares held in the Company as on 30 June, 2019 After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 6.57
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 9.64

S.NO	DESCRIPTION	INFORMATION
10	Earning per share of the associated company or associated undertaking for the last three years	2018: PKR 0.10 2017: PKR (0.67) 2016: PKR (1.49)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
<b>2.</b>	<b>INVESTMENT IN SECURITIES</b>	<b>POWER CEMENT COMPANY LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of PKR 500 million is requested for approval.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment

S.NO	DESCRIPTION	INFORMATION
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Not Applicable  After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 6.82
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 10.63
10	Earning per share of the associated company or associated undertaking for the last three years	2018: PKR 0.32 2017: PKR 1.14 2016: PKR 1.33
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	Detail of guarantees and assets pledged for obtaining such funds	
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Pledge of listed securities and / or charge over assets of the Company, if and where needed. There is no agreement as this is a Long Term Strategic Investment
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable

S.NO	DESCRIPTION	INFORMATION
<b>3</b>	<b>INVESTMENT IN SECURITIES</b>	<b>AISHA STEEL MILLS LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to investments by the holding Company
2	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of PKR 500 million is requested for approval.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Not Applicable After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 9.01
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 10.20
10	Earning per share of the associated company or associated undertaking for the last three years	2018: PKR 1.57 2017: PKR 1.74 2016: PKR (1.35)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	The Company foresee the return on this strategic investment higher than the borrowing cost
(i)	Justification for investment through borrowings	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(ii)	Detail of guarantees and assets pledged for obtaining such funds	
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable

S.NO	DESCRIPTION	INFORMATION
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	Description of the project and its history since conceptualization	Not Applicable
(ii)	Starting and expected dated of completion of work	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected time by which the project shall start paying return on investment	Not Applicable
<b>1</b>	<b>LOANS AND ADVANCES</b>	<b>SAFEMIX CONCRETE PRODUCTS LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Fresh limit of PKR Nil is requested for approval. This is in addition to renewal requested separately for the previously sanctioned limit of loan amounting to PKR 250 million which was unutilised upto June 30, 2019.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2018-19, no loan was extended to the associate.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 241 million, PKR 754 million and PKR 513 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 38 million, PKR 4 million and PKR 2 million respectively"
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% in 2018-19
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	

S.NO	DESCRIPTION	INFORMATION
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2019.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable
<b>2</b>	<b>LOANS AND ADVANCES</b>	<b>ARIF HABIB CORPORATION LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to Parent Company.
2	Amount of loans or advances	Unutilized limit of PKR 1,500 million is requested for approval.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associate.

S.NO	DESCRIPTION	INFORMATION
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2018-19, no loan was extended to the associate.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 29,903 million, PKR 39,258 million and PKR 9,355 million respectively. EBITDA, Profit before tax and Profit after tax amounting to PKR 1,071 million, PKR 948 million and PKR 821 million respectively"
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% in 2018-19
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2019.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.

S.NO	DESCRIPTION	INFORMATION
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable
<b>3</b>	<b>LOANS AND ADVANCES</b>	<b>POWER CEMENT LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Fresh limit of PKR 250 million is requested for approval.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2018-19, no loan was extended to the associate.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 11,299 million, PKR 24,517 million and PKR 13,218 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 675 million, PKR 349 million and PKR 320 million respectively"
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% in 2018-19
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	

S.NO	DESCRIPTION	INFORMATION
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2019.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

S.NO	DESCRIPTION	INFORMATION
<b>4</b>	<b>LOANS AND ADVANCES</b>	<b>AISHA STEEL MILLS LIMITED</b>
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	An associated undertaking due to investment by the holding Company
2	Amount of loans or advances	Fresh limit of PKR 250 million is requested for approval.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2018-19, no loan was extended to the associate.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 8,491 million, PKR 20,425 million and PKR 11,934 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 3,314 million, PKR 1,916 million and PKR 1,284 million respectively"
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company ranges from 1 month KIBOR + 0.5% to 1.0%, 3 month KIBOR +0.5% to 2% and 6 month KIBOR + 0.75% in 2018-19
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	
(i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
(ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities and / or charge over assets of the Company, if and where needed.
(iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto September 30, 2019.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable

S.NO	DESCRIPTION	INFORMATION
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor / Director / Shareholder of Investee Company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

## ANNEXURE - C

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, IN COMPLIANCE WITH REGULATION 4(2) OF COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012, FOR DECISION TO MAKE INVESTMENT UNDER THE AUTHORITY OF A RESOLUTION PASSED EARLIER PURSUANT TO PROVISIONS OF SECTION 208 OF THE COMPANIES ORDINANCE, 1984 (REPEALED) IS NOT IMPLEMENTED EITHER FULLY OR PARTIALLY:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 (repealed) for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans and advances is also hereby sought for the companies, in which directors of the company have no interest except in their capacity as director/shareholder, as per following details:

1 Name of associated company / undertaking : **Arif Habib Corporation Limited**

S. No.	Description	Investment in Securities		Loans and Advances	
		2018	2017	2018	2017
a)	total investment approved;	-	-	1,500,000,000	-
b)	amount of investment made to date;	-	-	-	-
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"			Facility is in the nature of Running Finance to be availed as and when needed in the interest of the shareholders	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"				
i)	Earnings per share - basic & diluted	1.81	5.27	1.81	5.27
ii)	Net Profit	820,988,305	2,391,373,017	820,988,305	2,391,373,017
iii)	Shareholders Equity	29,903,464,987	30,469,478,512	29,903,464,987	30,469,478,512
iv)	Total Assets	39,258,276,693	37,735,009,679	39,258,276,693	37,735,009,679
v)	Break-up value	65.90	67.15	65.90	67.15
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	-	<b>Sanctioned</b>	<b>1,500,000,000</b>

## ANNEXURE - C

### 2 Name of associated company / undertaking : **Safe Mix Concrete Products Limited**

S. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	250,000,000		250,000,000	
b)	amount of investment made to date;	94,300,696		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of Running Finance to be availed as and when needed in the interest of the shareholders	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"	<b>2018</b>	2017	<b>2018</b>	2017
i	Earnings per share	0.10	(0.67)	0.10	(0.67)
ii	Net Profit	2,415,374	(16,767,581)	2,415,374	(16,767,581)
iii	Shareholders Equity	241,056,394	238,694,210	241,056,394	238,694,210
iv	Total Assets	753,508,449	503,902,449	753,508,449	503,902,449
v	Break-up value	9.64	9.55	9.64	9.55
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	<b>155,699,304</b>	<b>Sanctioned</b>	<b>250,000,000</b>

### 3 Name of associated company / undertaking : **Power Cement Limited**

S. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	250,000,000		500,000,000	
b)	amount of investment made to date;	-		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of Running Finance to be availed as and when needed in the interest of the shareholders	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"	<b>2018</b>	2017	<b>2018</b>	2017
i	Earnings per share	0.32	1.14	0.32	1.14
ii	Net Profit	319,907,000	466,793,000	319,907,000	466,793,000
iii	Shareholders Equity	11,299,062,000	8,394,241,000	11,299,062,000	8,394,241,000
iv	Total Assets	24,517,306,000	11,387,114,000	24,517,306,000	11,387,114,000
v	Break-up value	10.63	22.95	10.63	22.95
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	<b>250,000,000</b>	<b>Sanctioned</b>	<b>500,000,000</b>

## ANNEXURE - C

4 Name of associated company / undertaking : **Aisha Steel Mills Limited**

S. No.	Description	Investment in Securities		Loans and Advances	
		2018	2017 Restated	2018	2017 Restated
a)	total investment approved;	250,000,000		500,000,000	
b)	amount of investment made to date;	-		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of Running Finance to be availed as and when needed in the interest of the shareholders	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"				
i)	Earnings per share - Basic	1.57	1.74	1.57	1.74
ii)	Earnings per share - Diluted	1.54	1.31	1.54	1.31
iii)	Net Profit	1,283,982,000	1,020,149,000	1,283,982,000	1,020,149,000
iv)	Shareholders Equity	8,491,106,000	6,700,473,000	8,491,106,000	6,700,473,000
v)	Total Assets	20,425,788,000	18,183,865,000	20,425,788,000	18,183,865,000
vi)	Break-up value	10.20	9.77	10.20	9.77
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	250,000,000	<b>Sanctioned</b>	<b>500,000,000</b>

# CATEGORIES OF SHAREHOLDERS

YEAR ENDED JUNE 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
Directors and their spouse(s) and minor children	7	5,362	0.01
Associated Companies, undertakings and related parties	2	36,038,237	65.52
Executives	-	-	-
Public Sector Companies and Corporations	1	46,184	0.08
Banks, Development Finance Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	9	1,013,445	1.84
Mutual Funds	10	2,806,300	5.10
General Public - Local	3,443	12,071,541	21.95
General Public - Foreign	1	10,000	0.02
Foreign Companies	3	691,500	1.26
Others	87	2,317,431	4.21
<b>Total</b>	<b>3,563</b>	<b>55,000,000</b>	<b>100</b>

# CATEGORIES OF SHAREHOLDERS

YEAR ENDED JUNE 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
<b>Directors and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,557	0.00
NIDA AHSAN	1	1,099	0.00
SHARMIN SHAHID	1	1,099	0.00
MUHAMMAD SHAHID ALI	1	878	0.00
ZAFAR ALAM	1	600	0.00
MUHAMMAD SOHAIL SALAT	1	600	0.00
<b>Associated Companies, undertakings and related parties</b>			
M/S. ARIF HABIB CORPORATION LIMITED	2	43,245,884	65.52
<b>Public Sector Companies and Corporations</b>			
	1	55,420	0.08
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	5	1,594,154	2.42
<b>Mutual Funds</b>			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	533,800	0.81
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	312,000	0.47
<b>General Public</b>			
a. Local	3380	19,043,042	28.85
b. Foreign	1	12,000	0.02
<b>Foreign Companies</b>			
	1	2,400	0.00
<b>Others</b>			
	41	1,195,467	1.81
<b>Totals</b>	<b>3439</b>	<b>66,000,000</b>	<b>100</b>

Share holders holding 5% or more	Shares Held	Percentage
M/S. ARIF HABIB CORPORATION LIMITED	43,245,884	65.52

# CATEGORIES OF SHAREHOLDERS

YEAR ENDED JUNE 30, 2019

# Of Shareholders	Shareholdings' Slab			Total Shares Held
644	1	to	100	15,445
515	101	to	500	133,217
446	501	to	1000	308,699
1296	1001	to	5000	2,718,956
232	5001	to	10000	1,607,829
121	10001	to	15000	1,509,778
39	15001	to	20000	694,073
31	20001	to	25000	706,553
22	25001	to	30000	616,752
6	30001	to	35000	201,965
12	35001	to	40000	457,598
10	40001	to	45000	413,817
13	45001	to	50000	622,573
8	50001	to	55000	420,200
6	55001	to	60000	353,920
1	60001	to	65000	61,600
2	70001	to	75000	145,399
3	75001	to	80000	238,397
1	85001	to	90000	85,400
2	90001	to	95000	181,800
3	95001	to	100000	298,400
1	105001	to	110000	108,500
2	110001	to	115000	228,000
4	115001	to	120000	478,028
2	125001	to	130000	252,000
1	175001	to	180000	180,000
1	180001	to	185000	184,500
3	200001	to	205000	606,100
1	260001	to	265000	262,813
1	265001	to	270000	268,800
1	285001	to	290000	287,000
2	295001	to	300000	600,000
1	310001	to	315000	312,000
1	415001	to	420000	415,704
1	530001	to	535000	533,800
1	1250001	to	1255000	1,254,200
1	4990001	to	4995000	4,990,300
1	10245001	to	10250000	10,245,884
1	32995001	to	33000000	33,000,000
<b>3439</b>				<b>66,000,000</b>



# FORM OF PROXY

## 15<sup>th</sup> Annual General Meeting

### The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi

I/we \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Arif Habib Limited holding \_\_\_\_\_ ordinary shares as per CDC A/c. No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of (full address) \_\_\_\_\_ or failing him/her Mr./Mrs./Miss \_\_\_\_\_ of (full address) \_\_\_\_\_ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on October 26, 2019 and /or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### WITNESSES:

- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_
- Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTICE:

- A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- Proxy shall authenticate his/her identity by showing his/her CNIC or original passport and bring folio number at the time of attending the meeting.
- In order to be effective, the proxy forms must be received at the office of our Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block-B, S,M.C.H.S, Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.
- In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



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**ARIF HABIB LIMITED**

**Registrar:**

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

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# FORM OF PROXY FOR E-VOTING

## 15<sup>th</sup> Annual General Meeting

### The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi

I/we, \_\_\_\_\_ of \_\_\_\_\_, holder of \_\_\_\_\_ Share(s) as per Registered Folio No./CDC A/c. No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution officer Mr./Mrs./Miss \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### WITNESSES:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTICE:

01. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
02. In order to be effective, the instructions/proxy forms must be received at the Company's registered office address at Arif Habib Centre, 23, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on October 16, 2019), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures. Further the same instructions/proxy scanned copy may also be sent to our official email id [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com).
03. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
04. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



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**ARIF HABIB LIMITED**

**Registrar:**

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

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**ARIF HABIB LIMITED**

**Registrar:**

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

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# الیکٹرونک ووٹنگ کیلئے پراکسی فارم

15 واں سالانہ اجلاس عام

کمپنی سیکریٹری  
عارف حبیب لیٹڈ  
عارف حبیب سینٹر  
23، ایم ٹی خان روڈ،  
کراچی

کا تعلق

میں / ہم، سے اور ہمارے پاس رجسٹرڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر کے تحت شہرز کے مالک ہیں، اور ہم ثالث کے ذریعے الیکٹرانک ووٹنگ کا انتخاب کرتے ہیں اور جناب / محترمہ کو بطور ایگزیکوشن افسر برائے پراکسی مقرر کیے جانے کے حوالے سے اپنی رضامندی کا اظہار کرتے ہیں جو کمپنیز (الیکٹرانک ووٹنگ) ریگولیشنز 2016 کے تحت الیکٹرانک ووٹنگ پر عمل کریں گے اور قرارداد کیلئے پونگ کا مطالبہ کرتے ہیں۔ میرا ای میل ایڈریس ہے، براہ کرم لاگ ان کی تفصیلات، پاسورڈ اور الیکٹرانک دستخط اسی ایڈریس پر بھیجیں۔

دستخط

مورخہ

گواہان:

1

نام:

پتہ:

شناختی کارڈ نمبر:

دستخط:

2

نام:

پتہ:

شناختی کارڈ نمبر:

دستخط:

پانچ روپے کے اسٹامپ ٹکٹ پر دستخط

نوٹس:

۱۔ ووٹنگ کی تقریب میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی ایک اور رکن یا غیر رکن کو اپنا پراکسی مقرر کر سکتا ہے۔

۲۔ موثر انداز سے عمل کیلئے ضروری ہے کہ ہدایت نامہ / پراکسی فارم کمپنی کے رجسٹرڈ دفتر، عارف حبیب سینٹر، 23، ایم ٹی خان روڈ، کراچی، پر اجلاس سے 10 روز قبل پہنچ جانا چاہئے (یعنی 16 اکتوبر 2019 کو کاروباری سرگرمیوں کے اختتام تک)، جس پر دو گواہان کے نام، پتہ، شناختی کارڈ اور دستخط ہونا چاہئیں۔ مزید برآں، ہدایت نامہ / پراکسی کی اسکیمن کی ہوئی کاپی ہمارے ای میل ایڈریس [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com) پر بھی ارسال کریں۔

۳۔ افراد کی صورت میں بینیفیشیل اونرز کے تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ جمع کرائی جائے۔

۴۔ کارپوریٹ ادارے کے پراکسی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی پراکسی فارم کے ساتھ جمع کرائیں۔



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**ARIF HABIB LIMITED**

**Registrar:**

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

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# پراکسی فارم

15 واں سالانہ جنرل اجلاس

کمپنی سیکریٹری  
عارف حبیب لمیٹڈ  
عارف حبیب سینٹر  
23، ایم ٹی خان روڈ  
کراچی۔

میں/ہم \_\_\_\_\_ بحیثیت عارف حبیب لمیٹڈ ہولڈنگ کے رکن (اراکین) \_\_\_\_\_ آرڈیزری شیئر برطابق سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
اپنی جانب سے مسٹر/مسنز/مس \_\_\_\_\_ کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ \_\_\_\_\_ یا ناکامی  
مسٹر/مسنز/مس \_\_\_\_\_ کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ \_\_\_\_\_  
بحیثیت رکن کمپنی میری/ہماری، کمپنی کے گیارہویں سالانہ اجلاس میں شرکت اور ووٹ دینے کے لئے، میرے/ہمارے لئے یا ہماری جانب سے  
جو کہ 26 اکتوبر 2019 کو منعقد ہوا اور یا التوا کا شکار ہوا۔

دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_ 2019

گواہان:

1	نام: _____
2	نام: _____
	پتہ: _____
	شناختی کارڈ نمبر: _____
	دستخط: _____

پانچ روپے کے اسٹامپ ٹکٹ پر دستخط

فارم برائے نمائندہ پندرہواں سالانہ اجلاس عام 26 اکتوبر 2019ء  
اطلاع:








- ایک رکن جو اجلاس میں حاضر ہونے اور ووٹ ڈالنے کا اہل ہے اپنی جگہ کسی اور رکن کو اپنے نمائندے کے طور پر مقرر کر سکتا ہے جو ایسے حقوق جیسے حاضر ہونے، بات کرنے اور اجلاس میں ووٹ ڈالنے کیلئے اہل ہو جائے گا/گی جیسے حقوق ایک رکن کو دستیاب ہیں۔
- نمائندہ اجلاس میں حاضری کے وقت اپنی شناخت کا ثبوت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ دکھا کر یا اصل پاسپورٹ دکھا کر ظاہر کرے گا/گی اور فوٹیو نمبر بھی ہمراہ لائے گا/گی۔
- نمائندہ خازن (پراکسی فارمز) موثر ہونے کی غرض سے ہمارے رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئر رجسٹرار ڈپارٹمنٹ، سی ڈی سی ہاؤس، 99-بی، ایس ایم سی ایچ ایس، شارع فیصل، کراچی پر واقع دفتر پر اچھی طرح دستخط اور مہر اور دو اشخاص کی گواہی مع اگلے دستخط، نام پتہ اور شناختی کارڈ نمبر جو فارم پر دیا گیا ہے اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹوں قبل موصول ہونا لازمی ہیں۔
- مستفید ہونے والے مالکان اور نمائندے کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول نمائندہ فارم (پراکسی فارم) کے ہمراہ ظاہر کرنے ہو گئے اگر معاملہ افراد کی صورت میں ہے۔
- اگر معاملہ ایک کاروباری ادارے کی جانب سے نمائندہ (پراکسی) کا ہے تو بورڈ آف ڈائریکٹرز/مختار نامہ (وکالت نامہ) اور نمائندہ کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقول یا پاسپورٹ نمائندہ فارم (پراکسی فارم) کے ہمراہ لازمی طور پر جمع کرانا ہوگا۔










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Group Website [www.arifhabib.com.pk](http://www.arifhabib.com.pk)