



Arif Habib Corp

Fueling Growth  $\frac{20}{18}$

QUARTERLY REPORT  
31<sup>st</sup> MARCH 2018

# contents

---

**02** Company Information

**04** Directors' Review Report

**07** Condensed Interim Unconsolidated Financial Information

**08** Condensed Interim Unconsolidated Balance Sheet

**10** Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

**11** Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

**12** Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

**13** Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

**14** Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

**27** Condensed Interim Consolidated Financial Information

**28** Condensed Interim Consolidated Balance Sheet

**30** Condensed Interim Consolidated Profit and Loss Account (Unaudited)

**31** Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

**32** Condensed Interim Consolidated Cash Flow Statement (Unaudited)

**33** Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

**34** Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

# Company Information

---

## Board of Directors

Asadullah Khawaja	Chairman
Arif Habib	Chief Executive Officer
Khawaja Jalaluddin Roomi	Independent Director
Sirajuddin Cassim	Independent Director
Nasim Beg	Non-Executive Director
Samad A. Habib	Non-Executive Director
Kashif A. Habib	Non-Executive Director
Muhammad Ejaz	Non-Executive Director

## Audit Committee

Khawaja Jalaluddin Roomi	Chairman
Kashif A. Habib	Member
Muhammad Ejaz	Member

## Management

Arif Habib	Chief Executive Officer
Mohsin Madni	Chief Financial Officer
Manzoor Raza	Company Secretary

## **Bankers**

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

## **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants

## **Legal Advisors**

Bawaney & Partners  
Akhund Forbes

## **Registrar & Share Transfer Agent**

Central Depository Company of Pakistan Limited

## **Registered & Corporate Office**

Arif Habib Centre  
23, M.T. Khan Road  
Karachi-74000  
Phone: (021) 32460717-9  
Fax: (021) 32429653, 32468117  
Email: info@arifhabibcorp.com  
Company website: www.arifhabibcorp.com  
Group website: www.arifhabib.com.pk

## **Share Registrar Department**

CDC House, 99-B, Block-B,  
S.M.C.H.S, Main  
Shahrah-e-Faisal, Karachi  
Phone: (021) 111-111-500  
Toll Free: 0800-23275  
Fax: (021) 34326053  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com

# Directors' Review Report

---

## Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with the interim condensed unconsolidated and consolidated financial statements for the nine months period ended 31<sup>st</sup> March 2018.

## Financial Results

During the nine months, on an unconsolidated basis, AHCL recorded an operating revenue of PKR 1.036 billion, which comprises of dividend income, realized capital gain on sale of securities, unrealized gain on remeasurement of investments and gain on disposal of investment property. After accounting for operating, administrative, financial and other expenses of PKR 171.9 million, the Company earned a profit before tax of PKR 870.6 million. The Company has recorded an after-tax profit of PKR 736.42 million for the nine months under review as compared with PKR 3,000.18 million for the corresponding period ended 31<sup>st</sup> March 2017. Earnings per share during the nine months ended 31<sup>st</sup> March 2018 is PKR 1.62 as compared to PKR 6.61 in the corresponding period during 2016-17.

During the nine months under review, on a consolidated basis, your Company posted a profit-after-tax (attributable to owners) of PKR 1,294.62 million as opposed to PKR 2,199.96 million during corresponding period in 2016-17. This translates to an earning of PKR 2.85 per share as compared with PKR 4.85 per share in corresponding period.

During the third quarter of the current financial year, AHCL recorded a profit after tax of PKR 719.14 million (profit after tax for corresponding period - PKR 876.05 million) on an unconsolidated basis. On a consolidated basis, your Company has recorded a profit after tax for the third quarter amounting to PKR 558.64 million (profit after tax for the corresponding period - PKR 746.92 million).

## Performance of Subsidiaries and Associates

During the period under review, investee companies have performed well. Securities brokerage subsidiary, Arif Habib Limited and asset management company, MCB-Arif Habib Savings & Investments Limited, an associate, have posted profits despite pressure on market in terms of value and turnover compared to same period last year.

Aisha Steel Mills Limited's gross profit rose from PKR 1,679 million in the corresponding period to PKR 2,655 million in the period under review, showing an increase of 58.13%. Javedan Corporation Limited's housing project, Naya Nazimabad's construction and development remains on schedule and has now become a living community with over 70 families having moved in. Javedan Corporation Limited has posted a profit after tax of PKR 445.48 million as compared to PKR 480.82 million in the corresponding period. During the quarter under review, Fatima Fertilizer Company Limited achieved its

highest ever sales volume for the first quarter to date. Plant performance remained strong during the period with impressive turnout for all products. Pakarab Fertilizers Limited incurred loss due to non-supply of its raw material of natural gas. Power Cement Limited and Sachal Energy Development (Private) Limited have performed satisfactorily.

### **Economic Review**

The economy continued to show signs of improvement during the quarter with inflation being contained to levels well below the government's targets and GDP growth rate (as per official estimates) set to touch 13 year high 5.80% for Fiscal Year 2018. With the growth however, continued the tale of external account imbalances. Consequently the Pak Rupee further depreciated in March (approximately 9% since Dec'17) to ease pressure on the current account deficit. Other highlights on the economic front during the quarter include the SBP raising the policy rate by 25 basis points in Jan'18 to 6.00%. Average headline inflation during the period clocked in at 3.78%, in the nine months period ended 31<sup>st</sup> March 2018, as compared to 4.27% in the same period last year. On the equity front, depreciation of the Pak Rupee has managed to uplift the investor sentiment.

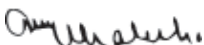
### **Future outlook**

With the economy expanding at 13 year high growth rate of 5.80% (Fiscal Year 2018) and CPEC projects materializing, we project growth momentum to continue and your company has committed additional investment in cement, steel and real estate to avail the profitable opportunities. Your Company's menu of investment in sectors like Fertilizers, Securities Market, Energy, Real Estate, Cement and Steel is performing well and is expected to do better.

### **Acknowledgement**

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our appreciation and thank our Bankers, Business Partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the management of Pakistan Stock Exchange for their support and guidance. We acknowledge and appreciate the hard work put in by the employees of the Company during the period.

**For and on behalf of the Board**



**Arif Habib**  
Chief Executive



**Nasim Beg**  
Director

Karachi  
25<sup>th</sup> April 2018

This page is intentionally left blank

# Condensed Interim Unconsolidated Financial Information

---

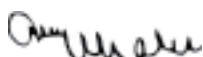
For the nine months period ended 31<sup>st</sup> March 2018



# Condensed Interim Unconsolidated Balance Sheet

As at 31<sup>st</sup> March 2018

	Note	Unaudited March 2018	Audited June 2017
<b>(Rupees)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 1,000,000,000 ordinary shares of Rs. 10 each		<b>10,000,000,000</b>	10,000,000,000
Issued, subscribed and paid up share capital		<b>4,537,500,000</b>	4,537,500,000
Reserves		<b>25,428,078,606</b>	25,931,978,512
		<b>29,965,578,606</b>	30,469,478,512
<b>Non-current liabilities</b>			
Deferred taxation		<b>2,495,411,890</b>	2,435,632,968
Long term loan - secured	5	<b>390,000,000</b>	455,179,583
		<b>2,885,411,890</b>	2,890,812,551
<b>Current liabilities</b>			
Trade and other payables	6	<b>5,776,217,759</b>	2,681,803,807
Mark-up accrued on borrowings		<b>26,691,138</b>	144,389,340
Short term borrowings	7	<b>43,429,354</b>	1,193,616,235
Current maturity of long term loan	5	<b>130,287,340</b>	65,431,028
Provision for taxation		<b>375,763,623</b>	289,478,206
		<b>6,352,389,214</b>	4,374,718,616
		<b>39,203,379,710</b>	37,735,009,679
<b>Contingencies and commitments</b>	8		



Chief Executive Officer



Chief Financial Officer



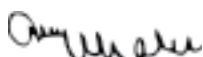
Director

# Condensed Interim Unconsolidated Balance Sheet

As at 31<sup>st</sup> March 2018

	Note	Unaudited March 2018	Audited June 2017
(Rupees)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets	9	31,856,705	36,592,671
Intangible assets		-	133,326
Investment properties	10	-	1,993,162,500
Long term investments	11	27,756,909,362	28,128,147,990
Loan to related party	12	182,359,745	-
Long term deposits		2,487,030	2,487,030
		27,973,612,842	30,160,523,517
<b>Current assets</b>			
Loans and advances	13	1,270,932,863	643,736,475
Prepayments		4,797,648	1,880,003
Advance tax		379,536,975	311,410,531
Mark-up receivable		26,369,529	9,913,724
Trade receivable		-	183,073,309
Other receivables		5,372,379	1,786,964
Short term investments		8,956,594,217	6,383,805,496
Cash and bank balances		586,163,257	38,879,660
		11,229,766,868	7,574,486,162
		<b>39,203,379,710</b>	<b>37,735,009,679</b>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



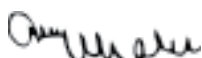
Director

# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the nine months period and quarter ended 31<sup>st</sup> March 2018

	Note	Nine months period ended		Quarter ended	
		March 2018	March 2017	March 2018	March 2017
(Rupees)					
Operating revenue	14	1,036,219,900	3,108,590,303	809,661,643	897,190,489
Operating and administrative expenses		(77,638,563)	(97,215,156)	(24,022,010)	(39,928,721)
Finance cost		(92,060,947)	(115,352,679)	(18,001,611)	(12,658,961)
Other charges		(2,237,287)	(13,834,654)	(858,235)	(9,997,264)
Other income		6,309,664	389,865,468	3,766,265	743,970
<b>Profit before tax</b>		<b>870,592,767</b>	<b>3,272,053,282</b>	<b>770,546,052</b>	<b>835,349,513</b>
Taxation	15	(134,171,771)	(271,868,193)	(51,406,182)	40,696,242
<b>Profit after tax</b>		<b>736,420,996</b>	<b>3,000,185,089</b>	<b>719,139,870</b>	<b>876,045,755</b>
<b>Earnings per share - basic and diluted</b>		<b>1.62</b>	<b>6.61</b>	<b>1.58</b>	<b>1.93</b>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



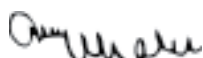
Director

# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period and quarter ended 31<sup>st</sup> March 2018

	Nine months period ended		Quarter ended	
	March 2018	March 2017	March 2018	March 2017
	(Rupees)			
<b>Profit for the period</b>	<b>736,420,996</b>	3,000,185,089	<b>719,139,870</b>	876,045,755
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit and loss account</i>				
Unrealised appreciation during the period on remeasurement of investments classified as 'available for sale'	<b>132,821,666</b>	106,161,572	<b>165,373,478</b>	(308,037,371)
Related tax thereon	<b>(11,892,568)</b>	4,995,765	<b>(14,262,819)</b>	17,867,001
Other comprehensive income for the period	<b>120,929,098</b>	111,157,337	<b>151,110,659</b>	(290,170,370)
<b>Total comprehensive income for the period</b>	<b>857,350,094</b>	3,111,342,426	<b>870,250,529</b>	585,875,385

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



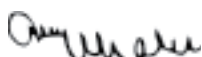
Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Note	Nine months period ended	
		March 2018	March 2017
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	16	696,648,712	2,345,736,887
Income tax paid		(68,126,444)	(101,537,101)
Finance cost paid		(209,759,149)	(143,263,469)
Dividend received		432,124,278	766,713,671
Interest received		21,547,916	52,990,453
<b>Net cash generated from operating activities</b>		<b>872,435,313</b>	<b>2,920,640,441</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(336,505)	(702,992)
Proceeds from sale of operating fixed assets		188,027	90,587
Proceeds from sale of long term investments		19,170,000	357,737,865
Proceeds from liquidation of subsidiary company		-	55,812,446
Proceeds from sale of investment property		2,167,586,914	-
Long term deposits - net		-	(548,100)
<b>Net cash generated from investing activities</b>		<b>2,186,608,436</b>	<b>412,389,806</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		(323,271)	(296,136,141)
Proceeds from long term loan		-	520,000,000
Dividend paid		(1,361,250,000)	(1,134,375,000)
<b>Net cash used in financing activities</b>		<b>(1,361,573,271)</b>	<b>(910,511,141)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,697,470,478</b>	<b>2,422,519,106</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,154,736,575)</b>	<b>(2,522,576,920)</b>
<b>Cash and cash equivalents at end of the period</b>	17	<b>542,733,903</b>	<b>(100,057,814)</b>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Issued, subscribed and paid up share capital	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Reserves		Sub total	Total
			General reserve	Unappropriated profit		
(Rupees)						
Balance as at 1 July 2016	4,537,500,000	(59,661,045)	4,000,000,000	20,585,191,681	24,525,530,636	29,063,030,636
<b>Total comprehensive income for the nine months period ended 31 March 2017</b>						
Profit for the period	-	-	-	3,000,185,089	3,000,185,089	3,000,185,089
<i>Other Comprehensive Income</i>						
Unrealised appreciation during the period on remeasurement of investments classified as 'available for sale' - net	-	106,161,572	-	-	106,161,572	106,161,572
Related tax thereon	-	4,995,765	-	-	4,995,765	4,995,765
Other comprehensive income for the period	-	111,157,337	-	-	111,157,337	111,157,337
<b>Transactions with owners - Distribution:</b>						
Final cash dividend for the year ended 30 June 2016 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
<b>Balance as at 31 March 2017</b>	<b>4,537,500,000</b>	<b>51,496,292</b>	<b>4,000,000,000</b>	<b>22,451,001,770</b>	<b>26,502,498,062</b>	<b>31,039,998,062</b>
Balance as at 1 July 2017	4,537,500,000	89,788,814	4,000,000,000	21,842,189,698	25,931,978,512	30,469,478,512
<b>Total comprehensive income for the nine months period ended 31 March 2018</b>						
Profit for the period	-	-	-	736,420,996	736,420,996	736,420,996
<i>Other Comprehensive Income</i>						
Unrealised appreciation during the period on remeasurement of investments classified as 'available for sale' - net	-	132,821,666	-	-	132,821,666	132,821,666
Related tax thereon	-	(11,892,568)	-	-	(11,892,568)	(11,892,568)
Other comprehensive income for the period	-	120,929,098	-	-	120,929,098	120,929,098
<b>Transactions with owners - Distribution:</b>						
Final cash dividend for the year ended 30 June 2017 at the rate of Rs. 3 per share	-	-	-	(1,361,250,000)	(1,361,250,000)	(1,361,250,000)
<b>Balance as at 31 March 2018</b>	<b>4,537,500,000</b>	<b>210,717,912</b>	<b>4,000,000,000</b>	<b>21,217,360,694</b>	<b>25,428,078,606</b>	<b>29,965,578,606</b>

The annexed notes 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

This condensed interim financial information is separate financial information of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated condensed interim financial information is prepared separately.

The Company has following investments in Subsidiaries and Associates:

Name of Companies	Shareholding
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	<u>65.52%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company	<u>85.83%</u>
- Black Gold Power Limited, a coal power generation company	<u>100.00%</u>
<i>Associates</i>	
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Pakarab Fertilizers Limited	<u>30.00%</u>
- Fatima Fertilizer Company Limited	<u>15.19%</u>

### 1.1 Changes in the composition of the Group

Changes in composition of the Group during the nine months period ended 31 March 2018 are summarised as under:

- During the period, Sachal Energy Development (Private) Limited (SEDPL) offered 45,353,490 shares through right issue. However, the Company did not subscribe such shares resulting in dilution of Company's shareholding from 100% to 85.83%.

## 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 comprises of;

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

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

---

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

These condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2017.

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2017, whereas the comparative condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 March 2017.

These condensed interim unconsolidated financial information are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.

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

## 2.2 Basis of measurement

These condensed interim unconsolidated financial information have been prepared under the historical cost convention, except for investment property, derivatives, investments classified as held for trading', 'available for sale' which are stated at fair value and assets classified as 'held for sale' which are measured at lower of fair value less cost to sell and carrying amount.

## 3. ACCOUNTING POLICIES

### 3.1

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2017.

During the period, certain amendments to approved accounting standards and interpretations became effective which do not having material impact on Company's accounting policies other than increased disclosure which will be included in annual financial statements for the year ending 30 June 2018.

Further during the period, the Securities and Exchange Commission of Pakistan has notified IFRS 9 'Financial Instruments' replacing IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 15 'Revenue from Contracts with Customers' replacing IAS 18 'Revenue and IAS 11 'Construction Contracts' which are effective from annual reporting period beginning on or after 1 July 2018. Currently management is assessing the impact of these Standards.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

### 4.1

The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.



# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

- 4.2** The significant judgements 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 audited annual unconsolidated financial statements as at and for the year ended 30 June 2017.

	Note	Unaudited March 2018	Audited June 2017
<b>(Rupees)</b>			
<b>5. LONG TERM LOAN - secured</b>			
<i>From related party:</i>			
Term musharaka finance	5.1	520,000,000	520,000,000
less: current portion		(130,000,000)	(65,000,000)
		<b>390,000,000</b>	455,000,000
Diminishing Musharaka Financing	5.2	287,340	610,611
less: current portion		(287,340)	(431,028)
		-	179,583
		<b>390,000,000</b>	455,179,583

- 5.1** The Company has obtained term musharaka finance amounting to Rs. 520 million from Summit Bank Limited, related party, under mark-up arrangement at the rate of 6 months KIBOR + 2% to be charged on semi-annual basis. The loan is repayable in eight semi-annual instalment after completion of one year grace period. The loan is secured against First Pari Passu charge over receivable of the Company, ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 of Rs. 286 million and personal guarantee of Chief Executive Officer of the Company.

- 5.2** The Company has acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favour of the lender. The return on the arrangement is 6 months KIBOR + 2% and the loan will mature on 10 November 2018.

## **6. TRADE AND OTHER PAYABLES**

Trade and other payables include deposits amounting to Rs. 1.499 billion received from a profit participant procured by the existing sponsor of Silkbank Limited, under the Option Agreement dated 15 December 2015 which had been extended till 31 May 2018. In consideration of extending period of option and to affirm his commitment towards it, sponsor of Silkbank Limited has provided additional margin of Rs. 4,237.5 million with the Company.

## **7. SHORT TERM BORROWINGS**

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,950 million (30 June 2017: Rs. 2,300 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates up to 31 December 2018. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2017: 30% margin) and First Pari Passu charge over receivable of Company amounting to Rs. 466 million including 25% margin.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2017: 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum) calculated on a daily product basis and is payable on quarterly basis. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 2,907 million (30 June 2017: Rs. 1,106.38 million).

The fair value of long term investments pledged as collateral against short term borrowings amount to Rs. 4,949 million (30 June 2017: Rs. 3,982.16 million).

## 8. CONTINGENCIES AND COMMITMENTS

There are no other changes in the status of contingencies and commitments from the preceding audited annual unconsolidated financial statements for the year ended 30 June 2017 except that the Company has issued Corporate Guarantee on behalf of its associated concern, Aisha Steel Mills Limited, amounting to Rs. 1.8 billion. The Company has also obtained letter of indemnity from the said concern. Further, Power Cement Limited has settled its borrowing and therefore agreement of guarantee is terminated and pledged of shares against the agreement have been released.

## 9. OPERATING FIXED ASSETS

Following is the cost / written down value of property and equipment that have been added / disposed off during the period:

	Nine months period ended March 2018		Nine months period ended March 2017	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Office equipment	15,500	-	80,165	-
Furniture and fixtures	-	-	43,992	-
Vehicle	63,500	118,093	-	9,773
Computer and allied equipment	257,505	93,151	578,835	84,968
	<b>336,505</b>	<b>211,244</b>	702,992	94,741

## 10. INVESTMENT PROPERTIES

Carrying value of investment property as on 01 July 2017  
 Sale consideration of investment property  
 Difference of sale consideration and carrying value  
 Gain on disposal charged to Profit and loss account  
 Carrying value of investment property as on 31 March 2018

10.1

10.1 Sale consideration of investment property  
 Cost of investment property  
 Gain on disposal of investment property  
 Less: gain already recorded in profit & loss account as fair value changes  
 Gain on disposal charged to profit and loss account

Unaudited  
March  
2018

1,993,162,500  
 (2,167,586,914)  
 (174,424,414)  
 174,424,414

2,167,586,914  
 (1,161,249,482)  
 1,006,337,432  
 (831,913,018)  
 174,424,414

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Audited June 2017
Carrying value of investment property as on 01 July 2016	1,646,538,800
Changes in fair value charged to profit and loss account	346,623,700
Carrying value of investment property as on 30 June 2017	<u>1,993,162,500</u>

	Note	Unaudited March 2018	Audited June 2017
(Rupees)			
<b>11. LONG TERM INVESTMENTS</b>			
Subsidiaries - at cost	11.1	5,018,602,290	5,018,602,290
At fair value through profit or loss	11.2	22,738,307,072	23,109,545,700
Available for sale	11.3	-	-
		<u>27,756,909,362</u>	<u>28,128,147,990</u>

## 11.1 Subsidiaries - at cost

	Cost	Provision for impairment	Carrying amount Unaudited March 2018	Audited June 2017
(Rupees)				
Arif Habib Limited (AHL)	2,262,137,230	-	2,262,137,230	2,262,137,230
Sachal Energy Development (Private) Limited (SEDPL)	2,746,465,060	-	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	10,000,000	-	10,000,000	10,000,000
	<u>5,018,602,290</u>	<u>-</u>	<u>5,018,602,290</u>	<u>5,018,602,290</u>

## 11.2 At fair value through profit or loss

	Cost	Unrealised appreciation on remeasurement of investments	Carrying amount Unaudited March 2018	Audited June 2017
(Rupees)				
<b>Associates:</b>				
MCB - Arif Habib Savings and Investments Limited (MCB-AH) 11.2.1	477,694,882	39,645,426	517,340,308	617,428,760
Pakarab Fertilizers Limited (PFL)	1,324,332,073	10,420,667,927	11,745,000,000	11,745,000,000
Fatima Fertilizer Company Limited (FFCL)	3,512,782,225	6,963,184,539	10,475,966,764	10,747,116,940
	<u>5,314,809,180</u>	<u>17,423,497,892</u>	<u>22,738,307,072</u>	<u>23,109,545,700</u>

**11.2.1** Before loss of control, MCB-AH was stated at Rs. 81.948 million which is historical cost of investment as per IAS 27. However, due to loss of control the Company has designated remaining equity interest 'at fair value through profit or loss' and accordingly fair value on the date of loss of control is considered as deemed cost.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 11.3 Available for sale

	Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for impairment	Carrying amount	
				Unaudited March 2018	Audited June 2017
	(Rupees)				
<b>Other investments:</b>					
Takaful Pakistan Limited (TPL) 11.3.1	-	-	-	-	-
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(1,000,000)	-	-
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
	<b>2,000,000</b>	<b>-</b>	<b>(2,000,000)</b>	<b>-</b>	<b>-</b>

**11.3.1** During the period, the Company has disposed off its entire investment in TPL at consideration amounting to Rs. 19.17 million, as a result gain has been recognised in these condensed interim unconsolidated financial information (Refer note 14.1).

Note	Unaudited March 2018	Audited June 2017
(Rupees)		

## 11.4 Movement in provision for impairment

Opening balance	(32,000,000)	(74,400,000)
Provision	-	(100,000)
Reversal on sale of investment	30,000,000	42,500,000
Closing balance	<b>(2,000,000)</b>	<b>(32,000,000)</b>

## 12. LOAN TO RELATED PARTY

Aisha Steel Mills Limited	12.1	201,315,405	-
Less: Current portion of long term loan		(18,955,660)	-
		<b>182,359,745</b>	<b>-</b>

**12.1** As approved by Shareholders during the Annual General Meeting held on 28 October 2017, the Company has converted nature of loan from running finance to long term loan. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2017: 6 months KIBOR + 3.25% per annum). The effective rate of mark-up on the loan during the period was ranged between 9.40% to 9.46% (30 June 2017: ranged between 9.31% to 9.40%) per annum. Mark-up is payable on semi-annual basis.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 13. LOANS AND ADVANCES

### Unsecured

Advance against salaries to employees 1,977,203 943,240

Loan to related parties:

- Javedan Corporation Limited 13.1 1,250,000,000 -  
 - Sachal Energy Development (Private) Limited - 432,000,000

### Secured

Loans to related party:

- Aisha Steel Mills Limited - current portion  
 of long term loan 12.1 18,955,660 210,793,235

**1,270,932,863** **643,736,475**

**13.1** This represents loan provided to Javedan Corporation Limited, a related party. The mark-up rate of the said loan is 3 month KIBOR + 2.25% per annum. The loan is repayable within 30 business days on notice of demand.

## 14. OPERATING REVENUE

	Nine months period ended		Quarter ended	
	March 2018	March 2017	March 2018	March 2017
	(Rupees)		(Rupees)	
Dividend income	432,124,278	766,713,671	-	32,496,251
Mark-up on loans and advances	38,003,721	39,225,358	26,369,529	5,991,716
Profit on bank accounts	2,090,295	336,655	1,935,330	248,435
Gain on sale of securities - net 14.1	157,003,203	698,005,518	33,103,734	627,361,963
Gain on remeasurement of investments-net	232,573,989	1,578,442,553	748,253,050	205,225,576
Gain on liquidation of Subsidiary Company	-	25,866,548	-	25,866,548
Gain on disposal of investment property 10	174,424,414	-	-	-
	<b>1,036,219,900</b>	<b>3,108,590,303</b>	<b>809,661,643</b>	<b>897,190,489</b>

**14.1** This include gain on sale of investment in TPL amounting to Rs. 19.17 million.

## 15. TAXATION

	Nine months period ended		Quarter ended	
	March 2018	March 2017	March 2018	March 2017
	(Rupees)		(Rupees)	
For the period				
- Current	86,285,417	166,985,947	8,625,238	7,994,878
- Deferred	47,886,354	104,882,246	42,780,944	(48,691,120)
	<b>134,171,771</b>	<b>271,868,193</b>	<b>51,406,182</b>	<b>(40,696,242)</b>

**15.1** Under section 5A of the Income Tax Ordinance, 2001 as amendment by the Finance Act 2017, tax shall be impose at the rate of 7.5% of the accounting profit before tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

Board of Directors of the Company intend to distribute sufficient cash dividend for the year ending 30 June 2018 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognised in these condensed unconsolidated interim financial information.

## 16. CASH GENERATED FROM OPERATIONS

	Nine months period ended	
	March 2018	March 2017
	(Rupees)	
Profit before tax	870,592,767	3,272,053,282
<i>Adjustments for:</i>		
Depreciation	4,861,228	5,928,081
Amortisation	133,326	159,192
Dividend income	(432,124,278)	(766,713,671)
Mark-up on loans and advances	(38,003,721)	(39,225,358)
Gain on disposal of long term investments	(19,170,000)	(46,175,449)
Gain on liquidation of Subsidiary company	-	(25,866,548)
Gain on disposal of investment property	(174,424,414)	-
Impairment on long term investments	-	100,000
Loss on disposal of asset	23,217	4,154
Unrealised gain on remeasurement of investment	(232,573,989)	(1,578,442,553)
Reversal of provision for workers' welfare fund	-	(387,631,507)
Finance cost	92,060,947	115,352,679
	(799,217,684)	(2,722,510,980)
	71,375,083	549,542,302
<b>Changes in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Loans and advances	(809,556,133)	173,316,364
Prepayments	(2,917,645)	524,567
Trade receivable	183,073,309	-
Other receivables	(3,585,415)	(2,466)
Short term investments	(1,836,154,439)	458,583,678
	(2,469,140,323)	632,422,143
<i>Increase in current liabilities</i>		
Trade and other payables	3,094,413,952	1,163,772,442
	696,648,712	2,345,736,887
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	586,163,257	48,172,820
Short term borrowings	(43,429,354)	(148,230,634)
	542,733,903	(100,057,814)

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

---

## 18. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited unconsolidated financial statements for the year ended 30 June 2017.

## 19. FAIR VALUE MEASUREMENTS

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any, and non-financial assets and financial liabilities.

The Management engages independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) elected to be measured at fair value and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, relevant experience, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

- 19.1** The below table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	31 March 2018					Fair value		
	Carrying amount					Level 1	Level 2	Level 3
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities			
	(Rupees)							
<b>Financial assets measured at fair value</b>								
Long term investments	22,738,307,072	-	-	-	-	10,993,307,072	-	11,745,000,000
Short term investments	7,903,089,368	-	1,053,504,849	-	-	8,956,594,217	-	-
<b>Financial assets not measured at fair value</b>								
Long term investments*	-	-	-	5,018,602,290	-	1,796,866,497	-	2,756,465,060
Loan to related party	-	182,359,745	-	-	-	-	-	-
Long term deposits	-	89,590	-	-	-	-	-	-
Loans and advances	-	1,270,932,863	-	-	-	-	-	-
Mark-up receivable	-	26,369,529	-	-	-	-	-	-
Trade receivable	-	-	-	-	-	-	-	-
Other receivables	-	3,652,379	-	-	-	-	-	-
Cash and bank balances	-	550,484,745	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Long term loan - secured	-	-	-	-	390,000,000	-	-	-
Trade and other payables	-	-	-	-	5,740,539,245	-	-	-
Mark-up accrued on borrowings	-	-	-	-	26,691,138	-	-	-
Short term borrowings	-	-	-	-	43,429,354	-	-	-
Current maturity of long term loan	-	-	-	-	130,287,340	-	-	-

	30 June 2017					Fair value		
	Carrying amount					Level 1	Level 2	Level 3
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities			
	(Rupees)							
<b>Financial assets measured at fair value</b>								
Long term investments	23,109,545,700	-	-	-	-	11,364,545,700	-	11,745,000,000
Short term investments	5,925,611,908	-	458,193,588	-	-	6,383,805,496	-	-
<b>Financial assets not measured at fair value</b>								
Long term investments*	-	-	-	5,018,602,290	-	2,897,834,637	-	-
Long term deposits	-	89,590	-	-	-	-	-	-
Trade receivable	-	183,073,309	-	-	-	-	-	-
Other receivables	-	66,964	-	-	-	-	-	-
Loans and advances	-	643,736,475	-	-	-	-	-	-
Mark-up receivable	-	9,913,724	-	-	-	-	-	-
Cash and bank balances	-	38,879,660	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Long term loan - secured	-	-	-	-	455,179,583	-	-	-
Trade and other payables	-	-	-	-	2,652,011,288	-	-	-
Mark-up accrued on borrowings	-	-	-	-	144,389,340	-	-	-
Short term borrowings	-	-	-	-	1,193,616,235	-	-	-
Current maturity of long term loan	-	-	-	-	65,431,028	-	-	-

\* This includes investment in a subsidiary company, Arif Habib Limited, which is quoted on the Pakistan Stock Exchange Limited. It is carried at cost and fair value is determined for disclosure purposes.

Management assessed that the fair values of long term deposit, loans, advances, trade receivables other receivable and cash & cash equivalent, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities, managements consider that their carrying values approximates fair value.

The fair value of quoted equity securities categorised in level 1 in fair value hierarchy is determined using quotation from the Pakistan Stock Exchange Limited on the reporting date. Unquoted equity securities measured at fair value is derived using discounted cash flow method. The valuation method considers the present value of future cash flows of investee company discounted with risk adjusted discount rate. The significant unobservable input comprises long-term growth rate, long-term return on equity and weighted average cost of capital. Changes in the input would increase or decrease the fair value of investee company.



# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed rates. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Transactions with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:

	Nine months period ended	
	March 2018	March 2017
	(Rupees)	
<b>Transaction with:</b>		
<i>Transactions with Subsidiaries</i>		
Services availed	4,365,215	3,225,068
Loan extended	168,000,000	382,000,000
Loan repayment	600,000,000	-
Mark-up income on loan and advance	4,871,233	-
Mark-up received on loan and advance	1,645,480	-
Dividend income and received	360,382,370	282,154,159
Guarantee commission income	3,510,947	-
Guarantee commission received	770,197	-
<i>Transactions with Associates</i>		
Dividend income and received	37,912,292	469,158,801
<i>Transactions with Other related parties</i>		
Provident fund contribution	2,924,982	2,590,564
Payment of rent, utilities and maintenance charges	22,316,412	17,213,709
Loan extended	1,500,000,000	1,231,000,000
Loan repayment	259,477,830	1,783,513,304
Dividend income and received	33,333,833	520
Mark-up on loan and advance	33,132,488	39,225,358
Mark-up income received	19,902,436	52,990,453
Sale of investment property	2,167,586,914	-
Guarantee commission income	2,379,831	2,225,892
Guarantee commission received	1,078,729	2,225,892
Finance cost on loan	31,926,148	-
Finance cost paid on loan	21,300,198	20,946,476
Subscription of right issue	541,299,311	-
Donation paid to Jinnah Foundation [Interest of Directors in Donee: Mr. Muhammad Ejaz (Trustee), Mr. Sirajuddin Cassim (Trustee) and Mr. Nasim Beg (Trustee)]	-	3,230,500
<i>Remuneration to Key management personnel</i>		
Remuneration	16,653,031	14,504,839
Meeting fee to directors	385,000	125,000

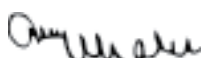
# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Unaudited March 2018	Audited June 2017
	(Rupees)	
<b>Balance as at:</b>		
Mark-up receivable	<u>26,369,529</u>	9,913,724
Guarantee commission receivable / (advance)	<u>3,610,114</u>	(431,738)
Finance cost payable on borrowing (Payable) / receivable to Arif Habib Limited against sale / purchase of listed securities from stock exchange under T+2 settlement method - net of related charges	<u>19,228,603</u>	133,651,694
	<u>(54,352)</u>	183,073,309

## 21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorised for issue on 25 April 2018 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

This page is intentionally left blank

# Condensed Interim Consolidated Financial Information

---

For the nine months period ended 31<sup>st</sup> March 2018

# Condensed Interim Consolidated Balance Sheet

As at 31<sup>st</sup> March 2018

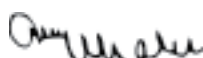
	Note	Unaudited March 2018	Audited June 2017
(Rupees)			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid-up share capital		4,537,500,000	4,537,500,000
Reserves		<u>17,629,237,531</u>	17,656,329,854
Equity attributable to owners of the Parent Company		<u>22,166,737,531</u>	22,193,829,854
Non-controlling interest		<u>1,576,889,627</u>	1,130,836,818
		<u>23,743,627,158</u>	23,324,666,672
Surplus on revaluation of fixed assets		<u>15,432,500</u>	15,432,500
<b>Non-current liabilities</b>			
Long term loans - secured		<u>9,246,346,351</u>	8,801,426,130
Liabilities against assets subject to finance lease		309,763	470,480
Land lease liability		<u>10,476,764</u>	10,527,163
Deferred liability - Staff gratuity		<u>9,294,376</u>	6,857,337
Deferred taxation - net		<u>1,323,190,471</u>	986,504,840
		<u>10,589,617,725</u>	9,805,785,950
<b>Current liabilities</b>			
Trade and other payables	5	<u>6,786,567,273</u>	3,715,072,333
Mark-up accrued on borrowings		<u>302,517,823</u>	392,013,599
Short term borrowings		<u>2,847,678,461</u>	2,952,849,499
Current portion of long term loans		<u>1,226,587,340</u>	1,115,431,028
Current portion of liabilities against assets subject to finance lease		<u>1,100,727</u>	1,345,933
Provision for taxation		<u>429,364,548</u>	457,522,632
Payable against purchase of securities - net		<u>43,363,711</u>	-
		<u>11,637,179,883</u>	8,634,235,024
		<u>45,985,857,266</u>	41,780,120,146
<b>Contingencies and commitments</b>			
	6		

# Condensed Interim Consolidated Balance Sheet

As at 31<sup>st</sup> March 2018

	Note	Unaudited March 2018	Audited June 2017
<b>(Rupees)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	12,943,285,775	12,456,140,468
Intangible assets - others		3,133,326	3,761,009
Goodwill		910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		17,100,000	17,100,000
Investment properties		1,322,951,719	2,362,374,219
Equity accounted investees		17,580,945,116	16,786,341,661
Other long term investments		85,031,156	84,314,338
Loan to related party		182,359,745	-
Long term deposits and prepayments		69,148,149	49,535,059
		<b>33,114,161,103</b>	<b>32,669,772,871</b>
<b>Current assets</b>			
Trade debts		1,612,364,699	1,479,383,278
Loans and advances		1,277,801,596	346,324,959
Deposits and prepayments		52,251,348	45,749,075
Advance tax		428,892,641	577,036,715
Mark-up receivable		23,183,096	9,927,249
Receivable against sale of investment - net		-	148,659,303
Other receivables		193,952,542	189,140,563
Short term investments		7,608,660,555	5,340,218,228
Cash and bank balances		1,674,589,686	973,907,905
		<b>12,871,696,163</b>	<b>9,110,347,275</b>
		<b>45,985,857,266</b>	<b>41,780,120,146</b>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



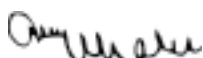
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the nine months period and quarter ended 31<sup>st</sup> March 2018

	Nine months period ended		Quarter ended	
	March 2018	March 2017	March 2018	March 2017
	(Rupees)		(Rupees)	
<b>Continuing Operations</b>				
Operating revenue	2,448,094,350	1,968,816,315	1,040,727,411	1,044,484,422
Operating, administrative and other expenses	(1,077,758,956)	(395,472,501)	(385,043,697)	(170,402,234)
Unrealised gain on remeasurement of investment property	344,580,000	32,279,270	-	32,279,270
Other income	84,164,322	577,533,700	39,916,432	31,996,970
Finance cost	(771,428,766)	(240,751,451)	(265,455,797)	(42,072,156)
Other charges	(2,257,682)	(74,021,316)	(865,430)	(25,536,361)
	1,025,393,268	1,868,384,017	429,278,919	870,749,911
Share of profit of equity-accounted associates - net of tax	848,226,498	1,070,307,942	396,505,262	7,678,552
<b>Profit before tax</b>	<b>1,873,619,766</b>	<b>2,938,691,959</b>	<b>825,784,181</b>	<b>878,428,463</b>
Taxation				
For the period				
- Current	(137,751,834)	(337,419,947)	(31,106,116)	(91,434,417)
- Prior	-	8,967,062	-	-
- Deferred	(324,793,063)	(181,815,682)	(103,604,356)	7,274,575
	(462,544,897)	(510,268,567)	(134,710,472)	(84,159,842)
<b>Profit after tax from continuing operation</b>	<b>1,411,074,869</b>	<b>2,428,423,392</b>	<b>691,073,709</b>	<b>794,268,621</b>
<b>Discontinued operations</b>				
Loss for the period from discontinued operations - net of tax	-	(1,127,033)	-	(258,561)
Gain on disposal of subsidiary	-	49,739,525	-	49,739,525
	-	48,612,492	-	49,480,964
<b>Profit for the period</b>	<b>1,411,074,869</b>	<b>2,477,035,884</b>	<b>691,073,709</b>	<b>843,749,585</b>
<b>Profit attributable to:</b>				
Equity holders of the Parent Company	1,294,615,105	2,199,964,498	558,642,327	746,919,546
Non-controlling interests	116,459,764	277,071,386	132,431,382	96,830,039
	1,411,074,869	2,477,035,884	691,073,709	843,749,585
<b>Earnings per share - Basic &amp; Diluted</b>				
From continuing operations	2.85	4.74	1.23	1.54
From discontinued operations	-	0.11	-	0.11
	2.85	4.85	1.23	1.65

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer



Director

# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months period and quarter ended 31<sup>st</sup> March 2018

	Nine months period ended		Quarter ended	
	March 2018	March 2017	March 2018	March 2017
	(Rupees)		(Rupees)	
<b>Profit for the period</b>	<b>1,411,074,869</b>	2,477,035,884	<b>691,073,709</b>	843,749,585
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit and loss account</i>				
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	<b>132,821,666</b>	106,161,572	<b>165,373,478</b>	(308,037,371)
Related tax thereon	<b>(11,892,568)</b>	4,995,765	<b>(14,262,819)</b>	17,867,001
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	39,779	-	-
Share of other comprehensive income of equity-accounted associates - net of tax	<b>(8,013,206)</b>	33,901,297	<b>10,115,366</b>	(317,674)
Reclassification of foreign currency translation difference on disposal of foreign operation	-	(49,285,999)	-	(49,285,999)
	<b>112,915,892</b>	95,812,414	<b>161,226,025</b>	(339,774,043)
<i>Items that will never be reclassified subsequently to profit and loss accounts</i>				
Share of other comprehensive income of equity-accounted associates - net of tax	<b>(7,697,545)</b>	(2,478,482)	<b>(1,131,212)</b>	(2,478,482)
Other comprehensive income for the period	<b>105,218,347</b>	93,333,932	<b>160,094,813</b>	(342,252,525)
<b>Total comprehensive income for the period</b>	<b>1,516,293,216</b>	2,570,369,816	<b>851,168,522</b>	501,497,060
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company	<b>1,399,833,452</b>	2,293,298,430	<b>718,737,140</b>	404,667,021
Non-controlling interests	<b>116,459,764</b>	277,071,386	<b>132,431,382</b>	96,830,039
	<b>1,516,293,216</b>	2,570,369,816	<b>851,168,522</b>	501,497,060

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

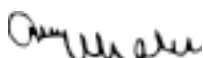


# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Note	Nine months period ended	
		March 2018	March 2017
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	8	<b>2,340,777,246</b>	6,998,822,559
Taxes paid		(235,719,818)	(447,897,592)
Finance cost paid		(860,924,542)	(374,630,742)
Interest received		19,876,641	52,960,744
Land lease rent paid		(1,360,000)	-
Gratuity paid		(1,028,042)	(161,749)
<b>Net cash generated from operating activities</b>		<b>1,261,621,485</b>	6,229,093,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred	7	(1,008,421,861)	(11,101,691,658)
Proceeds from sale of property, plant and equipment		1,051,434	158,846
Acquisition of intangible assets		(96,000)	(758,056)
Proceeds from sale of investment property		2,431,945,383	214,665,136
Development expenditure on investment property		(829,120,000)	(9,492,000)
Dividend received from equity accounted investee		37,912,292	469,158,801
Net sale of long term investment		19,170,000	357,737,865
Proceed from sale of Subsidiary Company		-	55,812,446
Long term deposits		(19,613,090)	8,300,629
<b>Net cash generated from / (used in) investing activities</b>		<b>632,828,158</b>	(10,006,107,991)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - net		462,676,729	9,574,928,065
Dividend paid		(1,361,250,000)	(1,134,375,000)
Distribution by Subsidiaries to non-controlling interest		(189,617,630)	(102,845,841)
Liability against assets subject to finance lease		(405,923)	(509,459)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,088,596,824)</b>	8,337,197,765
<b>Net increase in cash and cash equivalents</b>		<b>805,852,819</b>	4,560,182,994
<b>Cash and cash equivalents at beginning of the period</b>		<b>(1,978,941,594)</b>	(4,042,366,526)
<b>Cash and cash equivalents at end of the period</b>	9	<b>(1,173,088,775)</b>	517,816,468

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Chief Financial Officer




Director

# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	Equity attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued, subscribed and paid up share capital	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit	Total		
	(Rupees)							
Balance as at 1 July 2016	4,537,500,000	39,489,850	49,246,220	4,019,567,665	11,206,113,602	19,851,917,337	742,537,812	20,594,455,149
<b>Total comprehensive income for the nine months period</b>								
Profit for the nine months period ended 31 March 2017	-	-	-	-	2,199,964,498	2,199,964,498	277,071,386	2,477,035,884
<i>Other comprehensive income</i>								
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	-	106,161,572	-	-	-	106,161,572	-	106,161,572
Related tax thereon	-	4,995,765	-	-	-	4,995,765	-	4,995,765
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	39,779	-	-	39,779	-	39,779
Reclassification of foreign currency translation difference on disposal of foreign operation	-	-	(49,285,999)	-	-	(49,285,999)	-	(49,285,999)
Share of other comprehensive income / (loss) of equity-accounted associates -net of tax	-	33,901,297	-	-	(2,478,482)	31,422,815	-	31,422,815
	-	145,058,634	(49,246,220)	-	2,197,486,016	2,293,298,430	277,071,386	2,570,369,816
<b>Distribution by Subsidiaries</b>	-	-	-	-	-	-	(102,845,841)	(102,845,841)
<b>Transactions with owners</b>								
Distribution: Final cash dividend for the year ended 30 June 2016 at the rate of Rs. 2.5 per share	-	-	-	-	(1,134,375,000)	(1,134,375,000)	-	(1,134,375,000)
Acquisition of non-controlling interest without change in control	-	-	-	-	110,330,766	110,330,766	247,407,099	357,737,865
	-	-	-	-	(1,024,044,234)	(1,024,044,234)	247,407,099	(776,637,135)
<b>Balance as at 31 March 2017</b>	<b>4,537,500,000</b>	<b>184,548,484</b>	<b>-</b>	<b>4,019,567,665</b>	<b>12,379,555,384</b>	<b>21,121,171,533</b>	<b>1,164,170,456</b>	<b>22,285,341,989</b>
<b>Balance as at 1 July 2017</b>	<b>4,537,500,000</b>	<b>207,898,277</b>	<b>-</b>	<b>4,019,567,665</b>	<b>13,428,863,912</b>	<b>22,193,829,854</b>	<b>1,130,836,818</b>	<b>23,324,666,672</b>
<b>Total comprehensive income for the nine months period</b>								
Profit for the nine months period ended 31 March 2018	-	-	-	-	1,294,615,105	1,294,615,105	116,459,764	1,411,074,869
<i>Other comprehensive income</i>								
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	-	132,821,666	-	-	-	132,821,666	-	132,821,666
Related tax thereon	-	(11,892,568)	-	-	-	(11,892,568)	-	(11,892,568)
Share of other comprehensive income / (loss) of equity-accounted associates -net of tax	-	(8,013,206)	-	-	(7,697,545)	(15,710,751)	-	(15,710,751)
	-	112,915,892	-	-	1,286,917,560	1,399,833,452	116,459,764	1,516,293,216
<b>Distribution by Subsidiaries</b>	-	-	-	-	-	-	(189,617,630)	(189,617,630)
<b>Transactions with owners</b>								
Distribution: Final cash dividend for the year ended 30 June 2017 at the rate of Rs. 3 per share	-	-	-	-	(1,361,250,000)	(1,361,250,000)	-	(1,361,250,000)
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(65,675,775)	(65,675,775)	519,210,675	453,534,900
	-	-	-	-	(1,426,925,775)	(1,426,925,775)	519,210,675	(907,715,100)
<b>Balance as at 31 March 2018</b>	<b>4,537,500,000</b>	<b>320,814,169</b>	<b>-</b>	<b>4,019,567,665</b>	<b>13,288,855,697</b>	<b>22,166,737,531</b>	<b>1,576,889,627</b>	<b>23,743,627,158</b>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited (“the Parent Company”) was incorporated in Pakistan on 14 November 1994 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the nine months period ended 31 March 2018 comprise of the Parent and following subsidiary companies (here-in-after referred to as “the Group”).

Name of Companies	Note	Effective holding
<i>Subsidiary Companies</i>		
- Arif Habib Limited, a brokerage house	1.1	<u>65.52%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.2	<u>65.52%</u>
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.3	<u>65.52%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company	1.4	<u>85.83%</u>
- Black Gold Power Limited, a coal power generation company	1.5	<u>100.00%</u>
<i>Associates</i>		
- MCB-Arif Habib Savings and Investments Limited	1.6	<u>30.09%</u>
- Fatima Fertilizer Company Limited	1.7	<u>15.19%</u>
- Pakarab Fertilizers Limited	1.8	<u>30.00%</u>
- Silkbank Limited	1.9	<u>28.23%</u>

**1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 7 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited company. The registered office of AHL is situated at Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificates of Pakistan Stock Exchange Limited. The principal activities of AHL are brokerage of shares, equity and debt securities, forex and other financial instruments, corporate finance services and securities investments.

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

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

- 1.3** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the AH1857 is located at Arif Habib Centre, 23, M.T. Khan road, Karachi. The principal activities of AH1857 are investment and shares brokerage. AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).
- 1.4** Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 20 November 2006. SEDPL's registered office is located in Islamabad, Pakistan. The principal activity of the SEDPL is to generate and sell electricity up to 49.5 MW in Jhampir Sindh province for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to the SEDPL under a sublease agreement. SEDPL has achieved financial close on 13 December 2015 and commenced its commercial operation on 11 April 2017.
- 1.5** Black Gold Power Limited (BGPL) is a public unlisted limited company, incorporated on 8 December 2016 in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). BGPL's registered office is situated at Arif Habib Centre, 23, M.T Khan Road, Karachi. The principle activity of the BGPL is to carry on all or any of the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy products or services. Currently, the BGPL is planning to establish 660 MW Thar Coal based power project at Thar Block II.
- 1.6** MCB-AH was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM2++ by the Pakistan Credit Rating Agency Limited on 28 December 2017. The Fund manages Open-end Collective Investment Scheme (CISs), Pension Funds and Discretionary Portfolio having total net assets as at 31 March 2018 of Rs. 87,091 million (30 June 2017: 73,609 million).
- 1.7** Fatima Fertilizer Company Limited (FFCL) and its wholly owned subsidiaries - Fatimafert Limited (FF) and Buber Sher (Private) Limited (BSPL) were incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). FFCL is listed on Pakistan Stock Exchange Limited. The control of FF and BSPL was transferred to FFCL on 1 July 2015. BSPL was dissolved without winding up by the order of the court and amalgamated by way of merger into FF on 3 April 2017. Said scheme of merger was unanimously approved by the shareholders of BSPL and FF on 20 January 2017. The principal activity of the FFCL and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Principal activity of BSPL was sale, marketing and distribution of fertilizers and its derivative, insecticides, pesticides, and all kinds of agricultural, fruit growing and other chemicals. Registered offices of the FFCL, FF and BSPL are located in Lahore, Pakistan. The manufacturing facility of FFCL is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located near Chichoki Mallian at Sheikhpura Road.
- 1.8** Pakarab Fertilizers Limited (PFL) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Act, 2017). PFL changed to a non-listed public company from 7 June 2007. PFL Term Finance Certificates were listed at the Karachi Stock Exchange Limited (now merged as Pakistan Stock Exchange Limited) during the period from March 2008 to March 2013. Thereafter PFL is a non-listed public company. PFL on 12 April 2011, incorporated a wholly owned subsidiary company, Fatima Packaging Limited (FPL) (Formerly Reliance Sacks Limited). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the FPL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth and liners. PFL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt while its manufacturing facility is located in Multan.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

**1.9** Silkbank Limited (Silkbank) was incorporated in Pakistan on 4 April 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Silkbank commenced commercial operations on 7 May 1995. Silkbank's shares are quoted on Pakistan Stock Exchange Limited. Silkbank is engaged in banking services as described in Banking Companies Ordinance, 1962. Silkbank operates through 123 (30 June 2017 : 88) branches including 30 (30 June 2017 : 10) Islamic banking branches in Pakistan. Silkbank registered office is located at Silkbank Building, Kaghan Road, F-8 Markaz, Islamabad. The short-term and long-term credit ratings of the Silkbank rated by JCR-VIS Credit Rating Company Limited are 'A-2' and 'A-' respectively.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim consolidated financial information has 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 comprises of;

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

- Provisions of and directives under the Companies Act, 2017.

This condensed interim consolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2017.

The comparative Balance Sheet presented in this condensed interim consolidated financial information has been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2017, whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 31 March 2017.

This condensed interim consolidated financial information is presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest rupee.

## **3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted by the Group in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2017.

During the period certain amendments to approved accounting standards and interpretations became effective which were not having material impact on Group's accounting policies other than increased disclosure which will be included in annual financial statements for the year ending 30 June 2018.

Further during the period, the Securities and Exchange Commission of Pakistan has notified IFRS 9 'Financial Instruments' replacing IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 15 'Revenue from Contracts with Customers' replacing IAS 18 'Revenue and IAS 11 'Construction Contracts' which are effective from annual reporting period beginning on or after 1 July 2018. Currently management is assessing the impact of these Standards.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 30 June 2017.

## 5. TRADE AND OTHER PAYABLES

Trade and other payables include deposits amounting to Rs. 1.499 billion received by Parent Company from a profit participant procured by the existing sponsor of Silkbank Limited, under the Option Agreement dated 15 December 2015 which had been extended till 31 May 2018. In consideration of extending period of option and to affirm his commitment towards it, sponsor of Silkbank Limited has provided additional margin of Rs. 4,237.5 million with the Parent Company.

## 6. CONTINGENCIES AND COMMITMENTS

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidation financial statements as at and in the year ended 30 June 2017 except for the following:

### *Parent Company*

The Parent Company has issued Corporate Guarantee on behalf of its associated concern, Aisha Steel Mills Limited, amounting to Rs. 1.8 billion. The Parent Company has also obtained letter of indemnity from the said concern. Further, Power Cement Limited has settled its borrowing and therefore agreement of guarantee is terminated and pledged of shares against the agreement have been released.

### *AHL, Subsidiary Company*

AHL has following outstanding commitments:

	<b>Unaudited March 2018</b>	Audited June 2017
	(Rupees)	
- Outstanding settlements To NCCPL against Marginal Trading contracts	<b>275,137,360</b>	282,746,717
- Outstanding settlements to NCCPL against purchase of securities in the regular market	<b>114,150,616</b>	381,424,500
- Guarantee given by a commercial bank on behalf of AHL	<b>250,000,000</b>	250,000,000
	<b>639,287,976</b>	914,171,217

## 7. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 1.01 billion which include capitalisation of Rs. 991.1 million as foreign exchange loss. Further, assets having written down value of Rs. 1.1 million were disposed off.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 8. CASH GENERATED FROM OPERATIONS

	Unaudited Nine months period ended	
	March 2018	March 2017
	(Rupees)	
Profit before tax	1,873,619,766	2,938,691,959
<b>Adjustments for:</b>		
Depreciation	520,190,047	12,514,116
Amortization	723,684	844,696
Provision for gratuity	3,465,081	3,413,477
Mark-up on loans and advances	(33,132,488)	(39,225,358)
Unrealised gain on investments	(233,290,807)	(188,649,546)
Land lease rent	1,309,601	-
Gain on disposal of investment property	(218,822,883)	(23,646,771)
Gain on sale of long term investments	(19,170,000)	-
Unrealised gain on remeasurement of investment properties	(344,580,000)	(32,279,270)
Loss on sale of property, plant and equipment	35,073	41,895
Impairment on disposal of long term investment	-	100,000
Impairment on trading right entitlement certificate, membership cards and offices	-	7,500,000
Share of profit of equity-accounted associates - net of tax	(848,226,498)	(1,070,307,942)
Reversal of provision of workers' welfare fund	-	(456,911,587)
Finance cost	771,428,766	240,751,451
	(400,070,424)	(1,545,854,839)
Operating profit before working capital changes	1,473,549,342	1,392,837,120
<b>Changes in working capital:</b> <i>(Increase) / decrease in current assets</i>		
Trade debts	(132,981,421)	130,115,834
Loans and advances	(931,476,637)	2,325,856,738
Deposits and prepayments	(6,502,273)	(24,517,831)
Receivable against sale of investment - net	148,659,303	-
Other receivables	(4,811,979)	(54,215,826)
Short term investments	(1,320,517,740)	1,912,992,761
<i>Increase in current liabilities</i>		
Trade and other payables	3,071,494,940	1,781,161,713
Payable against sale of securities	43,363,711	(465,407,950)
	867,227,904	5,605,985,439
<b>Cash generated from operations</b>	<b>2,340,777,246</b>	<b>6,998,822,559</b>
<b>9. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,674,589,686	793,579,135
Short term borrowings	(2,847,678,461)	(275,762,667)
	<b>(1,173,088,775)</b>	<b>517,816,468</b>
<b>10. FINANCIAL RISK MANAGEMENT</b>		

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2017.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

## 11. FAIR VALUE MEASUREMENT

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2017.

## 12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are carried out at rates agreed under the agreement / contract.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-executive Director and Departmental Heads to be its key management personnel. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Transactions with related parties during the period other than those disclosed elsewhere in these condensed interim consolidated financial information are given below:

	<b>Nine months period ended</b>	
	<b>March 2018</b>	March 2017
	<b>(Rupees)</b>	
<i>Transaction with associates</i>		
Dividend income and received	<b>37,912,292</b>	469,158,801
<i>Transaction with other related party</i>		
Provident fund contribution	<b>7,404,928</b>	4,961,992
Payment of rent, utilities and maintenance charges	<b>37,990,092</b>	32,887,389
Loan extended	<b>1,500,000,000</b>	1,231,000,000
Loan repayment	<b>259,477,830</b>	1,783,513,304
Dividend income and received	<b>33,333,833</b>	520
Mark-up on loan and advance	<b>33,132,488</b>	39,225,358
Mark-up income received	<b>19,902,436</b>	52,990,453
Sale of investment property	<b>2,167,586,914</b>	-
Guarantee commission income	<b>2,379,831</b>	2,225,892
Guarantee commission received	<b>1,078,729</b>	2,225,892
Finance cost on loan	<b>31,926,148</b>	30,895,997
Finance cost paid on loan	<b>21,300,198</b>	20,946,476
Subscription of right issue	<b>541,299,311</b>	-
Brokerage commission and other services income	<b>9,929,430</b>	33,801,748
Donation paid to Jinnah Foundation [Interest of Directors in Donee: Mr. Nasim Beg (Trustee), Mr. Muhammad Ejaz (Trustee) and Mr. Sirajuddin Cassim (Trustee)]	-	3,230,500
<i>Remuneration to chief executive officer, directors and other key management personnel</i>		
Remuneration	<b>22,396,301</b>	36,762,739
Meeting fee to directors	<b>810,000</b>	575,000



# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31<sup>st</sup> March 2018

	<b>Unaudited March 2018</b>	Audited June 2017
	(Rupees)	
<b>Balance as at:</b>		
Loan receivable	<b>1,451,315,405</b>	642,793,235
Mark-up receivable	<b>23,143,776</b>	9,913,724
Guarantee commission receivable / (advance)	<b>869,364</b>	(431,738)
Loan payable	<b>520,000,000</b>	520,000,000
Finance cost payable on borrowing	<b>19,228,603</b>	133,651,699

## 13. REPORTABLE SEGMENTS

**13.1** The group has four reportable segments: Capital Market Operations, Brokerage, Energy Development and Others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. The energy development is principally engaged in energy development. Others includes assets of multi commodities entities.

**13.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the annual audited consolidated financial statements for the year ended 30 June 2017. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.

**13.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.

**13.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortisation and remeasurement of equity and debt instruments in profit or loss.

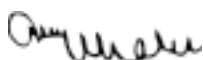
## 14. GENERAL

**14.1** The investment turnover reported by AHL, subsidiary company, is as follows:

	<b>Unaudited March 2018</b>	Audited June 2017
	(Rupees)	
Institution	<b>140,549,124,511</b>	169,256,685,474
Retail	<b>38,240,083,189</b>	84,139,125,849
Proprietary	<b>22,398,770,025</b>	40,719,043,164
	<b>201,187,977,725</b>	294,114,854,487

## 15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information has been authorised for issue on 25 April 2018 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director





## Arif Habib Corp

Arif Habib Centre  
23, M. T. Khan Road  
Karachi-74000  
Tel: +92 21 32460717-9  
Fax: +92 21 32468117, 32429653  
E-mail: [info@arifhabibcorp.com](mailto:info@arifhabibcorp.com)  
Company website: [www.arifhabibcorp.com](http://www.arifhabibcorp.com)  
Group website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)