

# Quarterly Report September 30, 2022



 **ARIF HABIB**  
LIMITED



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



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



**Best Investment Bank 2022**  
Asiamoney



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



**Best Investment Bank 2022**  
Domestic 2022 - Finance Asia  
Awards 2022



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



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



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



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



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



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



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



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



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

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# COMPANY INFORMATION

## Board of Directors

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

## Audit Committee

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

## Human Resource & Remuneration Committee

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

## Company Secretary & Chief Financial Officer

Mr. Muhammad Taha Siddiqui

## Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
Credit Rating  
JCR-VIS Credit Rating Company Limited

## Management Rating

The Pakistan Credit Rating Agency

## Legal Advisors

Muhammad Zubair  
Advocate High Court

### Bankers

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

### Registrar & Share Transfer Office

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

### Registered Office

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

### Lahore Branch

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

### Islamabad Branch

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

### Peshawar Branch

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

### Faisalabad Branch

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

### Multan Branch

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

## OUR VISION

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

## OUR MISSION

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



# Director's Report

## Dear Fellow Members of Arif Habib Limited,

On behalf of the Board of Directors, I am pleased to present the financial statements of Arif Habib Limited (AHL) for the first quarter ended September 30, 2022.

### Economic Review:

During the out-going quarter of fiscal year 2023, Pakistan's economy was marred by burgeoning inflationary pressures averaging at 25.1%, fueled by international commodity prices and flood crisis, resulting in slowdown of overall economic growth. The rising inflation coupled with a high interest rate regime with 15% policy rate standing, signaled at a moderated aggregate demand which was evident from decline in growth of high frequency indicators such as auto sales, cement offtake, etc. On the external front, Pakistan's Current Account deficit decreased by 37% to USD 2.2 bn compared with a deficit of USD 3.5 bn during the same period last year. This was primarily due to decline in overall trade balance with a fall in imports and support from a rise in exports. However, despite breather on external account, PKR remained under pressure against the USD, depreciating 10.3% during first quarter of fiscal year 2022. A combination of high twin deficits, lack of potential capital inflows and dwindling foreign exchange reserve position which stood at USD 7.9 bn as at September 2022 end contributed to sharp depreciation of the Rupee. This reserve position included the USD 1.16 bn tranche from IMF released following the successful completion of the seventh and eight review in the out-going quarter.

### Stock Market Performance

The KSE-100 index remained lackluster during 1QFY23 down 1% to 41,129 points with low market participation. Economic conditions worsened with the country being hit by devastating floods impacting lives, livestock and infrastructure, while the Pak Rupee went into a free-fall to touch all-time low level of PKR 239/USD. Given continued economic weakness, international credit rating agencies (Fitch and S&P Global) downgraded Pakistan's outlook from neutral to negative. On a positive note, the government finally reached staff level agreement with the IMF by mid-quarter, which paved the way for disbursement of its US\$1.16 bn tranche, and provided much needed support to, the KSE-100 index. In USD terms, return during this quarter arrived at -11.2% due to PKR depreciation.

Market activity remained lackluster during the quarter with average traded value down 63% YoY to USD 31mn. Fertilizer (-6%), Miscellaneous (-31%), Commercial Banks (-3%) and Oil & Gas Explorations (-5%) were major underperformers while Technology (+30%), Cements (+9%) and Power Generation and Distribution (+3%) were noticeable outperformers during the quarter.

Foreign investors turned buyers in Pak equities, with net inflows arriving at USD 16.70mn in 1QFY23. On the domestic front, selling was undertaken by Insurance companies (USD 41.44mn) and Funds (35.22mn) whereas Individuals and other organizations accumulated stocks worth USD 22.97mn and USD 10.68mn, respectively.

### Your Company's Performance

During the period under review, your Company has performed well and achieved an after-tax-profit of PKR 70.86 million which translates into basic earnings per share of PKR 1.08.

During the three months ended September 30, 2022, the brokerage and investment banking divisions managed to perform well with revenues of PKR 250.13 million (1QFY22: PKR 264.12 million). We were engaged in multiple M&A advisory transactions during the quarter and successfully completed one major M&A transaction.

The short-term investment portfolio took a hit due to deteriorating market conditions, however, this was partially offset by unrealized gains on our real estate investment portfolio resulting in a total revenue of PKR 63.81 million.

# Director's Report

AHL is continuously working to improve its services and has invested in technology and workforce to better serve its customers. This has resulted in higher fixed cost and limited the decline in operating expenses to 3%. Finance cost of the company increased significantly and amounted to PKR 138.24 million (1QFY22: PKR 22.24 million) due to a combination of higher interest rates amid aggressive monetary tightening by the central bank as well as increased utilization of borrowing lines for some attractive investment opportunities.

The equity of your Company as at the balance sheet date is PKR 5.27 billion (June 2022: PKR 5.20 billion), which translates into book value per share of PKR 80.69 (June 30, 2022: PKR 79.61).

During the period under review, your Company has continued to be recognized and awarded by leading global financial publications. These include the Best Securities House in Pakistan for 2022, Best Investment Bank 2022 & Most Outstanding Company in Pakistan - Financial Sector 2021 award by Asia Money. Further, AHL has also received Best Investment Bank - Domestic 2022 award by Finance Asia Country Awards 2022 and Best Equity House Pakistan 2022 award by GBO.

## Future Prospects

The future prospects of your Company are largely dependent upon political and economic stability. Any positive developments on this front will improve the market volumes, and valuations which will attract new companies to raise equity from public markets. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the attractive market opportunities on offer.

The Management foresees activity on account of debt listings, Mergers & Acquisitions, privately placed TFCs and Sukuks as well as some activity on equity listings for which the Investment Banking Division is well equipped.

## Acknowledgement

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

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

For and on behalf of the Board of Directors,



**Muhammad Shahid Ali Habib**  
Chief Executive Officer and Director



**Zafar Alam**  
Chairman

**Karachi.**

Dated: October 26, 2022



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	Un audited September 30, 2022	Audited June 30, 2022
		Rupees	
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property and equipment	5	80,132,659	83,978,889
Right-of-use assets		25,116,925	32,555,873
Intangible assets		6,034,224	6,087,502
Long term investments		80,745,423	80,745,423
Investment property	6	1,916,702,860	1,657,331,341
Long-term deposits		5,894,407	5,904,407
		2,114,626,498	1,866,603,435
<b>CURRENT ASSETS</b>			
Short term investments		6,086,015,159	5,272,505,403
Trade debts	8	384,667,805	166,138,218
Receivable against margin financing		282,428,351	395,380,659
Advances, deposits and prepayments		49,947,571	18,334,299
Accrued markup		24,271,467	21,480,959
Other receivables		367,261,722	133,494,275
Investment in subsidiary held for sale		43,558,105	43,558,105
Cash and bank balances	9	1,033,876,043	1,068,332,992
		8,272,026,223	7,119,224,910
		10,386,652,721	8,985,828,345
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (June 2020: 75,000,000) ordinary of PKR10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		653,400,000	653,400,000
Capital reserves			
Surplus on revaluation of property		15,432,500	15,432,500
		15,432,500	15,432,500
Revenue reserves			
Unappropriated profits		4,603,643,806	4,532,787,684
Total equity		5,272,476,306	5,201,620,184
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		2,936,989	3,683,359
Deferred tax - net		26,704,649	26,704,649
		29,641,638	30,388,008
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured		3,764,861,732	2,431,969,617
Current portion of lease liability		16,307,115	15,894,070
Trade and other payables		1,055,789,721	1,120,346,273
Unclaimed dividend		19,164,705	19,164,706
Payable against purchase of securities- net		6,861,839	21,078,278
Markup accrued		137,757,195	75,064,344
Taxes payable -net		83,792,470	70,302,865
		5,084,534,777	3,753,820,153
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,386,652,721</b>	<b>8,985,828,345</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Quarter ended September 30, 2022 (un-audited)

	Note	September 30, 2022	September 30, 2021
		Rupees	
Operating revenue	12	274,740,946	275,940,407
Capital (loss) / gain on sale of short term investments		42,574,102	53,988,442
Unrealized (loss) / gain on re-measurement of short term investments		(212,466,239)	(179,541,930)
Unrealized gain on remeasurement of investment property		233,700,000	281,500,000
		<u>338,548,809</u>	<u>431,886,919</u>
Administrative and operating expenses		(117,677,950)	(120,900,296)
Finance costs		(138,246,431)	(22,239,002)
Other operating income		10,902,746	10,237,498
<b>Profit before taxation</b>		<u>93,527,174</u>	<u>298,985,119</u>
Taxation		(22,671,052)	(49,987,625)
<b>Profit after taxation</b>		<u>70,856,122</u>	<u>248,997,494</u>
<b>Earning per share - basic &amp; diluted</b>	17	<u>1.08</u>	(Restated) <u>3.81</u>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022	September 30, 2021
	————— Rupees —————	
Profit after taxation	70,856,122	248,997,494
Other comprehensive income for the period		
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Investment in Equity securities at FVOCI - net change in fair value	-	(52,629,960)
Total comprehensive income for the period	<u>70,856,122</u>	<u>196,367,534</u>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended September 30, 2022 (un-audited)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of equity securities at FVOCI		
Balance as at July 1, 2021	594,000,000	4,358,006,085	15,432,500	27,944,785	4,401,383,370	4,995,383,370
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(52,629,960)	(52,629,960)	(52,629,960)
Comprehensive income for the three months ended September 30, 2021	-	248,997,494	-	-	248,997,494	248,997,494
<b>Balance as at September 30, 2021</b>	<b>594,000,000</b>	<b>4,013,003,579</b>	<b>15,432,500</b>	<b>(24,685,175)</b>	<b>4,003,750,904</b>	<b>4,597,750,904</b>
Balance as at October 1, 2021	594,000,000	4,013,003,579	15,432,500	(24,685,175)	4,003,750,904	4,597,750,904
Profit for the period October 2021 - June 2022	-	577,554,300	-	-	577,554,300	577,554,300
Other Comprehensive income for the year	-	-	-	26,314,980	26,314,980	26,314,980
Total Comprehensive income for the year ended June 30, 2022	-	577,554,300	-	26,314,980	603,869,280	603,869,280
Gain realized on disposal of equity securities at FVOCI	-	1,629,805	-	(1,629,805)	-	-
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
Balance as at June 30, 2022	653,400,000	4,532,787,684	15,432,500	-	4,548,220,184	5,201,620,184
<b>Balance as at July 1, 2022</b>	<b>653,400,000</b>	<b>4,532,787,684</b>	<b>15,432,500</b>	<b>-</b>	<b>4,548,220,184</b>	<b>5,201,620,184</b>
<b>Comprehensive Income for the three months ended September 30, 2022</b>	<b>-</b>	<b>70,856,122</b>	<b>-</b>	<b>-</b>	<b>70,856,122</b>	<b>70,856,122</b>
<b>Balance as at September 30, 2022</b>	<b>653,400,000</b>	<b>4,603,643,806</b>	<b>15,432,500</b>	<b>-</b>	<b>4,619,076,306</b>	<b>5,272,476,306</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022	September 30, 2021
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	93,527,174	298,985,119
Adjustments for:		
Depreciation on property and equipment	4,152,310	3,853,737
Depreciation on right-of-use-asset	7,438,948	5,471,701
Amortization of intangible asset	53,278	83,637
(Gain) / Loss on re-measurement of short term investments	212,466,239	179,541,930
(Gain) / Loss on short term investment	(42,574,102)	(53,988,442)
Unrealized gain on re-measurement of investment property	(233,700,000)	(281,500,000)
Finance costs	138,246,431	22,239,002
	<b>84,302,886</b>	<b>(124,298,435)</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>177,830,060</b>	<b>174,686,684</b>
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net	(983,401,893)	(825,736,175)
Trade debts - consider good	(218,433,857)	(82,760,646)
Receivable against margin financing	112,952,308	31,025,737
Deposits and short-term prepayments	(31,613,272)	7,388,918
Accrued markup on margin financing	(2,790,508)	(4,493,211)
Other receivables	(233,767,447)	(6,296,194)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(64,556,552)	(624,490,704)
Payable against purchase of securities- net	(14,216,439)	(39,808,082)
	<b>(1,435,827,661)</b>	<b>(1,545,170,358)</b>
<b>Cash used in operations</b>	<b>(1,257,997,601)</b>	<b>(1,370,483,674)</b>
Taxes paid	(9,181,447)	(19,134,002)
Finance costs paid	(75,553,580)	(21,208,952)
<b>Net cash used in operating activities</b>	<b>(1,342,732,628)</b>	<b>(1,410,826,628)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(306,080)	(5,882,531)
Expenditure on investment property - net	(25,671,519)	-
Dividends received	1,684,488	-
Long term deposits - net	10,000	(520,000)
<b>Net cash used in investing activities</b>	<b>(24,283,111.00)</b>	<b>(6,402,531)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment against finance lease liability	(333,325)	(6,797,703)
<b>Net cash used in financing activities</b>	<b>(333,325)</b>	<b>(6,797,703)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,367,349,064)</b>	<b>(1,424,026,862)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,363,636,625)</b>	<b>1,304,729,121</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(2,730,985,689)</b>	<b>(119,297,741)</b>

Note

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 1 STATUS AND NATURE OF BUSINESS

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

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

- 1.2 The Parent Company holds 63.01% shares of the Company.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim unconsolidated financial statement of the Company for the quarter ended September 30, 2022 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim unconsolidated financial statements comprise of the statement of financial position as at September 30, 2022 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2022.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2022 has been extracted from the audited financial statements of the company for the year ended June 30, 2022, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2021.

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2022.

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

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.

## 5 PROPERTY & EQUIPMENT

During the period ended September 30, 2022, additions made amounting to PKR 0.3 million (June 2022: PKR 26.87 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

		September 30, 2022	June 30, 2022
	Note	Rupees	
<b>6 INVESTMENT PROPERTY</b>			
Carrying Value		1,657,331,341	1,968,800,000
Sale during the period		-	(447,624,399)
Development charges / additions during the year		25,671,519	64,942,880
		<b>1,683,002,860</b>	1,586,118,481
Increase in fair value - net		233,700,000	71,212,860
		<b>1,916,702,860</b>	1,657,331,341
<b>7 SHORT TERM INVESTMENTS</b>			
Equity securities at FVTPL	7.1	5,064,415,252	4,250,803,109
Corporate debt securities - at FVTPL		1,021,599,907	1,021,702,294
		<b>6,086,015,159</b>	5,272,505,403
Equity securities at FVOCI		-	-
		<b>6,086,015,159</b>	5,272,505,403
<b>Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL</b>			
Cost of investment		6,716,758,471	5,690,782,476
Unrealised (loss) gain:			
Balance as at July 01		(418,277,073)	33,341,558
Unrealized Loss transferred from long term investment		-	-
Unrealised gain / (loss) for the year		(212,466,239)	(451,618,631)
		<b>(630,743,312)</b>	(418,277,073)
Balance as at June 30		<b>6,086,015,159</b>	5,272,505,403

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 8 TRADE DEBTS

### 8.1 Treatment of amount receivable from customers

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

8.2 The Company holds equity securities having fair value of PKR 57,710 million (June 2022: PKR 64,334 million) owned by its clients, as collaterals against trade debts.

	September-22		June-22	
	Gross	Impairment	Gross	Impairment
Not past due	138,925,834	-	8,038,852	-
Past due 1 day - 30 days	118,913,848	31,107	110,099,223	31,170
Past due 31 days - 180 days	91,849,387	8,423	17,918,373	1,542,467
Past due 181 days - 1 year	19,055,290	167,532	11,782,985	2,744,093
More than one year	948,872,401	932,741,894	950,873,867	928,257,352
<b>Rupees</b>	<b>1,317,616,761</b>	<b>932,948,956</b>	<b>1,098,713,300</b>	<b>932,575,082</b>

## 9 CASH AND BANK BALANCES

	September 30, 2022	June 30, 2022
Cash in hand	725,299	687,719
Cash at Bank		
<i>in current accounts</i>	59,932,943	143,083,274
<i>in savings accounts</i>	968,973,108	920,317,306
9.1	1,028,906,051	716,988,104
	1,029,631,350	717,675,823

9.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 883.34 million (June 2022: PKR 986.95 million).

## 10 SHORT TERM BORROWINGS - SECURED

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

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

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	126,850,000	4,862,160,500	123,850,000	4,681,530,000
House	65,435,000	2,727,053,450	66,927,500	1,931,461,325
<b>Total</b>	<b>192,285,000</b>	<b>7,589,213,950</b>	<b>190,777,500</b>	<b>6,612,991,325</b>

## 11 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2022.

	September 30, 2022	June 30, 2022
	Rupees	
<b>COMMITMENTS</b>		
Following commitments are outstanding as at the year end.		
- Outstanding Settlements against Marginal Trading contracts	389,725,262	372,222,968
- Outstanding Settlements against (purchase) / sale of securities in regular market.	71,284,810	277,978,515
-Guarantee given by a commercial bank on behalf of the Company	750,000,000	750,000,000
- Against purchase of investment property	299,342,801	312,057,120
- Against development cost of investment property	97,077,107	110,034,327

## 12 OPERATING REVENUE

Brokerage and operating revenue	106,246,204	135,467,531
Advisory and consultancy fee	143,886,378	128,653,197
Dividend income	1,684,488	-
Markup on margin financing	17,310,926	10,072,713
Markup on corporate debt securities	5,612,951	1,746,966
	<b>274,740,946</b>	<b>275,940,407</b>

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 13 RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party, relationship with company & Nature of Transaction	Period Ended	
	September 30, 2022	September 30, 2021
	Rupees	
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	1,191,489	1,853,981
Guarantee Commission	715,867	-
<b><u>SUBSIDIARY</u></b>		
<b>Arif Habib Commodities (Private) Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	72,687	119,955
<b><u>GROUP COMPANIES</u></b>		
<b>Javedan Corporation Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	322,500
<b>Arif Habib Dolmen REIT Management Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	516,000
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	139,726	21,425
<b>Rotocast Engineering Co. (Pvt) Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	124,725	90,845
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	10,556	156,294
<b>Muhammad Shahid Ali (CEO)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	2,307,565	1,944,662
<b>Muhammad Haroon (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	59,872	147,840
<b>Nida Ahsan (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	125,000	118,975
<b>Mohsin Madni (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	4,764

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	Period Ended	
	September 30, 2022	September 30, 2021
	Rupees	
<b><u>CLOSE FAMILY MEMBERS</u></b>		
<b>Arif Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	1,524,593	305,757
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	170,874	95,705
<b><u>POST EMPLOYMENT BENEFIT PLAN</u></b>		
Provident fund trust - Contribution paid during the period	2,721,146	2,362,915
Balances with related parties at the end of the period are as follows:		
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Balance Receivable at period end	44,890	97,724
Guarantee Commission Payable	715,867	904,262
<b><u>SUBSIDIARY</u></b>		
<b>Arif Habib Commodities (Private) Limited</b>		
Advance against sale of investment	13,500,000	13,500,000
Advance against equity	2,000,000	2,000,000
Trade payable at year end	298,935	1,253,071
Advances	256,305	256,275
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Trade payable at year end	117,165	52,721
<b>Muhammad Shahid Ali (CEO)</b>		
Balance payable at period end	56,329,828	108,175,990
<b>Sharmin Shahid (Director)</b>		
Balance receivable at period end	42,133	4,283
<b>Nida Ahsan (Director)</b>		
Balance receivable at period end	3,158	7,928
<b>Muhammad Haroon (Director)</b>		
Balance payable at period end	178,131	24,876
<b>Muhammad Sohail Salat (Director)</b>		
Trade receivable at year end	599	599
<b>Mohsin Madni (Director)</b>		
Balance payable at period end	-	485
Balance receivable at period end	115	-

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	Period Ended	
	September 30, 2022	September 30, 2021
	Rupees	
<b>CLOSE FAMILY MEMBERS</b>		
<b>Arif Habib</b>		
Trade receivable at year end	35,616	51,962
<b>Abdus Samad A. Habib</b>		
Balance receivable at period end	1,127,192	1,667,893
<b>Muhammad Kashif A. Habib</b>		
Balance receivable at period end	12,666	12,666
<b>OTHER RELATED PARTIES</b>		
<b>Rotucast Engineering Co. (Pvt) Limited</b>		
Prepaid rent	-	746,370
Balance receivable at period end	7,458	4,194
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Balance receivable at period end	-	20,208

## 14 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2022.

## 15 CASH AND CASH EQUIVALENTS

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

	September 30, 2022	September 30, 2021
	Rupees	
Cash and bank balances	1,033,876,043	1,189,068,957
Short term borrowings	(3,764,861,732)	(1,308,366,698)
	<u>(2,730,985,689)</u>	<u>(119,297,741)</u>

## 16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 26, 2022.

# CONDENSED INTERIM SELECTED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 17 EARNINGS / (LOSS) PER SHARE

	September 30, 2022	September 30, 2021
	Rupees	
(Loss) / Profit after taxation attributable to ordinary shareholders	70,856,122	248,997,494
Weighted average number of ordinary shares outstanding at	65,340,000	65,340,000 (Restated)
(Loss) / Earnings per share	1.08	3.81

## 18 CORRESPONDING FIGURES

Reclassified from component	Reclassified to component	Amount (Rupees)
Markup on margin financing (Other income)	Markup on margin financing (Operating revenue)	<u>10,072,713</u>
Markup on corporate debt securities (Other income)	Markup on corporate debt securities (Operating revenue)	<u>1,746,966</u>

## 19 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

	Note	Un audited September 30, 2022	Audited June 30, 2022
		Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	81,752,349	85,465,988
Right-of-use assets		25,116,925	32,555,873
Intangible assets		7,034,224	7,087,502
Long term investments		42,745,423	42,745,423
Investment property	6	1,916,702,860	1,657,331,341
Long-term deposits		15,401,612	15,411,612
		<b>2,088,753,393</b>	<b>1,840,597,739</b>
<b>CURRENT ASSETS</b>			
Short term investments		6,086,015,159	5,272,505,402
Trade debts	8	384,667,805	166,138,218
Receivable against margin financing		282,428,351	395,380,659
Receivable under margin trading system		10,472,012	9,233,629
Advances, deposits and prepayments		98,969,579	65,701,568
Accrued markup		24,271,467	21,480,959
Other receivables		367,261,722	133,631,775
Investment in subsidiary held for sale	9	51,150,781	49,675,292
Cash and bank balances	10	1,045,137,486	1,074,709,602
		<b>8,350,374,362</b>	<b>7,188,457,104</b>
		<b>10,439,127,755</b>	<b>9,029,054,843</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (June 2020: 75,000,000) ordinary of PKR10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up capital		653,400,000	653,400,000
Capital reserves			
Surplus on revaluation of property		15,432,500	15,432,500
		15,432,500	15,432,500
Revenue reserves			
Unappropriated profits		4,665,836,817	4,588,393,074
<b>Total equity</b>		<b>5,334,669,317</b>	<b>5,257,225,574</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liability		2,936,989	3,683,359
Deferred tax - net		26,704,649	26,704,649
		<b>29,641,638</b>	<b>30,388,008</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured		3,764,861,732	2,431,969,617
Current portion of lease liability		16,307,115	15,894,070
Trade and other payables		1,045,299,818	1,106,948,164
Unclaimed dividend		19,164,705	19,164,706
Payable against purchase of securities- net		6,861,839	21,078,278
Liabilities directly associated with the assets held for sale		851,638	619,347
Markup accrued		137,757,195	75,064,344
Taxes payable -net		83,712,758	70,702,735
		<b>5,074,816,800</b>	<b>3,741,441,261</b>
	12	<b>10,439,127,755</b>	<b>9,029,054,843</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Quarter ended September 30, 2022 (un-audited)

	Note	September 30, 2022	September 30, 2021
		Rupees	
Operating revenue	13	287,607,528	284,280,403
Capital (loss) / gain on sale of short term investments		42,574,102	53,988,442
Unrealized (loss) / gain on re-measurement of short term investments		(212,466,239)	(179,541,930)
Unrealized gain on remeasurement of investment property		233,700,000	281,500,000
		<u>351,415,391</u>	<u>440,226,915</u>
Administrative and operating expenses		(124,717,295)	(125,543,831)
Finance costs		(138,251,166)	(22,239,002)
Other operating income		12,008,684	11,642,832
<b>Profit before taxation</b>		<u>100,455,614</u>	<u>304,086,914</u>
Taxation		(23,011,871)	(50,405,353)
<b>Profit after taxation</b>		<u>77,443,743</u>	<u>253,681,561</u>
<b>Earning per share - basic &amp; diluted</b>	18	<u>1.19</u>	<u>3.88</u>
			(Restated)

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022	September 30, 2021
	————— Rupees —————	
Profit after taxation	77,443,743	253,681,561
Other comprehensive income for the period		
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Investment in Equity securities at FVOCI - net change in fair value	-	(52,629,960)
Total comprehensive income for the period	<u>77,443,743</u>	<u>201,051,601</u>

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



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Quarter ended September 30, 2022 (un-audited)

	Issued, subscribed & paid up capital	Reserves			Sub-total	Total
		Unappropriated profits	Surplus on revaluation of property	Surplus on re- measurement of equity securities at FVOCI		
Balance as at July 1, 2021	594,000,000	4,413,860,019	15,432,500	27,944,785	4,457,237,304	5,051,237,304
Cash dividend paid @ 100% for the year ended June 30, 2021	-	(594,000,000)	-	-	(594,000,000)	(594,000,000)
Unrealized gain on remeasurement of equity securities at FVOCI	-	-	-	(52,629,960)	(52,629,960)	(52,629,960)
Comprehensive income for the three months ended September 30, 2021	-	253,681,561	-	-	253,681,561	253,681,561
Balance as at September 30, 2021	594,000,000	4,073,541,580	15,432,500	(24,685,175)	4,064,288,905	4,658,288,905
<b>Balance as at October 1, 2021</b>	594,000,000	4,073,541,580	15,432,500	(24,685,175)	4,064,288,905	4,658,288,905
Profit for the period October 2021 - June 2022	-	572,621,689	-	-	572,621,689	572,621,689
Other Comprehensive income for the year	-	-	-	26,314,980	26,314,980	26,314,980
Total Comprehensive income for the year ended June 30, 2022	-	572,621,689	-	26,314,980	598,936,669	598,936,669
Gain realized on disposal of equity securities at FVOCI	-	1,629,805	-	(1,629,805)	-	-
Bonus shares @ 10% for the year ended June 30, 2021	59,400,000	(59,400,000)	-	-	(59,400,000)	-
Balance as at June 30, 2022	653,400,000	4,588,393,074	15,432,500	-	4,603,825,574	5,257,225,574
<b>Balance as at July 1, 2022</b>	653,400,000	4,588,393,074	15,432,500	-	4,603,825,574	5,257,225,574
<b>Comprehensive Income for the three months ended September 30, 2022</b>	-	77,443,743	-	-	77,443,743	77,443,743
<b>Balance as at September 30, 2022</b>	653,400,000	4,665,836,817	15,432,500	-	4,681,269,317	5,334,669,317

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022	September 30, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	100,455,614	304,086,914
Adjustments for:		
Depreciation on property and equipment	4,223,712	3,907,707
Depreciation on right-of-use-asset	7,438,948	5,471,701
Amortization of intangible asset	53,278	83,637
(Gain) / Loss on re-measurement of short term investments	212,466,239	179,541,930
(Gain) / Loss on short term investment	(42,574,102)	(53,988,442)
Unrealized gain on re-measurement of investment property	(233,700,000)	(281,500,000)
Finance costs	138,251,166	22,239,002
	<b>84,379,023</b>	<b>(124,244,465)</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>184,834,637</b>	<b>179,842,449</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase)/decrease in current assets</b>		
Short-term investments - net	(983,401,894)	(827,301,518)
Trade debts - consider good	(218,433,857)	(77,633,912)
Receivable against margin financing	112,952,308	31,025,737
Receivable under margin trading system	(1,238,383)	-
Deposits and short-term prepayments	(33,268,011)	12,198,864
Accrued markup on margin financing	(2,790,508)	(4,493,211)
Other receivables	(233,637,459)	(11,424,957)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(61,416,055)	(624,146,775)
Payable against purchase of securities- net	(14,216,439)	(39,808,082)
	<b>(1,435,450,299)</b>	<b>(1,541,583,855)</b>
<b>Cash used in operations</b>	<b>(1,250,615,662)</b>	<b>(1,361,741,406)</b>
Taxes paid	(10,001,848)	(21,149,749)
Finance costs paid	(75,558,315)	(21,208,952)
<b>Net cash used in operating activities</b>	<b>(1,336,175,825)</b>	<b>(1,404,100,107)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(510,073)	(5,882,531)
Expenditure on investment property - net	(25,671,519)	-
Dividends received	1,684,488	-
Long term deposits - net	10,000	(520,369)
<b>Net cash used in investing activities</b>	<b>(24,487,104.00)</b>	<b>(6,402,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment against finance lease liability	(333,325)	(6,797,703)
<b>Net cash used in financing activities</b>	<b>(333,325)</b>	<b>(6,797,703)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,360,996,254)</b>	<b>(1,417,300,710)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,337,811,951)</b>	<b>1,309,693,324</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(2,698,808,205)</b>	<b>(107,607,386)</b>

Note

16

The annexed notes from 1 to 20 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 1 STATUS AND NATURE OF BUSINESS

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

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

- 1.2 The Parent Company holds 63.01% shares of the Company.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim consolidated financial statement of the Company for the quarter ended September 30, 2022 have been prepared in accordance with the requirements of the international Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Act, 2017 have been followed.

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

These Condensed interim consolidated financial statements comprise of the statement of financial position as at September 30, 2022 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended September 30, 2022.

The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2022 has been extracted from the audited financial statements of the company for the year ended June 30, 2022, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the quarter ended September 30, 2021.

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2022.

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

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual consolidated financial statements of the Company as at and for the year ended June 30, 2022.

## 5 PROPERTY & EQUIPMENT

During the period ended September 30, 2022, additions made amounting to PKR 0.3 million (June 2022: PKR 26.87 million) which comprised of Office Equipment and Computer & Allied. However, no disposals were made in property & equipment.

		September 30, 2022	June 30, 2022
	Note	Rupees	
<b>6 INVESTMENT PROPERTY</b>			
Carrying Value		1,657,331,341	1,968,800,000
Sale during the period		-	(447,624,399)
Development charges / additions during the year		25,671,519	64,942,880
		<b>1,683,002,860</b>	1,586,118,481
Increase in fair value - net		233,700,000	71,212,860
		<b>1,916,702,860</b>	1,657,331,341
<b>7 SHORT TERM INVESTMENTS</b>			
Equity securities at FVTPL	7.1	5,064,415,252	4,250,803,109
Corporate debt securities - at FVTPL		1,021,599,907	1,021,702,293
		<b>6,086,015,159</b>	5,272,505,402
Equity securities at FVOCI		-	-
		<b>6,086,015,159</b>	5,272,505,402
<b>Reconciliation of gain / (loss) on remeasurement of equity investments at FVTPL</b>			
Cost of investment		6,716,758,471	5,690,782,476
Unrealised (loss) gain:			
Balance as at July 01		(418,277,073)	32,300,217
Unrealized Loss transferred from long term investment		-	-
Unrealised gain / (loss) for the year		(212,466,239)	(451,618,630)
		<b>(630,743,312)</b>	(418,277,074)
Balance as at June 30		<b>6,086,015,159</b>	5,272,505,402

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 8 TRADE DEBTS

### 8.1 Treatment of amount receivable from customers

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

### 8.2 The Company holds equity securities having fair value of PKR 57,710 million (June 2022: PKR 64,334 million) owned by its clients, as collaterals against trade debts.

	September-22		June-22	
	Gross	Impairment	Gross	Impairment
Not past due	138,925,834	-	8,038,852	-
Past due 1 day - 30 days	118,913,848	31,107	110,099,223	31,170
Past due 31 days - 180 days	91,849,387	8,423	17,918,373	1,542,467
Past due 181 days - 1 year	19,055,290	167,532	11,782,985	2,744,093
More than one year	948,872,401	932,741,894	950,873,867	928,257,352
<b>Rupees</b>	<b>1,317,616,761</b>	<b>932,948,956</b>	<b>1,098,713,300</b>	<b>932,575,082</b>

## 9 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

9.1 Assets and liabilities of the disposal group classified as held for sale	Note	September 30, 2022	June 30, 2022
--	------	--------------------	---------------

### Assets held for sale

Intangible asset	9.1.1	2,500,000	2,500,000
Long term deposits	9.1.2	4,924,355	4,924,355
Advance tax		2,873	2,873
Other Receivable		7,512	-
Short term investment	9.1.3	22,800,000	22,800,000
Cash and bank balances	9.1.4	20,916,041	19,448,064
		<b>51,150,781</b>	<b>49,675,292</b>

### Liabilities held for sale

Taxes payable		425,538	313,247
Other liabilities		426,100	306,100
		<b>851,638</b>	<b>619,347</b>

9.1.1 This represents the Trading Right Entitlement Certificate received by the Subsidiary AH 1857 in accordance with the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012. The said asset is being carried at cost less accumulated impairment losses.

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

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022	June 30, 2022
	————— Rupees —————	
<b>9.1.3 Short term investment</b>		
Cost of investment	24,628,892	24,628,892
<b>Unrealised gain / (loss):</b>		
Balance as at July 01	(1,041,340)	(1,041,340)
Unrealised (loss) / gain for the year	(787,552)	(787,552)
	(1,828,892)	(1,828,892)
<b>Balance as at June 30</b>	<b>22,800,000</b>	<b>22,800,000</b>
<b>9.1.4 Cash and bank balances</b>		
Cash at bank	20,916,041	19,448,064

		September 30, 2022	June 30, 2022
	Note	————— Rupees —————	
<b>10 CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>		725,299	687,719
<b>Cash at Bank</b>			
in current accounts		60,208,824	143,137,918
in savings accounts		979,958,670	926,639,272
	10.1	1,040,167,494	716,988,104
		<b>1,040,892,793</b>	<b>717,675,823</b>

**10.1** This includes customer's bank balances held in designated bank accounts amounting to PKR 883.34 million (June 2022: PKR 986.95 million).

## **11 SHORT TERM BORROWINGS - SECURED**

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

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

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	September 30, 2022		June 30, 2022	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	126,850,000	4,862,160,500	123,850,000	4,681,530,000
House	65,435,000	2,727,053,450	66,927,500	1,931,461,325
<b>Total</b>	<b>192,285,000</b>	<b>7,589,213,950</b>	<b>190,777,500</b>	<b>6,612,991,325</b>

## 12 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There were no change in contingencies at the period end as disclosed in the financial statements for the year ended June 30, 2022.

	September 30, 2022	June 30, 2022
<b>COMMITMENTS</b>	Rupees	
Following commitments are outstanding as at the year end.		
- Outstanding Settlements against Marginal Trading contracts	389,725,262	372,222,968
- Outstanding Settlements against (purchase) / sale of securities in regular market.	71,284,810	277,978,515
-Guarantee given by a commercial bank on behalf of the Company	750,000,000	750,000,000
- Against purchase of investment property	299,342,801	312,057,120
- Against development cost of investment property	97,077,107	110,034,327
<b>13 OPERATING REVENUE</b>		
Brokerage and operating revenue	117,752,429	143,219,058
Advisory and consultancy fee	143,886,378	128,653,912
Dividend income	1,684,488	-
Markup on margin financing	17,674,356	10,660,467
Markup on corporate debt securities	6,609,878	1,746,966
	<b>287,607,528</b>	<b>284,280,403</b>

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 14 RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party, relationship with company & Nature of Transaction	Period Ended	
	September 30, 2022	September 30, 2021
	Rupees	
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	1,191,489	1,853,981
Guarantee Commission	715,867	-
<b><u>GROUP COMPANIES</u></b>		
<b>Javedan Corporation Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	322,500
<b>Arif Habib Dolmen REIT Management Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	516,000
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	139,726	21,425
<b>Rotocast Engineering Co. (Pvt) Limited</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	124,725	90,845
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	10,556	156,294
<b>Muhammad Shahid Ali (CEO)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	2,307,565	1,944,662
<b>Muhammad Haroon (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	59,872	147,840
<b>Nida Ahsan (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	125,000	118,975
<b>Mohsin Madni (Director)</b>		
Brokerage Commission earned during the period on sale and purchase of Securities	-	4,764

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	Period Ended September 30, 2022	September, 30 2021
	————— Rupees —————	
<b><u>CLOSE FAMILY MEMBERS</u></b>		
<b>Arif Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	1,524,593	305,757
<b>Abdus Samad A. Habib</b>		
Brokerage commission earned during the period on sale and purchase of Securities	170,874	95,705
<b><u>POST EMPLOYMENT BENEFIT PLAN</u></b>		
Provident fund trust - Contribution paid during the period	2,721,146	2,362,915
<b>Balances with related parties at the end of the period are as follows:</b>		
<b><u>PARENT COMPANY</u></b>		
<b>Arif Habib Corporation Limited</b>		
Balance Receivable at period end	44,890	97,724
Guarantee Commission Payable	715,867	904,262
<b><u>KEY MANAGEMENT PERSONNEL</u></b>		
<b>Zafar Alam (Chairman)</b>		
Trade payable at year end	117,165	52,721
<b>Muhammad Shahid Ali (CEO)</b>		
Balance payable at period end	56,329,828	108,175,990
<b>Sharmin Shahid (Director)</b>		
Balance receivable at period end	42,133	4,283
<b>Nida Ahsan (Director)</b>		
Balance receivable at period end	3,158	7,928
<b>Muhammad Haroon (Director)</b>		
Balance payable at period end	178,131	24,876
<b>Muhammad Sohail Salat (Director)</b>		
Trade receivable at year end	599	599
<b>Mohsin Madni (Director)</b>		
Balance payable at period end	-	485
Balance receivable at period end	115	-

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

	Period Ended <b>September 30,</b> <b>2022</b>	September 30, 2021
	————— Rupees —————	
<b><u>CLOSE FAMILY MEMBERS</u></b>		
<b>Arif Habib</b>		
Trade receivable at year end	<b>35,616</b>	51,962
<b>Abdus Samad A. Habib</b>		
Balance receivable at period end	<b>1,127,192</b>	1,667,893
<b>Muhammad Kashif A. Habib</b>		
Balance receivable at period end	<b>12,666</b>	12,666
<b><u>OTHER RELATED PARTIES</u></b>		
<b>Rotucast Engineering Co. (Pvt) Limited</b>		
Prepaid rent	-	746,370
Balance receivable at period end	<b>7,458</b>	4,194
<b>Arif Habib Equity (Pvt) Ltd.</b>		
Balance receivable at period end	-	20,208

## 14 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2022.

## 15 CASH AND CASH EQUIVALENTS

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

	<b>September 30,</b> <b>2022</b>	September 30, 2021
	————— Rupees —————	
Cash and bank balances	<b>1,045,137,486</b>	1,200,759,312
Bank balance included in the disposal group held for sale	<b>20,916,041</b>	-
Short term borrowings	<b>(3,764,861,732)</b>	(1,308,366,698)
	<b>(2,698,808,205)</b>	(107,607,386)

## 17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on October 26, 2022.

# CONDENSED INTERIM SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended September 30, 2022 (un-audited)

## 18 EARNINGS / (LOSS) PER SHARE

	September 30, 2022	September 30, 2021
	Rupees	
(Loss) / Profit after taxation attributable to ordinary shareholders	77,443,743	253,681,561
Weighted average number of ordinary shares outstanding at	65,340,000	65,340,000 (Restated)
(Loss) / Earnings per share	<u>1.19</u>	<u>3.88</u>

## 19 CORRESPONDING FIGURES

Reclassified from component	Reclassified to component	Amount (Rupees)
Markup on margin financing (Other income)	Markup on margin financing (Operating revenue)	<u>10,660,467</u>
Markup on corporate debt securities (Other income)	Markup on corporate debt securities (Operating revenue)	<u>1,746,966</u>

## 20 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

# PATTERN OF SHAREHOLDING REPORT

As of September 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,712	0.00
NIDA AHSAN	1	1,208	0.00
SHARMIN SHAHID	1	1,208	0.00
MOHSIN MADNI	1	550	0.00
MUHAMMAD SHAHID ALI	1	965	0.00
ZAFAR ALAM	1	75,110	0.11
MUHAMMAD SOHAIL SALAT	1	660	0.00
<b>Associated Companies, undertakings and related parties</b>	1	41,170,472	63.01
<b><u>Insurance Companies</u></b>	1	60,962	0.09
<b><u>Modarabas and Mutual Funds</u></b>	1	3,850	0.01
<b>General Public</b>			
a. Local	3,532	16,368,732	25.05
b. Foreign	54	145,671	0.22
<b>Others</b>	41	7,508,900	11.49
<b>Totals</b>	<b>3,637</b>	<b>65,340,000</b>	<b>100.00</b>
<b>Shareholders holding 10% or more</b>			
<b>M/S. ARIF HABIB CORPORATION LIMITED</b>		41,170,472	63.01

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