

# 2019

QUARTERLY REPORT MARCH 31, 2019

Adding Value Through Consistency





Vision & Mission	02
Corporate Information	04
Directors' Profiles	06
Financial Statement	08
Pattern of Shareholding	20

# 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 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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# Mission

# Corporate Information

## BOARD OF DIRECTORS

Mr. Zafar Alam  
Chairman & Non-executive Director

Mr. Muhammad Shahid Ali Habib  
Chief Executive Officer & Executive Director

Mr. Mohsin Madni  
Non-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

## AUDIT COMMITTEE

Dr. Muhammad Sohail Salat  
Chairman

Mr. Haroon Usman  
Member

Ms. Nida Ahsan  
Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Haroon Usman  
Chairman

Ms. Nida Ahsan  
Member

Mr. Muhammad Shahid Ali Habib  
Member

Dr. Muhammad Sohail Salat  
Member

## COMPANY SECRETARY & CFO

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

Pakistan Credit Rating Agency (PACRA)

## **BANKERS**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Silk Bank Limited  
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](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://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](mailto:info@arifhabibltd.com)  
Company website: [www.arifhabibltd.com](http://www.arifhabibltd.com)  
Online Trade: [www.ahletrade.com](http://www.ahletrade.com)  
Branch Reg. No: BOA-050/01

# 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 nine months and third quarter ended March 31, 2019.

## Economy Review

As the country's economic performance remains under siege, the incumbent government continues to undertake several corrective measures. The external account position is currently progressing towards improvement led by imposition of duties on imports, materialization of PKR depreciation to discourage demand for imports while augmenting exports and monetary tightening with the policy rate increasing significantly to 10.75% in Mar'19 on the back of rising inflation (at 6.78% in 9MFY19 vs. 3.78% during 9MFY18). Further support emerged from a decent growth of 9% YoY observed in Remittances to USD 16.1 billion during 9MFY19 with USA and UK showing major improvement in flows. With this, the current account deficit recorded a substantial reduction of 29% YoY during 9MFY19 to USD 9.59 billion, easing the pressure off from foreign exchange reserves. Moreover, FX reserves received support from friendly countries (Saudi Arabia, UAE and China) and settled at USD 17.4 billion, nearing prior years' level. Albeit, the domestic manufacturing industry has entered a phase of consolidation as higher inflationary readings and upcycle in the interest rate have compressed local demand; case-in-point: the Large Scale Manufacturing (LSM) index has dipped by 1.72% YoY during 8MFY19.

## Stock Market Review:

With the beginning of the calendar year, the KSE-100 index posted an encouraging return of 1,582pts or 4.27% during 3QFY19 to close at 38,649pts with major contributions to the upside led by Commercial Banks (+919pts), Oil and Gas Exploration Companies (+814pts), and Fertilizer (+617pts). The quarter commenced on a positive note mainly due to improvement on the external front as Current Account Deficit witnessed a significant contraction along with financial assistance from friendly countries to support Balance of Payments. On the other hand, Oil and Gas exploration companies initiated offshore drilling process in 'Kekra-1' block to discover possibly the largest oil and gas reserves of Pakistan which ignited investor sentiments in the sector. That said, clarity on the IMF bailout package played an important role and gave further confidence to investors. Net foreign buying during the quarter under review arrived at USD 30.7 million compared to USD 31.3 million in SPLY. However, average daily volumes and traded value registered at 131 million shares and USD 41 million went down by 39% YoY and 49% YoY, respectively.

## Your Company's Performance

The Company has posted after tax profit of PKR 73.81 million (9MFY18: PKR 303.64 million) which translates into basic EPS of PKR 1.12 (9MFY18: PKR 4.6 per share).

The nine month ended FY19 witnessed a decline of 17.97% in market traded values compared to nine month ended FY18. However, the brokerage and investment banking divisions managed to perform well and posted a growth of 19.61% with revenue of PKR 387.14 million (9MFY18: PKR 323.66 million).



This quarter turned out to be outstanding for our investment banking division with the successful execution of Interloop Limited IPO which was the largest ever equity IPO by the private sector in Pakistan's capital market history. The entire Trading and Sales, Investment Banking, Research and Support teams worked diligently and efficiently for the successful execution of this historic transaction and helped your company achieve this distinction.

The Honorable Finance Minister Mr. Asad Umar opened the trading session at the gong ceremony of Interloop Limited.

Your company organized "Pakistan Roadshow" on 12th April at Bank of America Merrill Lynch headquarter in New York where Honorable Finance Minister presented Pakistan's case to all the top foreign institutional investors and the feedback was exceptional.

Your Company has invested in human capital by expanding its trading and business development team in Lahore & Islamabad which will in turn increase our market share with the HNWIs and retail clients, however, the same led to increase in our administrative and operating expenses. During the said period, our finance cost has decreased and posted a total of PKR 131.16 million (9MFY18: PKR 136.61 million).

The Investment property segment posted a decent performance with an unrealized gain of PKR 356 million and realized gains of PKR 11.3 million. Equities Portfolio Investments witnessed a negative performance and recorded realized profits of PKR 119.63 million and unrealized loss of PKR 477.11 million due to negative market return of around 8% in the nine month period ended of current financial year.

The equity of the Company as at the balance sheet date is PKR 3.09 billion (June 2018: PKR 3.19 billion), which translates into book value per share of PKR 46.91 (June 30, 2018: PKR 48.29).

### Future Prospects

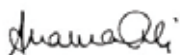
The future prospects of your Company are encouraging on account of the Management's efforts in increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes by providing improved quality of services through extensive research, corporate access and advisory services. We are continuously working on expanding our online and retail client base in order to increase the market participation of investors and avail benefits from the lucrative market opportunities.

### 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: April 23, 2019



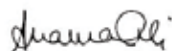
# Financial Statements

# Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2019

	Note	Un audited March 31, 2019	Audited June 30, 2018
		Rupees	
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, plant and equipment	5	39,072,058	36,971,443
Intangible assets		9,067,352	9,452,439
Long term investments		157,043,956	160,390,122
Investment property	6	1,743,648,000	1,373,500,000
Long-term deposits		16,820,926	15,102,524
		<b>1,965,652,292</b>	<b>1,595,416,528</b>
<b>CURRENT ASSETS</b>			
Short term investments		3,034,301,766	2,678,785,604
Trade debts	7	33,701,119	24,479,552
Receivable against margin financing		206,938,017	257,416,270
Short term loans - secured		283,027	5,359,108
Advances, deposits and prepayments		50,260,307	36,580,884
Accrued markup		-	21,175,998
Other receivables		837,255,841	167,388,359
Cash and bank balances		437,831,325	686,765,082
		<b>4,600,571,402</b>	<b>3,877,950,857</b>
<b>TOTAL ASSETS</b>		<b>6,566,223,694</b>	<b>5,473,367,385</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (June 2018: 75,000,000) ordinary shares of PKR10/- each		<b>750,000,000</b>	<b>750,000,000</b>
Issued, subscribed and paid-up capital		<b>660,000,000</b>	<b>550,000,000</b>
Unappropriated profits		<b>2,420,696,206</b>	<b>2,621,883,347</b>
		<b>3,080,696,206</b>	<b>3,171,883,347</b>
Surplus on revaluation		<b>15,432,500</b>	<b>15,432,500</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured		<b>2,872,332,266</b>	<b>1,472,580,896</b>
Current portion of liability subject to finance lease		-	1,345,933
Trade and other payables	10	<b>435,087,458</b>	<b>562,759,873</b>
Unclaimed dividend		<b>15,798,219</b>	<b>12,755,839</b>
Payable against purchase of securities- net	11	<b>33,596,424</b>	<b>115,245,045</b>
Markup accrued		<b>57,637,318</b>	<b>45,791,816</b>
Taxes payable -net		<b>55,643,303</b>	<b>75,572,136</b>
		<b>3,470,094,988</b>	<b>2,286,051,538</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,566,223,694</b>	<b>5,473,367,385</b>

The annexed notes from 1 to 17 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



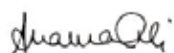
Chief Financial Officer

# Condensed Interim Profit and Loss Account

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Third Quarter ended			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees			
Operating revenue	428,482,901	409,396,108	173,598,975	118,008,148
Capital (loss)/gain on sale of short term investments	119,633,897	85,929,216	8,752,077	(26,002,345)
Unrealized gain on remeasurement of investment property	356,400,000	344,580,000	114,701,640	-
Unrealized (loss)/gain on re-measurement of short term investments	(477,111,170)	(255,954,107)	(162,971,952)	383,518,649
	427,405,628	583,951,217	134,080,740	475,524,452
Administrative and operating expenses	(247,261,837)	(218,398,620)	(79,931,762)	(72,401,481)
Finance costs	(131,163,644)	(136,617,206)	(58,426,955)	(46,635,247)
Other operating income	63,125,783	125,428,790	11,871,373	33,552,895
<b>Profit before taxation</b>	<b>112,105,930</b>	<b>354,364,181</b>	<b>7,593,396</b>	<b>390,040,619</b>
Taxation	(38,293,071)	(50,726,004)	(5,048,651)	(22,409,774)
<b>Profit after taxation</b>	<b>73,812,859</b>	<b>303,638,177</b>	<b>2,544,745</b>	<b>367,630,845</b>
<b>Earning per share - basic &amp; diluted</b>	<b>1.12</b>	<b>4.60</b>	<b>0.04</b>	<b>5.57</b>

The annexed notes from 1 to 17 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



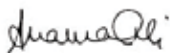
Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018	Third Quarter ended March 31, 2019	March 31, 2018
	Rupees			
Profit after taxation	73,812,859	303,638,177	2,544,745	367,630,845
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	73,812,859	303,638,177	2,544,745	367,630,845

The annexed notes from 1 to 17 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



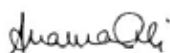
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

FOR THE QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Share Capital	Reserves		Surplus on revaluation	Total
	Issued, subscribed & paid up capital	Unappropriated profits	Sub Total		
	Rupees				
Balance as at July 1, 2017	550,000,000	2,635,627,251	2,635,627,251	15,432,500	3,201,059,751
Cash dividend paid @ 100% for the year ended June 30, 2017	-	(550,000,000)	(550,000,000)	-	(550,000,000)
Comprehensive income for the nine months ended March 31, 2018	-	303,638,177	303,638,177	-	303,638,177
<b>Balance as at March 31, 2018</b>	<b>550,000,000</b>	<b>2,389,265,428</b>	<b>2,389,265,428</b>	<b>15,432,500</b>	<b>2,954,697,928</b>
Balance as at April 1, 2018	550,000,000	2,389,265,428	2,389,265,428	15,432,500	2,954,697,928
Comprehensive income for the period April 2018 - June 2018	-	232,617,919	232,617,919	-	232,617,919
Balance as at June 30, 2018	550,000,000	2,621,883,347	2,621,883,347	15,432,500	3,187,315,847
<b>Balance as at July 1, 2018</b>	<b>550,000,000</b>	<b>2,621,883,347</b>	<b>2,621,883,347</b>	<b>15,432,500</b>	<b>3,187,315,847</b>
Cash dividend paid @ 30% for the year ended June 30, 2018	-	(165,000,000)	(165,000,000)	-	(165,000,000)
Bonus shares issued @ 20% for the year ended June 30, 2018	110,000,000	(110,000,000)	(110,000,000)	-	-
Comprehensive income for the nine months ended March 31, 2019	-	73,812,859	73,812,859	-	73,812,859
<b>Balance as at March 31, 2019</b>	<b>660,000,000</b>	<b>2,420,696,206</b>	<b>2,420,696,206</b>	<b>15,432,500</b>	<b>3,096,128,706</b>

The annexed notes from 1 to 17 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

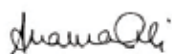
# Condensed Interim Cash Flow Statement

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	March 31, 2019	March 31, 2018
Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	112,105,930	354,364,181
Adjustments for:		
Depreciation	6,052,482	5,872,438
Amortization of intangible asset	385,087	496,829
Gain on disposal of investment property	(11,315,000)	(44,398,469)
Loss on disposal of property, plant and equipment	12,913	20,395
Loss / (gain) on re-measurement of short term investments	473,765,004	255,237,289
Loss / (gain) on re-measurement of long term investments	3,346,166	(716,818)
Gain on short term investment	(119,633,897)	(85,929,216)
Unrealized gain on re-measurement of investment property	(356,400,000)	(344,580,000)
Dividend income	(22,200,478)	(63,430,904)
Finance costs	131,163,644	136,617,206
	105,175,921	(140,811,250)
<b>Cash generated from operating activities before working capital changes</b>	217,281,851	213,552,931
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>		
Short-term investments - net	(709,647,269)	(457,806,446)
Trade debts - consider good	(9,221,567)	48,823,898
Receivable against margin financing	50,478,253	140,340,000
Short term loans	5,076,081	(483,729)
Deposits and short-term prepayments	(13,679,423)	94,592,549
Accrued markup	21,175,998	-
Other receivables	(671,912,282)	34,447,414
	(127,672,415)	(138,740,681)
<b>Increase/(decrease) in current liabilities</b>	3,042,380	13,511,652
Trade and other payables	(81,648,621)	8,949,704
Unclaimed dividend	(1,534,008,865)	(256,365,639)
Payable against purchase of securities- net	(1,316,727,014)	(42,812,708)
<b>Cash used in operations</b>	(58,221,904)	(165,169,506)
Taxes paid	(119,318,142)	(102,667,331)
Finance costs paid	(1,494,267,060)	(310,649,545)
<b>Net cash used in operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(8,726,791)	(2,513,331)
Proceeds from disposal of property, plant and equipment	560,780	863,407
Expenditure on investment property - net	(2,433,000)	(829,120,000)
Sale proceeds on disposal of Investment property		264,358,469
Dividends received	24,245,279	71,101,141
Long term deposits - net	(1,718,402)	3,099,650
<b>Net cash used in investing activities</b>	11,927,866	(492,210,664)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment against finance lease liability	(1,345,933)	(405,923)
Dividend paid	(165,000,000)	(550,000,000)
<b>Net cash used in financing activities</b>	(166,345,933)	(550,405,923)
<b>Net (decrease) in cash and cash equivalents</b>	(1,648,685,127)	(1,353,266,132)
<b>Cash and cash equivalents at the beginning of the year</b>	(785,815,814)	(575,219,910)
<b>Cash and cash equivalents at the end of the year</b>	(2,434,500,941)	(1,928,486,042)

15

The annexed notes from 1 to 17 form an integral part of the condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer



# Condensed Interim Selected Notes to the Financial Statement

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

## 1 STATUS AND NATURE OF BUSINESS

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 65.52% shares of the Company.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

This condensed interim financial information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim statement of profit or loss and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2019 and March 31, 2018 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the nine months ended March 31, 2019 and March 31, 2018.

As per requirement stated under para 14 of IAS34 - "International Financial Reporting" interim financial report is prepared on a consolidated basis if the entity's most recent annual financial statements were consolidated statements, however, the Company was exempted by the SECP from preparing Consolidated Financial Statements for the year ended June 30, 2018, therefore the requirement to prepare Interim Consolidated Financial Statements for its subsidiaries namely M/s. Arif Habib Commodities (Pvt.) Limited and M/s. Arif Habib 1857 (Pvt.) Limited does not apply to interim financial statements. These subsidiaries have been consolidated by the ultimate holding Company i.e. Arif Habib Corporation Limited. The financial statements of the subsidiary company are available for inspection at the Company's registered office and would be available to the members on request without any cost.

These condensed interim financial statements is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange Limited vide section 237 of the Companies Act.

## 2.2 Basis of measurement

These 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 / sukuks carried at fair value;
- Finance lease obligation which is measured at the present value of future minimum lease payments.

## 2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been rounded off to the nearest rupee.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018 except for certain accounting and reporting standards which become effective for onward period beginning on or after July 01, 2018.

In addition to this, certain amendments to existing accounting and reporting standards and new interpretation for the period beginning on or after July 01, 2018. However, the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or do not having significant impact on this condensed interim financial statements.

## 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim 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 financial statements of the Company as at and for the year ended June 30, 2018.

## 5 PROPERTY, PLANT & EQUIPMENT

During the period ended March 31, 2019, addition made amounting to PKR 8,726 thousands (June 2018: 4,741 thousands) which comprised of furnitur & fixtures, office equipment and computer & allied. Further, assets having WDV of PKR 641.15 thousands were sold for PKR 628.05 thousands (June 2018: WDV of PKR 932 thousands were sold of PKR 912 thousands).

## 6 INVESTMENT PROPERTY

	March 31, 2019	June 30, 2018
	Rupees	
Carrying Value	1,373,500,000	369,211,719
Sale during the period	(137,340,000)	(239,821,719)
Acquisition during the year	151,088,000	859,120,000
	1,387,248,000	988,510,000
Increase in fair value - net	356,400,000	384,990,000
	<u>1,743,648,000</u>	<u>1,373,500,000</u>

## 7 TRADE DEBTS

### 7.1 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 measure on the basis of life time ECLs. The Company assumes that the credit risk on trade debts and other receivable has increased significantly if it is more than 360 days past due. The Company has determined that the application of IFRS 9's impairment requirements at January 01, 2018 does not have a material impact on provision for doubtful debts measured under IAS 39.

### 7.2 The Company holds equity securities having fair value of PKR 30,731 million (June 2018: PKR 42,456 million) owned by its clients, as collaterals against trade debts.

	Mar-19		Jun-18	
	Gross	Impairment	Gross	Impairment
Not Past due	206,938,017	-	257,416,270	-
Past due 1 day -30 days	28,560,218	-	31,194,016	-
Past due 31 day -180 days	24,298,193	-	4,031,550	-
Past due 181 day - 1 year	2,484,145	-	4,366,266	-
More than one year	841,830,479	863,471,916	848,359,636	863,471,916
	<u>1,104,111,052</u>	<u>863,471,916</u>	<u>1,145,367,738</u>	<u>863,471,916</u>

## 8 CASH AND BANK BALANCES

	Note	March 31, 2019	June 30, 2018
		Rupees	
Cash in hand		108,047	70,843
Cash at Bank			
in current accounts		251,555,693	217,807,882
in savings accounts	8.1	186,167,585	468,886,357
		437,723,278	716,988,104
		<u>437,831,325</u>	<u>717,058,947</u>

### 8.1 This includes customer's bank balances held in designated bank accounts amounting to PKR 409.029 million (June 2018: PKR 661.625 million).

## 9 SHORT TERM BORROWINGS - SECURED

### 9.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,290 million (2018: Rs. 4,790 million). These facilities have various maturity dates up to September 2019. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25% (2018: 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25%). The markup is calculated on a daily product basis and is payable quarterly.

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

	March 31, 2019		June 30, 2018	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	158,300,000	4,032,304,000	136,000,000	4,414,016,000
House	125,449,945	2,247,182,408	74,942,000	1,331,963,863
Total	283,749,945	6,279,486,408	210,942,000	5,745,979,863

## 10 TAXES PAYABLE -NET

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

"Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2019 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

## 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, 2018.

### COMMITMENTS

Following commitments are outstanding as at the year end.

	March 31, 2019	June 30, 2018
- Outstanding Settlements against Marginal Trading contracts	184,202,594	251,249,997
- Outstanding Settlements against (purchase) / sale of securities in regular market.	58,645,607	150,852,380
- Guarantee given by a commercial bank on behalf of the Company	250,000,000	250,000,000

- 12 Income from dividend for the period ended March 31, 2019 amounts to PKR 22.2 million.

## 13 RELATED PARTY TRANSACTIONS AND BALANCES

Name of the related party and relationship with company	Nature of Transaction	March 31, 2019	March 31, 2018
		Rupees	
Parent	Brokerage commission earned during the period	4,964,384	2,548,823
Subsidiary	on sale and purchase of securities	156,366	3,558,340
Key management personnel		18,369,261	4,585,669
Chief Executive Officer	Remuneration	5,328,152	5,743,270
Other directors	Meeting Fees	325,000	425,000
Arif Habib Limited Provident Fund	Contribution paid during the year	4,714,054	4,479,946
Javedan Corporation Limited	Purchase of Investment property	151,088,000	829,120,000

	March 31, 2019	March 31, 2018
	Rupees	
Balances with related parties at the end of the period are as follows:		
Receivable from related parties		
Parent	45,692	53,332
Subsidiary	-	256,305
Payable to related parties:		
Subsidiary	35,932	117,648
Key management personnel	13,600,201	14,141,705

#### 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, 2018.

#### 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:

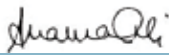
	March 31, 2019	March 31, 2018
	Rupees	
Cash and bank balances	437,831,325	742,568,283
Short term borrowings	(2,872,332,266)	(2,671,054,325)
	<u>(2,434,500,941)</u>	<u>(1,928,486,042)</u>

#### 16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on April 23, 2019.

#### 17 GENERAL

Figures have been rounded off to the nearest rupee.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# Pattern of Shareholding

As of March 31, 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
MOHSIN MADNI	1	500	0.00
MUHAMMAD SOHAIL SALAT	1	600	0.00
<b>Associated Companies, undertakings and related parties</b>			
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>			2.42
	5	1,594,154	
<b>Mutual Funds</b>			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	535,800	0.81
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	312,000	0.47
<b>General Public</b>			
a. Local	3408	19,050,842	28.86
b. Foreign	1	12,000	0.02
<b>Foreign Companies</b>	1	2,400	0.00
<b>Others</b>	43	1,185,167	1.80
<b>Total</b>	<b>3470</b>	<b>66,000,000</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED	43,245,884	65.52
ARIF HABIB	4,932,300	7.47



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