

Quarterly Report
30th September 2020



Investing in **Tomorrow**



Arif Habib Corp



Content

02	Company Information
04	Directors' Review Report
07	Condensed Interim Unconsolidated Financial Statements
08	Condensed Interim Unconsolidated Statement of Financial Position
10	Condensed Interim Unconsolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
11	Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)
12	Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)
13	Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)
27	Condensed Interim Consolidated Financial Statements
28	Condensed Interim Consolidated Statement of Financial Position
30	Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)
31	Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
32	Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)
33	Condensed Interim Consolidated Statement of Cash Flow (Unaudited)
34	Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Company Information

Board of Directors

Dr. Shamshad Akhtar
Chairperson - Independent Director

Arif Habib
Chief Executive Officer

Sirajuddin Cassim
Independent Director

Asadullah Khawaja
Non-Executive 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

Sirajuddin Cassim - 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
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan)
Limited
Sindh Bank Limited
Summit Bank Limited
Soneri 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 Hadi

Registered & Corporate Office

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

Registrar & Share Transfer Agent

CDC Share Registrar Services Limited

Share Registrar Office

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.cdcrsl.com
Email: info@cdcrsl.com

Corporate Memberships

Pakistan Institute of Corporate Governance
Management Association of Pakistan
Pakistan Centre for Philanthropy

Directors' Review Report

Dear Shareholders,

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Directors' report of the Company together with condensed interim consolidated and unconsolidated financial statements for the quarter ended 30th September 2020.

The Economy

During the first quarter of the current financial year economic conditions in Pakistan took a turn for the better. We have seen a current account surplus compared to a deficit in the corresponding period last year, a record high inflow of remittances of USD 7,147 million up by 31% YoY, PKR appreciation of 1.4% QoQ and FBR tax collection target was achieved. The exchange rate and interest rates were also stable during the period under review. These factors were reflected on the significant recovery of the equity market with the KSE-100 index posting a return of 18% QoQ. However, the issue of circular debt in Power sector, increasing food inflation, FATF pending decision on Pakistan's grey list status, much awaited disbursement of third tranche of USD 425 million by IMF under Extended Fund Facility and possible risk of second wave of COVID-19 in the winter are areas of concern for investors.

Financial Results

During the first quarter under review, on a consolidated basis, your Company posted a profit after tax (attributable to AHCL's ownership) of PKR 2,634.69 million as opposed to PKR 539.19 million during corresponding quarter last year. This translates to an earning of PKR 6.45 per share as compared with earnings of PKR 1.26 per share in the corresponding period. On an unconsolidated basis, the Company recorded a profit after tax of PKR 2,034.31 million translating into an earning of PKR 4.98 per share as compared to loss after tax of PKR 1,346.66 million i.e. loss per share of PKR 3.15 the corresponding period last year.

Performance of Subsidiaries and Associates

Securities brokerage subsidiary, Arif Habib Limited recorded its highest ever profit in a quarter with a profit after tax of PKR 738.86 million which translated into an impressive earning per share of PKR 12.44 as compared to loss of PKR 2.99 per share in the corresponding quarter last year. Our asset management company, MCB-Arif Habib Savings & Investments Limited, an associate, has also posted remarkable profit after tax of PKR 114.08 million in the first quarter as compared to profit after tax of PKR 12.88 million in the comparative quarter last year. Owing to high wind season, our wind energy project, Sachal Energy, posted after-tax profit of PKR 1,040.29 million during the quarter ended 30th September 2020. With the combined name plate capacity of 2.57 million MT/year, the fertilizer manufacturing associate, Fatima Fertilizer Company Limited, performance remained very impressive. The financial performance of other associates has been good with Aisha Steel Mills recording an after-tax profit of PKR 860 million. Javedan Corporation Limited is expected to post profits, whereas, Power Cement Limited is expected to incur a small loss.

Future Outlook

Internal political noise, concern about 2nd wave of COVID-19 and rising rate of inflation are cause of concern for investors. As far as your Company's investee companies are concerned, they look stable. Resultantly, future financial performance of the Company looks encouraging.

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



Mr. Arif Habib
Chief Executive



Dr. Shamshad Akhtar
Chairperson

Karachi: 24th October 2020





Condensed Interim Unconsolidated Financial Statements

FOR THE THREE MONTHS PERIOD ENDED 30th SEPTEMBER 2020

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

		Unaudited 30 September 2020	Audited 30 June 2020
	Note	(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	6	10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid up share capital	6	4,083,750,000	4,083,750,000
Revenue reserves			
General reserve		4,000,000,000	4,000,000,000
Fair value reserve		20,085,153	20,085,153
Unappropriated profit		12,033,512,375	9,999,201,190
		16,053,597,528	14,019,286,343
		20,137,347,528	18,103,036,343
Non-current liabilities			
Deferred taxation - net		21,049,981	101,282,836
Lease liability		8,986,147	14,582,113
		30,036,128	115,864,949
Current liabilities			
Trade and other payables		6,685,225	4,647,143
Mark-up accrued on borrowings		10,654,791	24,059,455
Short term borrowings		-	670,828,552
Current portion of lease liability		15,325,860	12,754,406
Taxation - net		45,939,693	27,772,826
Unclaimed dividend		19,046,228	19,062,446
		97,651,797	759,124,828
Contingencies and commitments			
	7	20,265,035,453	18,978,026,120

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

		Unaudited 30 September 2020	Audited 30 June 2020
	Note		(Rupees)
ASSETS			
Non-current assets			
Operating fixed assets	8	56,966,359	61,589,127
Long term investments	9	16,422,269,239	15,325,669,912
Long term loan to related party	10	149,187,387	134,970,641
Long term deposits		2,151,030	2,537,030
		16,630,574,015	15,524,766,710
Current assets			
Loans and advances	11	20,658,487	34,561,656
Mark-up receivable	12	7,829,058	21,636,362
Prepayments, trade and other receivables	13	117,030,310	649,189,817
Short term investments	14	3,398,972,462	2,712,628,138
Cash and bank balances		89,971,121	35,243,437
		3,634,461,438	3,453,259,410
		20,265,035,453	18,978,026,120

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
	Note	(Rupees)	
Operating revenue	15	111,221,137	37,471,569
Gain on sale of securities - net		138,623,886	853,244,485
Gain / (loss) on remeasurement of investments - net		1,854,478,904	(2,180,596,782)
		2,104,323,927	(1,289,880,728)
Operating and administrative expenses		(28,357,203)	(24,826,845)
Other income		6,114,066	5,292,432
Finance cost		(11,424,752)	(36,716,808)
Other charges		(8,000)	-
Profit / (loss) before tax		2,070,648,038	(1,346,131,949)
Taxation	16	(36,336,853)	(532,950)
Profit / (loss) after tax		2,034,311,185	(1,346,664,899)
Other comprehensive income		-	-
Total comprehensive income / (loss)		2,034,311,185	(1,346,664,899)
Earnings / (loss) per share - basic and diluted	17	4.98	(3.15)

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 30th September 2020

	Issued, subscribed and paid up share capital	Capital Reserves Fair value reserve *	Reserves Revenue Reserves General reserve	Unappropriated profit	Sub total	Total
	-----Rupees-----					
Balance as at 1 July 2019	4,537,500,000	-	4,000,000,000	11,340,451,283	15,340,451,283	19,877,951,283
Total comprehensive income for the three months period ended 30 September 2019						
Loss for the period	-	-	-	(1,346,664,899)	(1,346,664,899)	(1,346,664,899)
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	(1,346,664,899)	(1,346,664,899)	(1,346,664,899)
Transactions with owners of the Company recorded directly in equity						
Buy-back of shares of Rs. 27 per share	(453,750,000)	-	-	(771,375,000)	(771,375,000)	(1,225,125,000)
Balance as at 30 September 2019	4,083,750,000	-	4,000,000,000	9,222,411,384	13,222,411,384	17,306,161,384
Total comprehensive income for the nine months period ended 30 June 2020						
Profit for the period	-	-	-	776,789,806	776,789,806	776,789,806
Other comprehensive income for the period	-	20,085,153	-	-	20,085,153	20,085,153
	-	20,085,153	-	776,789,806	796,874,959	796,874,959
Balance as at 30 June 2020	4,083,750,000	20,085,153	4,000,000,000	9,999,201,190	14,019,286,343	18,103,036,343
Total comprehensive income for the three months period ended 30 September 2020						
Profit for the period	-	-	-	2,034,311,185	2,034,311,185	2,034,311,185
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	2,034,311,185	2,034,311,185	2,034,311,185
Balance as at 30 September 2020	4,083,750,000	20,085,153	4,000,000,000	12,033,512,375	16,053,597,528	20,137,347,528

* Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	18	190,796,029	370,579,175
Income tax paid		(98,402,841)	(4,666,558)
Finance cost paid		(24,022,463)	(55,706,889)
Dividend received		638,000,412	-
Interest received		21,913,731	77,495,779
Net cash generated from operating activities		728,284,868	387,701,507
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(633,167)	-
Proceeds from sale of operating fixed assets		1,350,000	57,626
Change in long term deposit		386,000	-
Net cash generated from investing activities		1,102,833	57,626
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		-	-
Lease rentals paid		(3,831,465)	-
Loan from sponsor		-	500,000,000
Buy-back of shares		-	(1,225,125,000)
Net cash used in financing activities		(3,831,465)	(725,125,000)
Net increase / (decrease) in cash and cash equivalents		725,556,236	(337,365,867)
Cash and cash equivalents at beginning of the period		(635,585,115)	(1,377,025,450)
Cash and cash equivalents at end of the period	19	89,971,121	(1,714,391,317)

The annexed notes 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

1. 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 Company also extends loans, advances and guarantees to its associated company / undertaking as allowed under Companies Act, 2017 as its principal business activity. The registered office of the Company is situated at 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

These condensed interim unconsolidated financial statements are 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 statements are prepared separately.

The Company has following long term investments and its underlying shareholding in respective investee companies:

Name of Companies

Shareholding

Subsidiaries

- Arif Habib Limited, a brokerage house	69.44%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%

Associates

- MCB-Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	30.09%
- Pakarab Fertilizers Limited - a fertilizer company	30.00%
- Fatima Fertilizer Company Limited - a fertilizer company	15.19%

Others

- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

There is no change in shareholding in long term investments from the preceding annual audited unconsolidated financial statements for the year ended 30 June 2020.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

2. IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

On 11 March 2020, the World Health Organization (WHO) declared the 2019 Novel Coronavirus (COVID-19) outbreak a pandemic which impacted countries globally including Pakistan. Due to COVID-19 and resulting measures taken to control the spread of virus including travel bans, quarantines, social distancing and closures of non-essential services impacted adversely various businesses and enhanced volatility in the Pakistan Stock Exchange (PSX). From March 2020 onwards till 30 June 2020, the Company was conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). During the period, the situation has gradually improved in Pakistan and the Company will continue to actively monitor the situation and may take further actions as may be required by federal, provincial or local authorities or that are in the best interests of their employees, customers, partners, and stockholders.

Management based on its assessment considers that there would be no significant impact that will adversely affect the Company's business, results of operations and financial condition in future period.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim unconsolidated 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 (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;“
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements are unaudited and do not include all the statements 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 2020.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

The comparative statement of financial position presented in these condensed interim unconsolidated financial statements has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2020, whereas the comparative condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial statements for the three months period ended 30 September 2019.

These condensed interim unconsolidated financial statements are presented in Pakistani 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 statements have been prepared on the basis of a single reportable segment.

3.2 Basis of measurement

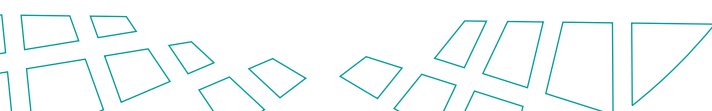
These condensed interim unconsolidated financial statements have been prepared under the historical cost convention, except, as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2020.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 5.1 The preparation of these condensed interim unconsolidated financial statements 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.
- 5.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2020.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

6. SHARE CAPITAL

6.1 Authorised share capital

30 September 2020 (Number of shares)	30 June 2020		Note	Unaudited 30 September 2020 (Rupees)	Audited 30 June 2020
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000

6.2 Issued, subscribed and paid up share capital

5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		50,000,000	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		4,507,500,000	4,507,500,000
455,750,000	455,750,000			4,557,500,000	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	6.2.1	(20,000,000)	(20,000,000)
(45,375,000)	(45,375,000)	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	6.2.2	(453,750,000)	(453,750,000)
408,375,000	408,375,000			4,083,750,000	4,083,750,000

6.2.1 During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

6.2.2 During the financial year 2019-2020, the Company purchased and cancelled 45,375,000 ordinary shares (10% of existing shares i.e. 453,750,000). The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3rd July 2019. The shares were acquired at a purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with the Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to buy-back of shares the ordinary share capital of the Company has been reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

6.2.3 Mr. Arif Habib held 78.84% (30 June 2020: 78.84%) of ordinary shares in the Company.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

7. CONTINGENCIES AND COMMITMENTS

7.1 There is no other change in the status of contingencies and commitments as disclosed in the preceding annual audited unconsolidated financial statements as at and in the year ended 30 June 2020 except for the following:

- The Company has pledged further shares for running finance facilities of Rs. 90 million obtained by Arif Habib Limited.

8. OPERATING FIXED ASSETS

Following is the cost / written down value of operating fixed assets that have been added / disposed off during the period:

	Three months period ended 30 September 2020		Three months period ended 30 September 2019	
	Additions (Unaudited)	Disposals (Unaudited)	Additions (Unaudited)	Disposals (Unaudited)
	(Rupees)			
Vehicle	463,900	386,000	-	57,626
Computer and allied equipment	169,267	-	-	-
	633,167	386,000	-	57,626

9. LONG TERM INVESTMENTS

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		(Rupees)	
Subsidiaries - at cost	9.1	4,953,984,832	4,953,984,832
Associates - designated at FVTPL	9.2	10,118,284,407	9,021,685,080
Associates - at FVOCI	9.3	1,350,000,000	1,350,000,000
Other equity securities - at FVOCI	9.4	-	-
		16,422,269,239	15,325,669,912

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

9.1 Subsidiaries - at cost

	Carrying amount	
	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees)	
Arif Habib Limited (AHL)	2,157,519,772	2,157,519,772
Sachal Energy Development (Private) Limited (SEDPL)	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	50,000,000	50,000,000
	4,953,984,832	4,953,984,832

9.2 Associates - designated at FVTPL

	Note	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount	
				Unaudited 30 September 2020	Audited 30 June 2020
				(Rupees)	
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	9.2.1	477,694,882	172,663,411	650,358,293	494,809,574
Fatima Fertilizer Company Limited (FFCL)		3,512,782,225	5,955,143,889	9,467,926,114	8,526,875,506
		3,990,477,107	6,127,807,300	10,118,284,407	9,021,685,080

9.2.1 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.

9.3 Associates - at FVOCI

	Cost	Unrealised appreciation / (diminution) on remeasurement of investments	Carrying amount	
			Unaudited 30 September 2020	Audited 30 June 2020
			(Rupees)	
Pakarab Fertilizers Limited (PFL)	1,324,332,073	25,667,927	1,350,000,000	1,350,000,000

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

9.4 Other equity securities - at FVOCI

The Company designated the investment shown below as equity securities at FVOCI.

30 September 2020	
Shares (Number)	Fair value (Rupees)
Sun Biz (Private) Limited (SBL)	10,000 -
Al-Khabeer Financial Services (Private) Limited (AKFS)	5,000 -
	-

9.4.1 Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous year and no change in fair value is recognised in current period.

9.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,219 million (30 June 2020: Rs. 4,120 million).

10. LONG TERM LOAN TO RELATED PARTY

	Note	Unaudited 30 September 2020 (Rupees)	Audited 30 June 2020
<i>Secured</i>			
Aisha Steel Mills Limited		163,404,133	163,404,133
Less: Current portion of long term loan	11	(14,216,746)	(28,433,492)
		<u>149,187,387</u>	<u>134,970,641</u>

10.1 In 2017, the Company had converted running finance to a 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 2020: 6 months KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period ranged between 10.49% (30 June 2020: ranged between 16.38% to 16.74%) per annum. Mark-up is payable on semi-annual basis.

10.2 Maximum balance due from related party as at the end of any month during the year was Rs. 149.19 million (30 June 2020: Rs. 149.19 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

11. LOANS AND ADVANCES

Note	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees)	
<i>Unsecured</i>		
Loans to related parties		
- Black Gold Power Limited (BGPL)	5,500,000	5,500,000
<i>Secured</i>		
Current portion of long term loan to Aisha Steel Mills Limited (ASL)	14,216,746	28,433,492
Advance against salaries to employees	941,741	628,164
	20,658,487	34,561,656

11.1 The Company entered into an interest free financing agreement with BGPL to the extent of Rs. 10 million in order to finance its working capital requirements and for any other business as may be mutually agreed between the parties to the agreement. The loan is repayable within 30 business days of notice of demand.

11.2 Maximum balance due from related parties in respect of loans and advances as at the end of any month during the year was Rs. 19.72 million (30 June 2020: Rs. 790 million).

12. MARK-UP RECEIVABLE

	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees)	
<i>From related parties:</i>		
- Aisha Steel Mills Limited	7,606,186	21,441,982
- Power Cement Limited	206,354	-
- Javedan Corporation Limited	-	147,616
<i>Others:</i>		
Bank's saving account	16,518	46,764
	7,829,058	21,636,362

12.1 The maximum amount due from related parties in respect of mark-up receivable as at the end of any month during the year was Rs. 7.81 million (30 June 2020: Rs. 36.32 million). Further, the said receivable from related parties are on account of loans provided to them which are current and not past due.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		(Rupees)	
Prepayment		5,567,093	4,427,879
Trade receivables	13.1	1,478,441	-
<i>Guarantee commission receivable</i>			
- Arif Habib Limited		478,104	454,370
- Sachal Energy Development (Private) Limited		2,925,475	3,045,845
- Aisha Steel Mills Limited		1,111,313	1,095,427
- Power Cement Limited		635,174	445,884
		5,150,066	5,041,526
Dividend receivable	13.2	103,114,710	638,000,412
Others		1,720,000	1,720,000
		117,030,310	649,189,817

13.1 This represent amount receivable from Arif Habib Limited against sale of equity securities under T+2 mechanism.

13.2 This represent dividend receivable from Arif Habib Limited.

13.3 The maximum amount due from related party as at the end of any month during the period was Rs. 5.15 million (30 June 2020: Rs. 5.39 million).

14. SHORT TERM INVESTMENTS

Equity securities - at FVTPL	14.1	3,398,972,462	2,712,628,138
------------------------------	------	---------------	---------------

14.1 These include investments in Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.

14.2 Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 339.11 million (30 June 2020: Rs. 306.66 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

15. OPERATING REVENUE

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Dividend income	103,114,710	-
Mark-up on loans and advances	7,812,540	35,021,237
Mark-up on term finance certificates	-	2,322,332
Mark-up on bank deposits	293,887	128,000
	111,221,137	37,471,569

16. TAXATION

- Current	116,569,708	532,950
- Deferred	(80,232,855)	-
	36,336,853	532,950

- 16.1** The provision for current year tax represents tax on taxable income at the rate of 29% (30th June 2020: 29%) per annum or minimum tax per annum, whichever is higher. The rate of tax imposed on the taxable income of a company for the tax year 2021 and onwards is 29%. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these condensed interim financial statements is sufficient.

17. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Company:

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Profit / (loss) for the period	2,034,311,185	(1,346,664,899)
	(Number)	
Weighted average number of ordinary shares	408,375,000	427,610,054
	(Rupees)	
Earnings / (loss) per share - basic and diluted	4.98	(3.15)

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

18. NET CASH GENERATED FROM OPERATIONS

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Profit / (loss) before tax	2,070,648,038	(1,346,131,949)
<i>Adjustments for:</i>		
Depreciation	4,869,935	1,012,353
Dividend income	(103,114,710)	-
Mark-up on loans and advances	(7,812,540)	(35,021,237)
Mark-up on term finance certificates	-	(2,322,332)
Mark-up on bank deposits	(293,887)	-
(Gain) / loss on remeasurement of investments - net	(1,854,478,904)	2,180,596,782
Gain of disposal of fixed assets	(964,000)	-
Finance cost	11,424,752	36,716,808
	(1,950,369,354)	2,180,982,374
	120,278,684	834,850,425
<i>Changes in:</i>		
Loans and advances	(313,577)	(859,309,074)
Prepayments, trade and other receivables	(2,726,195)	(35,157,914)
Short term investments	71,535,253	5,339,205,398
Trade and other payables	2,038,082	(4,908,763,089)
Unclaimed dividend	(16,218)	(246,571)
	70,517,345	(464,271,250)
Net cash generated from operations	190,796,029	370,579,175
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	89,971,121	45,371,890
Short term borrowings	-	(1,759,763,207)
	89,971,121	(1,714,391,317)

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

20. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim unconsolidated financial information does not include all financial risk management information and disclosures required in the annual audited unconsolidated financial statements; they should be read in conjunction with the Company's annual audited unconsolidated financial statements as at 30 June 2020 as financial risk management objectives and policies are consistent with the prior year.

21. FAIR VALUE MEASUREMENTS

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2020.

22. TRANSACTIONS AND BALANCES 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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Name of the related party	Transactions during the period		
<i>Subsidiaries</i>			
Arif Habib Limited	Services availed	3,312,200	1,109,345
	Dividend income	103,114,710	-
	Guarantee commission income	478,104	467,193
	Guarantee commission received	454,370	412,502
Sachal Energy Development (Private) Limited	Guarantee commission income	2,925,475	3,134,000
	Guarantee commission received	3,045,845	3,387,164
<i>Associates</i>			
Fatima Fertilizer Company Limited	Dividend received	638,000,412	-
<i>Associated companies by virtue of common directorship and related concern</i>			
Aisha Steel Mills Limited	Mark-up on loan	7,606,186	25,096,288
	Mark-up received	21,441,982	35,352,227
	Loan extended	1,630,000,000	1,060,000,000
	Loan repaid	1,630,000,000	715,000,000
	Guarantee commission income	1,111,313	1,294,494
	Guarantee commission received	1,095,427	987,489
Javedan Corporation Limited	Mark-up on loan	-	624,487
	Mark-up received	147,616	40,567,881
	Loan extended	-	73,000,000
	Loan repaid	-	83,067,474
Power Cement Limited	Mark-up on loan	206,354	9,300,462
	Loan extended	232,000,000	416,000,000
	Loan repaid	232,000,000	-
	Guarantee commission income	635,174	396,745
	Guarantee commission received	445,884	420,538

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	7,169,135	8,268,487
Arif Habib Securities Limited - Employees Provided Fund	Company's Contribution	688,329	546,972
Mr. Arif Habib	Loan from sponsor	-	500,000,000
<i>Remuneration of chief executive officer, directors, key management personnel and executives</i>			
- Managerial Remuneration		7,580,313	6,692,820
- Contribution to provident fund		531,477	392,658
- Other perquisites and benefits		1,021,278	833,895
Dr. Shamshad Akhtar	Meeting fee paid	50,000	-
Mr. Sirajuddin Cassim	Meeting fee paid	75,000	-
Mr. Asadullah Khawaja	Meeting fee paid	50,000	-

23. APPROPRIATION FOR DIVIDEND

For the year ended 30 June 2020, the Board of Directors of the Company has proposed a cash dividend of Rs. 1.50 per share amounting Rs. 612,562,500 at its meeting held on 30 September 2020 for the approval of the members at the annual general meeting to be held on 28 October 2020. These condensed interim unconsolidated financial statements do not reflect this appropriation.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorised for issue on 24 October 2020 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer



Condensed Interim Consolidated Financial Statements

FOR THE THREE MONTHS PERIOD ENDED 30th SEPTEMBER 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020 (Rupees)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	6	10,000,000,000	10,000,000,000
Share capital	6		
Issued, subscribed and paid-up share capital		4,083,750,000	4,083,750,000
Capital reserves			
Surplus on revaluation of fixed assets		15,432,500	15,432,500
Other reserves		21,671,468,303	19,172,874,845
Equity attributable to owners of the Parent Company		25,770,650,803	23,272,057,345
Non-controlling interest		2,355,253,488	2,085,339,281
Total Equity		28,125,904,291	25,357,396,626
Non-current liabilities			
Long term loans - secured		9,689,883,371	9,834,371,868
Land lease liability		10,765,291	10,325,571
Lease liability		27,761,469	39,690,700
Loan under State Bank of Pakistan scheme		30,739,487	14,985,323
Deferred liability - gratuity		20,995,157	19,043,769
Deferred taxation - net		1,382,680,142	1,508,687,660
		11,162,824,917	11,427,104,891
Current liabilities			
Trade and other payables		1,083,739,459	1,009,462,430
Mark-up accrued on borrowings		271,581,005	180,310,125
Short term borrowings		1,164,751,246	3,436,903,268
Current portion of long term loans		1,872,333,334	1,854,166,667
Current portion of lease liability		28,934,767	26,029,805
Subordinated loan		-	300,000,000
Current portion of land lease liability		1,360,000	1,360,000
Payable against purchase of investment - net		6,344,380	28,513,698
Dividend payable to non-controlling interest		45,385,290	-
Taxation - net		107,106,421	90,390,071
Unclaimed dividend		32,873,536	32,889,754
		4,614,409,438	6,960,025,818
Contingencies and commitments	7	43,903,138,646	43,744,527,335

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2020

		Unaudited 30 September 2020	Audited 30 June 2020
	Note		(Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	8	15,198,649,644	15,599,224,795
Intangible assets - others		2,288,865	2,401,806
Goodwill		910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		8,100,000	8,100,000
Investment properties		1,830,915,232	1,678,415,232
Equity accounted investees	9	13,110,053,818	13,404,127,610
Other long term investments		45,056,656	45,056,656
Long term loan to related party		149,187,387	134,970,641
Long term deposits and other receivables		40,571,968	34,136,280
		31,295,029,687	31,816,639,137
Current assets			
Trade debts		4,651,145,895	3,642,791,553
Loans and advances		33,944,799	56,148,802
Deposits and prepayments		584,059,818	135,448,245
Accrued mark-up and other receivables		172,240,971	162,207,359
Advance sales tax		3,442,807	-
Short term investments	10	5,766,923,685	6,563,712,710
Cash and bank balances		1,396,350,984	1,367,579,529
		12,608,108,959	11,927,888,198
		43,903,138,646	43,744,527,335

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months period ended 30th September 2020

	Note	Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Operating revenue	11	1,753,290,130	1,761,197,360
Gain / (loss) on remeasurement of investments - net		1,134,397,513	(1,497,974,913)
Gain on sale of investments - net		479,716,019	759,215,296
Unrealised gain on remeasurement of investment property		-	132,500,000
Gain on sale of investments property		-	775,000
		3,367,403,662	1,155,712,743
Operating and administrative expenses		(472,777,016)	(407,519,754)
Other income		29,086,495	37,867,129
Finance cost		(246,124,088)	(424,851,247)
Other charges		(9,702)	-
		2,677,579,351	361,208,871
Share of profit of equity-accounted associates investees - net of tax		343,926,620	332,166,582
Profit before tax		3,021,505,971	693,375,453
Taxation	12	(11,624,610)	(63,597,648)
Profit after tax		3,009,881,361	629,777,805
Profit attributable to:			
Equity holders of the Parent Company		2,634,687,807	539,191,847
Non-controlling interests		375,193,554	90,585,958
		3,009,881,361	629,777,805
Earnings per share - basic & diluted	15	6.45	1.26

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 30th September 2020

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Profit after tax	3,009,881,361	629,777,805
Other comprehensive income		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Investment in equity securities at FVOCI - net change in fair value	(195,988,406)	-
Other comprehensive income for the period	(195,988,406)	-
Total comprehensive income for the period	2,813,892,955	629,777,805
Total comprehensive income attributable to:		
Equity holders of the Parent Company	2,498,593,458	539,191,847
Non-controlling interests	315,299,497	90,585,958
	2,813,892,955	629,777,805

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 30th September 2020

	Issued, subscribed and paid up share capital	Capital Reserve Surplus on revaluation	Equity attributable to owners of the Parent				Non-controlling interests	Total equity
			Fair value reserve	General reserve	Unappropriated profit	Total		
(Rupees)								
Balance as at 1 July 2019	4,537,500,000	15,432,500	(924,160)	4,019,567,665	12,957,205,428	21,528,781,433	1,777,221,910	23,306,003,343
Total comprehensive income for the three months period 30 September 2019								
Profit for the period	-	-	-	-	539,191,847	539,191,847	90,585,958	629,777,805
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	539,191,847	539,191,847	90,585,958	629,777,805
Transactions with owners recorded directly in equity								
Buy-back of shares of Rs. 27 per shares	(453,750,000)	-	-	-	(771,375,000)	(1,225,125,000)	-	(1,225,125,000)
Buy-back of shares by Subsidiary Company of Rs. 35 per shares	-	-	-	-	-	-	(231,000,000)	(231,000,000)
Balance as at 30 September 2019	4,083,750,000	15,432,500	(924,160)	4,019,567,665	12,725,022,275	20,842,848,280	1,636,807,868	22,479,656,148
Total comprehensive income for the nine months period ended 30 June 2020								
Profit for the period	-	-	-	-	2,099,326,781	2,099,326,781	187,609,362	2,286,936,143
Other comprehensive income for the period	-	-	376,877,889	-	470,738	377,348,627	146,095,708	523,444,335
	-	-	376,877,889	-	2,099,797,519	2,476,675,408	333,705,070	2,810,380,478
Gain realised on disposal of equity securities at FVOCI	-	-	(36,245,185)	-	36,245,185	-	-	-
Disposal of subsidiary without change in control	-	-	-	-	(47,466,343)	(47,466,343)	114,826,343	67,360,000
Balance as at 30 June 2020	4,083,750,000	15,432,500	339,708,544	4,019,567,665	14,813,598,636	23,272,057,345	2,085,339,281	25,357,396,626
Total comprehensive income for the three months period 30 September 2020								
Profit for the period	-	-	-	-	2,634,687,807	2,634,687,807	375,139,554	3,009,881,361
Other comprehensive loss	-	-	(136,094,349)	-	-	(136,094,349)	(59,894,057)	(195,988,406)
	-	-	(136,094,349)	-	2,634,687,807	2,498,593,458	315,299,497	2,813,892,955
Gain realised on disposal of equity securities at FVOCI	-	-	(199,997,985)	-	199,997,985	-	-	-
Distribution by subsidiary	-	-	-	-	-	-	(45,385,290)	(45,385,290)
Balance as at 30 September 2020	4,083,750,000	15,432,500	3,616,210	4,019,567,665	17,648,284,428	25,770,650,803	2,355,253,488	28,125,904,291

* Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	13	2,335,454,868	(826,619,058)
Income tax paid		(120,915,778)	(23,672,246)
Finance cost paid		(114,772,363)	(212,893,942)
Mark-up received		21,745,142	127,060,847
Dividend received		-	4,855,725
Net cash generated from / (used in) operating activities		2,121,511,869	(931,268,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(5,829,835)	(4,487,801)
Proceeds from sale of property, plant and equipment		1,350,000	83,090
Acquisition of investment properties		(152,500,000)	-
Dividend from equity accounted investee		638,000,412	-
Change in long term deposit		(6,435,688)	-
Acquisition of intangible assets		-	(457,933)
Proceeds from disposal of investment property		-	160,950,000
Net cash generated from investing activities		474,584,889	156,087,356
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of subordinated loan		(300,000,000)	-
Loan under State Bank of Pakistan scheme		15,754,164	-
Lease rentals paid		(10,927,445)	-
Change in long term financing		-	42,123,389
Loan from sponsor		-	500,000,000
Buy-back of shares by Parent Company		-	(1,225,125,000)
Buy-back of shares by Subsidiary Company		-	(231,000,000)
Net cash used in financing activities		(295,173,281)	(914,001,611)
Net increase / (decrease) in cash and cash equivalents		2,300,923,477	(1,689,182,929)
Cash and cash equivalents at beginning of the period		(2,069,323,739)	(3,242,677,267)
Cash and cash equivalents at end of the period	14	231,599,738	(4,931,860,196)

The annexed notes 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

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 Parent Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Parent Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The Parent Company also extends loans, advances and guarantees to its associated company / undertaking as allowed under Companies Act, 2017 as its principal business activity. The registered office of the Parent Company is situated at 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

- 1.1** These condensed interim consolidated financial statements of Arif Habib Corporation Limited for the three months period ended 30 September 2020 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of companies</i>	<i>Note</i>	<i>Effective holding</i>
<i>Subsidiaries</i>		
- Arif Habib Limited, a brokerage house	1.1.1	<u><u>69.44%</u></u>
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.1.2	<u><u>69.44%</u></u>
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.1.3	<u><u>69.44%</u></u>
- Sachal Energy Development (Private) Limited, a wind power generation Company	1.1.4	<u><u>85.83%</u></u>
- Black Gold Power Limited, a coal power generation company	1.1.5	<u><u>100.00%</u></u>
<i>Associates</i>		
- MCB-Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	1.1.6	<u><u>30.09%</u></u>
- Fatima Fertilizer Company Limited, a fertilizer company	1.1.7	<u><u>15.19%</u></u>
- Pakarab Fertilizers Limited, a fertilizer company	1.1.8	<u><u>30.00%</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

- 1.1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The shares of AHL are quoted on Pakistan Stock Exchange Limited. 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 Certificate of Pakistan Stock Exchange Limited. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.
- 1.1.2** 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 AHCPL is located at Arif Habib Centre, 23, M.T. Khan Road, 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).
- 1.1.3** 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 investments and shares brokerage. AH1857 is a wholly owned subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).
- 1.1.4** Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at Plot no 1, Ranjha Plaza, sector F-10/2, Tariq Market, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhampir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.
- 1.1.5** 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 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. BGPL has been allocated with supply of coal for its 660 MW Thar Coal based power project to be constructed, commissioned and operated at Thar Block II.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

- 1.1.6** MCB - Arif Habib Savings and Investments Limited (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 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM1 (30 June 2020: AM2++) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 6 October 2020. The fund under management is Rs. 122.8 billion (30 June 2020: Rs. 107.65 billion).
- 1.1.7** Fatima Fertilizer Company Limited (FFCL), was incorporated in Pakistan on 24 December 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). FFCL is listed on Pakistan Stock Exchange. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the FFCL is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the FFCL is located at Mukhtargarh, Sadiqabad and near Chichoki Mallian, at Sheikhpura road, Pakistan.
- 1.1.7.1** Fatima Fertilizer Company Limited (FFCL) and Pakarab Fertilizers Limited (PFL) had entered into an agreement dated 1 December 2018 ('the agreement') for acquisition of production and operating plants including Ammonia, Nitric Acid, Urea, Calcium Ammonium Nitrate, Nitrophos and Clean Development Mechanism along with installed catalyst ('PFL assets') and all costs and benefits associated with ECC approved gas arrangement available with PFL. The agreement was signed pursuant to the approval given by the shareholders in the Extra Ordinary General Meeting held on 19 November 2018. During the period, the regulatory approvals required for transfer of above mentioned PFL assets has been obtained and above mentioned assets have been transferred in the name of the FFCL with effect from 1 September 2020. With completion of this transaction, the FFCL via its three plants in operations at Sadiqabad, Multan and Sheikhpura is operational with cumulative capacity of 2.57 million MT/year.
- 1.1.8** 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, liners and cement bags. As explained in note no. 1.1.7.1 above, with effect from 1 September 2020, the fertilizer manufacturing

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

business of PFL has been discontinued and transferred to FFCL. PFL and FPL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt. Manufacturing facility of PFL is located in Multan while manufacturing facility of FPL is located in Sadiqabad, Rahim Yar Khan.

2. IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

On 11 March 2020, the World Health Organization (WHO) declared the 2019 Novel Coronavirus (COVID-19) outbreak a pandemic which impacted countries globally including Pakistan. Due to COVID-19 and resulting measures taken to control the spread of virus including travel bans, quarantines, social distancing and closures of non- essential services impacted adversely various businesses and enhanced volatility in the Pakistan Stock Exchange (PSX). From March 2020 onwards till 30 June 2020, the Group was conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). During the period, the situation has gradually improved in Pakistan and the Group will continue to actively monitor the situation and may take further actions as may be required by federal, provincial or local authorities or that are in the best interests of their employees, customers, partners, and stockholders.

Management based on its assessment considers that there would be no significant impact that will adversely affect the Group's business, results of operations and financial condition in future period.

3. BASIS OF PREPARATION

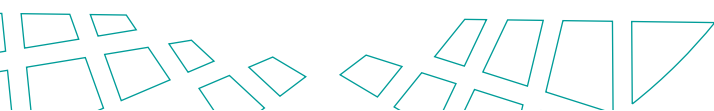
3.1 Statement of compliance

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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives under the Companies Act, 2017.

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

These condensed interim consolidated financial statements are unaudited and do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2020.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

The comparative statement of financial position presented in these condensed interim consolidated financial statements have been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2020, whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated other comprehensive income, condensed interim consolidated statement of cash flow and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial statements for the period ended 30 September 2019.

These condensed interim consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency and presentation currency.

3.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except as stated otherwise 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 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2020.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim consolidated financial statements 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 2020.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

6. SHARE CAPITAL

6.1 Authorised share capital

30 September 2020 (Number of shares)	30 June 2020		Unaudited 30 September 2020	Audited 30 June 2020 (Rupees)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

6.2 Issued, subscribed and paid up share capital

5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash	50,000,000	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	4,507,500,000	4,507,500,000
455,750,000	455,750,000		4,557,500,000	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	(20,000,000)	(20,000,000)
(45,375,000)	(45,375,000)	Ordinary shares of Rs. 10 each bought back at Rs. 27 per share	(453,750,000)	(453,750,000)
408,375,000	408,375,000		4,083,750,000	4,083,750,000

6.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the repealed Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

6.2.2 During the financial year 2019-2020, the Parent company purchased and cancelled 45,375,000 ordinary shares (10% of existing shares i.e. 453,750,000). The buy-back and cancellation of shares were approved by shareholders at the extra ordinary general meeting held on 3rd July 2019. The shares were acquired at a purchase price of Rs. 27 per share. The purchase of shares were made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with the Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to buy-back of shares the ordinary share capital of the Parent Company has been reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

6.2.3 Mr. Arif Habib held 78.84% (30 June 2020: 78.84%) of ordinary shares in the Parent Company.

7. 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 2020 except for the following:

Parent Company

- The Parent Company has pledged further shares for running finance facilities of Rs. 90 million obtained by Arif Habib Limited, subsidiary company.

AHL, Subsidiary Company

Following commitments are outstanding:

	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	395,911,018	112,323,212
- Outstanding Settlements against sale / (purchase) of securities in regular market	55,817,556	53,073,167
- Financial guarantee given by a commercial bank on behalf of AHL	250,000,000	250,000,000

8. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 5.83 million (30 June 2019: 20.19 million). The exchange loss of Rs. 164.5 million (30 June 2020: exchange gain of Rs. 231million) has also been recognised. Further, assets having written down value of Rs. 0.39 million (30 June 2020: 13.14 million) were disposed off.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

9. EQUITY ACCOUNTED INVESTEEES

	Note	Unaudited 30 September 2020	Audited 30 June 2020
(Rupees)			
Fatima Fertilizer Company Limited (FFCL)	9.1	12,609,122,638	12,937,523,356
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	9.2	620,913,785	586,586,859
Pakarab Fertilizers Limited (PFL)	9.3	-	-
		13,230,036,423	13,524,110,215
		(119,982,605)	(119,982,605)
Less: Provision for impairment		13,110,053,818	13,404,127,610

9.1 Investment in FFCL (quoted) represents 319 million (2019: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (30 June 2020: 15.19%) of FFCL's paid up share capital as at 30 September 2020. Fair value per share as at 30 September 2020 is Rs. 29.68 (30 June 2020: Rs. 26.73) which is based on quoted share price on stock exchange at reporting date.

9.2 Investment in MCB-AH (quoted) represents 21.66 million (30 June 2020: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (30 June 2020: 30.09%) of MCB-AH's paid up share capital as at 30 September 2020. Market value per share as at 30 September 2020 was Rs. 30.02 (30 June 2020: Rs. 22.84) which is based on quoted share price on stock exchange at reporting date.

9.3 Investment in PFL (unquoted) represents 135 million (30 June 2020: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (30 June 2020: 30%) of PFL's paid up share capital as at 30 September 2020, having cost of Rs. 1,324.33 million (30 June 2020: Rs. 1,324.33 million). Fair value per share as at 30 September 2020 is Rs. 10 per share (30 June 2020: Rs. 10 per share) determined using discounted cash flow approach. The fair value determination involved significant assumptions which mainly includes long term growth rates, long term return on equity and weighted average cost of capital. The group has not recognised loss amounting to Rs. 1.22 billion (30 June 2020: Rs. 1.22 billion) in relation to its interest in PFL, because the Group has no obligation in respect of this loss.

10. SHORT TERM INVESTMENTS

	Note	Unaudited 30 September 2020	Audited 30 June 2020
(Rupees)			
Equity securities - at FVTPL	10.1	5,219,619,951	5,483,967,779
Equity securities - at FVOCI		320,853,960	827,578,375
Corporate debt securities - mandatorily at FVTPL		226,449,774	252,166,556
		5,766,923,685	6,563,712,710

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

10.1 These includes investments in associated concerns, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.

10.2 Fair value of short term investments pledged with various banking companies against various finance facilities amounts of Rs. 7,329 million (30 June 2020: Rs. 11,267 million).

11. OPERATING REVENUE

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Revenue from sale of energy - net	1,542,875,836	1,613,146,789
Mark-up income on loans and advances	7,930,540	45,069,018
Mark-up income on term finance certificates	-	2,322,332
Dividend income	-	4,855,725
Brokerage income	164,681,571	51,935,834
Mark-up on bank deposits	19,201,342	14,738,787
Underwriting, consultancy and placement commission	18,600,841	29,128,875
	1,753,290,130	1,761,197,360

12. TAXATION

- Current	137,632,128	13,643,956
- Deferred	(126,007,518)	49,953,692
	11,624,610	63,597,648

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

13. NET CASH GENERATED FROM OPERATIONS

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Profit before tax	3,021,505,971	693,375,453
Adjustments for:		
Depreciation	241,519,483	221,778,165
Amortisation	112,941	144,960
Gain on sale of property, plant and equipment	(964,000)	-
Unrealised gain on short term investments	(1,134,397,513)	(1,497,974,913)
Share of profit of equity-accounted associates - net of tax	(343,926,620)	(332,166,582)
Mark-up on loans and advances	(7,930,540)	(45,069,018)
Amortisation of land lease rent	439,720	439,720
Amortisation of transaction cost	38,177,669	42,123,389
Finance cost	207,946,419	382,727,858
Provision for gratuity	1,951,392	1,182,247
Dividend income	-	(4,855,725)
Unrealised loss on remeasurement of other long term investment	-	4,578,436
Unrealised gain on re-measurement of investment property	-	(132,500,000)
Gain on sale of investment property	-	(775,000)
Mark-up income on term finance certificates	-	(2,322,332)
	(997,071,049)	(1,362,688,795)
Operating profit / (loss) before working capital changes	2,024,434,922	(669,313,342)
Changes in working capital:		
<i>Decrease / (increase) in current assets</i>		
Trade debts	(1,008,354,342)	(1,205,970,774)
Loans and advances	7,987,257	(1,496,607,243)
Deposits and prepayments	(448,611,573)	244,607,959
Accrued mark-up and other receivables	(23,848,214)	(82,291,878)
Advance sales tax	(3,442,807)	12,905
Short term investments	1,735,198,132	6,762,324,693
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	74,277,029	(5,189,998,663)
Payable against sale of securities - net	(22,169,318)	810,863,856
Unclaimed dividend	(16,218)	(246,571)
	311,019,946	(157,305,716)
Net cash generated from / (used in) operations	2,335,454,868	(826,619,058)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

14. CASH AND CASH EQUIVALENTS

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Cash and bank balances	1,396,350,984	780,555,430
Short term borrowings	(1,164,751,246)	(5,712,415,626)
	231,599,738	(4,931,860,196)

15. EARNINGS PER SHARE - BASIC & DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Parent Company:

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees)	
Profit after tax attributable to ordinary shareholders	2,634,687,807	539,191,847
	(Number)	
Weighted average number of ordinary shares	408,375,000	427,610,054
	(Rupees)	
Earnings per share - basic & diluted	6.45	1.26

16. FINANCIAL INSTRUMENTS

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 2020.

17. 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 2020.

18. 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

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 statements are given below:

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Name of the related party	Transactions during the period		
Associates			
Fatima Fertilizer Company Limited	Dividend received	638,000,412	-
<i>Associated companies by virtue of common directorship and related concern</i>			
Name of the related party	Transactions during the period		
Aisha Steel Mills Limited	Mark-up on loan	7,606,186	25,096,288
	Mark-up received	21,441,982	35,352,227
	Loan extended	1,630,000,000	1,360,000,000
	Loan repaid	1,630,000,000	715,000,000
	Guarantee commission income	1,111,313	1,294,494
	Guarantee commission received	1,095,427	987,489
Javedan Corporation Limited	Mark-up on loan	-	624,487
	Mark-up received	147,616	40,567,881
	Loan extended	-	73,000,000
	Loan repaid	-	83,067,474
	Purchase of plots	152,500,000	-
Power Cement Limited	Mark-up on loan	206,354	9,300,462
	Loan extended	232,000,000	416,000,000
	Loan repaid	232,000,000	-
	Guarantee commission income	635,174	396,745
	Guarantee commission received	445,884	420,538

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of, utilities insurance and maintenance charges	17,920,092	18,668,698
Arif Habib Securities Limited - Employees Provident Fund	Company's Contribution	688,329	546,972
Arif Habib Limited - Provident Fund	Company's Contribution	1,738,456	1,477,151

Remuneration of chief executive officer, directors, key management personnel and executives

- Managerial Remuneration		7,580,313	6,692,820
- Contribution to provident fund		531,477	392,658
- Other perquisites and benefits		1,021,278	833,895
Mr. Arif Habib (CEO of Parent Company)	Loan repaid	300,000,000	-
	Loan from sponsor	-	500,000,000
	Brokerage commission earned	2,345,510	685,763
	Mark-up paid	16,745,906	-
	Purchase consideration against shares bought by AHL	-	130,070,292
Mr. Samad A. Habib (Director of Parent Company)	Brokerage commission earned	409,718	4,054
Mr. Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	6,363	3,963
Dr. Shamshad Akhtar (Chairperson of Parent Company)	Meeting fee paid	50,000	-
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	75,000	-
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	50,000	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees)	
Mr. Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	49,359	-
	Meeting fee paid	25,000	25,000
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	3,896,135	749,227
Ms. Sharmin Shahid (Director of Subsidiary Company)	Brokerage commission earned	1,510,320	121,533
	Meeting fee paid	25,000	25,000
Ms. Nida Ahsan (Director of Subsidiary Company)	Brokerage commission earned	125,000	114,400
Mr. Mohsin Madni (CFO of Parent Company & Director of Subsidiary Company)	Brokerage commission earned	5,853	-
Mr. Muhammad Haroon (Director of Subsidiary Company)	Brokerage commission earned	43,935	1,650
	Meeting fee paid	25,000	25,000
Mr. Muhammad Sohail Salat (Director of Subsidiary Company)	Meeting fee paid	25,000	25,000
		Unaudited	Audited
		30 September 2020	30 June 2020
		(Rupees)	

Balances as at:

Aisha Steel Mills Limited	Loan (long-term and short-term)	163,404,133	163,404,133
	Mark-up receivable	7,606,186	21,441,982
	Commission on guarantee receivable	1,111,313	1,095,427
Javedan Corporation Limited	Mark-up receivable	-	147,616
Power Cement Limited	Commission on guarantee receivable	635,174	445,884
	Mark-up receivable	206,354	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

Unaudited
30 September
2020
 Audited
 30 June
 2020
 (Rupees)

Key Management Personnel

Mr. Arif Habib (CEO of Parent Company)	Balance receivable	42,788	42,574
	Loan payable	-	300,000,000
Mr. Samad A. Habib (Director of Parent Company)	Balance payable	105,517	-
	Balance receivable	-	1,451,078
Mr. Kashif A. Habib (Director of Parent Company)	Balance receivable	1,200	19,630
Ms. Sharmin Shahid (Director of Subsidiary Company)	Balance payable	5,549,437	-
	Balance receivable	-	50,302
Ms. Nida Ahsan (Director of Subsidiary Company)	Balance receivable	10,231	65,419
Mr. Zafar Alam (Chairman of Subsidiary Company)	Balance payable	2,478,276	2,148,473
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Balance payable	53,312,740	3,150,901
Mr. Mohsin Madni (CFO of Parent Company & Director of Subsidiary Company)	Balance payable	-	175
Mr. Muhammad Haroon (Director of Subsidiary Company)	Balance payable	18,241	700,697
Rotocast Engineering Company (Private) Limited	Prepaid rent	9,578,481	9,759,824

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months period ended 30th September 2020

19. REPORTABLE SEGMENTS

- 19.1** 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.
- 19.2** 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 2019. 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.
- 19.3** 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.
- 19.4** 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.

20. DATE OF AUTHORISATION FOR ISSUE

For the year ended 30 June 2020, the Board of Directors of the Parent Company has proposed a cash dividend of Rs. 1.50 per share amounting Rs. 612,562,500 at its meeting held on 30 September 2020 for the approval of the members at the annual general meeting to be held on 28 October 2020. These condensed interim consolidated financial statements do not reflect this appropriation.

21. DATE OF AUTHORISATION FOR ISSUE

- 21.1** These condensed interim consolidated financial statements have been authorised for issue on 24 October 2020 by the Board of Directors of the Parent Company.



Chief Executive Officer



Director



Chief Financial Officer



Arif Habib Corp

Arif Habib Centre
23, M.T. Khan Road, Karachi - 74000
Tel: +92 21 32460717-9
Fax: +92 21 32468117, 32429653
Email: info@arifhabibcorp.com
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk