

Half Yearly Report
31st December 2020



Investing
in **Tomorrow**



Arif Habib Corp



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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

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 31st December 2020.

The Economy

Post COVID-19's first wave, economic recovery began in the first quarter and continued into the second quarter of the current financial year. Low interest rate regime coupled with comfortable current account balance brought stability to value of Rupee reviving positive business sentiment. These measures along with increasing dollar remittances from Pakistani diaspora together with increasing demand created investment interest for availing SBP's TERF financing facility @1% plus 3% banks spread which is available for a maximum term of up to ten years. However, increase in Fiscal Deficit (2.5% of GDP i.e. PKR 1,138 billion as compared with 2.3% i.e. PKR 995 billion last year) and increasing government debts continue to remain challenges to economic growth.

Financial Results

During the six months period ended 31 December 2020 (1HFY21) under review, on a consolidated basis, your Company posted a profit-after-tax (attributable to AHCL's ownership) of PKR 4,111.81 million as opposed to profit-after-tax of PKR 1,730.87 million during the same period last year (SPLY). This translates to an earning of PKR 10.07 per share during 1HFY21 as compared with earning of PKR 4.14 per share in the SPLY. On standalone basis during 1HFY21, AHCL recorded operating revenue of PKR 181.5 million. After accounting for net realised capital gain of PKR 143.45 million on sale of securities, and net unrealised gain on re-measurement of investments amounting to PKR 2,496.50 million, and impairment loss, operating, administrative, financial and other expenses of PKR 128.42 million, the Company recorded a profit-before-tax of PKR 2,704.08 million during 1HFY21 as compared with loss-before-tax of PKR 992.09 million during SPLY. The Company has reported an after-tax profit of PKR 2,490.10 million for the 1HFY21 as compared with after-tax loss of PKR 1,006.45 million during SPLY. During the second quarter of the current financial year, AHCL recorded a profit-after-tax of PKR 455.79 million as compared to a profit-after-tax of PKR 340.22 million in the corresponding quarter. Earning per share during 1HFY21 remained PKR 6.10 as compared to loss per share of PKR 2.41 during SPLY.

Performance of Subsidiaries and Associates

Improving macro-economic indicator resulted in stout recovery in KSE-100 index which posted a return of 27% to close at 43,755 points. Our Securities brokerage subsidiary, Arif Habib Limited (AHL) and asset management company, MCB-Arif Habib Savings & Investments Limited (MCBAH) directly benefited from this remarkable recovery in benchmark index. AHL has posted its highest ever after-tax-profit of PKR 1,315 million during 1HFY21 which is 307% higher than the comparative period translating into an impressive earning per share of PKR 22.14. MCBAH has also posted remarkable profit after tax of PKR 210.4 million during 1HFY21 as compared with PKR 149.8 million during the SPLY. Also, net asset under management of MCBAH increased by 26.23% to PKR 135.89 billion, which includes discretionary portfolio of PKR 53.04 billion (highest among the industry).

Our wind energy project, Sachal Energy, posted after-tax profit of PKR 921.87 million during 1HFY21 while plant availability factor remained more than 99%. With the combined name plate capacity of 2.57 million MT/year representing almost one third of total name plate production capacity of fertilizers in Pakistan, the fertilizer manufacturing associate, Fatima Fertilizer Company Limited's, performance remained impressive. Aisha Steel Mills Limited recorded its highest ever half yearly after-tax profit of PKR 2.5 billion with an EPS of PKR 3.21 during 1HFY21. Aisha's sales revenue crossed PKR 25 billion during 1HFY21 showing a growth of around 45% compared to the SPLY. Performance of Javedan and Power Cement remained satisfactory.

Future Outlook

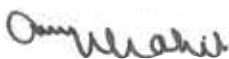
Cyclical sectors including cement and steel are expected to continue their robust momentum. Moreover, financial services should also continue performing well on the back of attractive equity valuations owing to low interest rates, high volumes in the index, and expectation of numerous IPOs in the coming year. Pricing power and stable offtake are likely to continue fueling the bottom-line of the fertilizer business. However, the challenges of raising government debts, high inflation and political noise could create disturbance in economic growth of the country.

On an overall basis, your company is confident to show a stellar performance going forward attributable to its excellently diversified portfolio.

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

Karachi: 27 February 2021



Dr. Shamshad Akhtar
Chairperson



Condensed Interim Unconsolidated Financial Statements

FOR THE SIX MONTHS PERIOD ENDED 31ST DECEMBER 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arif Habib Corporation Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Arif Habib Corporation Limited** as at 31 December 2020 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended 31 December 2020 and 31 December 2019 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is **Amyr Pirani**.

Date: 27 February 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2020

		31 December 2020 (Unaudited)	30 June 2020 (Audited)
	Note	(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		10,000,000,000	10,000,000,000
<i>Share capital</i>			
Issued, subscribed and paid up share capital	5	4,083,750,000	4,083,750,000
<i>Revenue reserves</i>			
General reserve		4,000,000,000	4,000,000,000
Fair value reserve		20,085,153	20,085,153
Unappropriated profit		11,876,741,046	9,999,201,190
		15,896,826,199	14,019,286,343
		19,980,576,199	18,103,036,343
Non-current liabilities			
Deferred taxation - net		193,095,238	101,282,836
Lease liability		5,857,800	14,582,113
		198,953,038	115,864,949
Current liabilities			
Trade and other payables		3,299,536	4,647,143
Mark-up accrued on borrowings		5,808,829	24,059,455
Short term borrowings	6	411,899,322	670,828,552
Loan from a sponsor	7	15,000,000	-
Current portion of lease liability		15,325,860	12,754,406
Taxation - net		-	27,772,826
Unclaimed dividend		20,188,444	19,062,446
		471,521,991	759,124,828
Contingencies and commitments			
	8	20,651,051,228	18,978,026,120



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2020

	Note	31 December 2020 (Unaudited) (Rupees)	30 June 2020 (Audited)
ASSETS			
Non-current assets			
Operating fixed assets	9	52,211,913	61,589,127
Long term investments	10	16,145,437,278	15,325,669,912
Long term loan to related party	11	149,187,387	134,970,641
Long term deposits and other receivables		2,580,930	2,537,030
		16,349,417,508	15,524,766,710
Current assets			
Loans and advances	12	21,204,745	34,561,656
Mark-up receivable	13	9,863,282	21,636,362
Prepayments, trade and other receivables	14	24,694,727	649,189,817
Advance taxation - net		16,188,581	-
Short term investments	15	4,192,567,397	2,712,628,138
Cash and bank balances		37,114,988	35,243,437
		4,301,633,720	3,453,259,410
		20,651,051,228	18,978,026,120

The annexed notes 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

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

For the six months period and quarter ended 31st December 2020

	Note	Six months period ended		Quarter ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
(Rupees)					
Operating revenue	16	181,501,304	132,759,317	70,280,167	95,287,748
Gain / (loss) on sale of investments - net		143,450,887	688,736,422	4,827,001	(164,508,063)
Gain / (loss) on remeasurement of investments - net	17	2,496,497,319	(1,632,413,862)	642,018,415	548,182,920
		2,821,449,510	(810,918,123)	717,125,583	478,962,605
Operating and administrative expenses		(60,119,536)	(53,973,278)	(31,762,333)	(29,146,433)
Impairment loss on an investment	10.1.3	(50,000,000)	-	(50,000,000)	-
Finance cost	18	(17,934,275)	(137,315,415)	(6,509,523)	(100,598,607)
Other income		11,047,646	10,692,952	4,933,580	5,400,520
Other charges		(365,392)	(574,175)	(357,392)	(574,175)
Profit / (loss) before tax		2,704,077,953	(992,088,039)	633,429,915	354,043,910
Taxation	19	(213,975,597)	(14,358,332)	(177,638,744)	(13,825,382)
Profit / (loss) for the period		2,490,102,356	(1,006,446,371)	455,791,171	340,218,528
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		2,490,102,356	(1,006,446,371)	455,791,171	340,218,528
Earnings / (loss) per share - basic and diluted	20	6.10	(2.41)	1.12	0.83

The annexed notes 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 31st December 2020

	Issued, subscribed and paid up share capital	Fair value reserve *	Revenue Reserves		Sub total	Total
			General reserve	Unappropriated profit		
(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 loss for the six months period ended 31 December 2019						
Loss for the period	-	-	-	(1,006,446,371)	(1,006,446,371)	(1,006,446,371)
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	(1,006,446,371)	(1,006,446,371)	(1,006,446,371)
Transactions with owners of the Company recorded directly in equity						
Buy-back of shares at Rs. 27 per share	(453,750,000)	-	-	(771,375,000)	(771,375,000)	(1,225,125,000)
Balance as at 31 December 2019	4,083,750,000	-	4,000,000,000	9,562,629,912	13,562,629,912	17,646,379,912
Total comprehensive income for the six months period ended 30 June 2020						
Profit for the period	-	-	-	436,571,278	436,571,278	436,571,278
Other comprehensive income for the period	-	20,085,153	-	-	20,085,153	20,085,153
	-	20,085,153	-	436,571,278	456,656,431	456,656,431
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 six months period ended 31 December 2020						
Profit for the period	-	-	-	2,490,102,356	2,490,102,356	2,490,102,356
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	2,490,102,356	2,490,102,356	2,490,102,356
Transactions with owners of the Company recorded directly in equity - Distribution						
Final cash dividend at the rate of Rs. 1.5 per share for the year ended 30 June 2020	-	-	-	(612,562,500)	(612,562,500)	(612,562,500)
Balance as at 31 December 2020	4,083,750,000	20,085,153	4,000,000,000	11,876,741,046	15,896,826,199	19,980,576,199

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

The annexed notes 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period and quarter ended 31st December 2020

	Note	Six months period ended	
		31 December 2020	31 December 2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	21	235,497,570	1,871,819,111
Income tax paid		(166,124,601)	(19,835,707)
Finance cost paid		(34,674,831)	(133,528,651)
Dividend received		805,348,498	76,985,000
Interest received		25,126,831	107,248,615
Net cash generated from operating activities		865,173,467	1,902,688,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(809,748)	(72,263)
Proceeds from sale of operating fixed assets		1,366,000	57,626
Change in long term deposits		(43,900)	-
Advances paid for investment properties		-	(153,868,060)
Net cash generated from / (used in) investing activities		512,352	(153,882,697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from a sponsor - net		15,000,000	-
Payment of lease liability		(7,662,930)	(5,374,432)
Dividend paid		(612,562,500)	-
Buy-back of shares		-	(1,225,125,000)
Net cash used in financing activities		(605,225,430)	(1,230,499,432)
Net increase in cash and cash equivalents		260,460,389	518,306,239
Cash and cash equivalents at beginning of the period		(635,585,115)	(1,377,025,450)
Effect of exchange rate fluctuations on cash held		340,392	(374,175)
Cash and cash equivalents at end of the period	22	(374,784,334)	(859,093,386)

The annexed notes 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

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 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 statements 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
<i>Subsidiaries</i>	
- 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%
<i>Associates</i>	
- 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%
<i>Others</i>	
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

1.1 Change in the composition of the Group

There is no change of 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 six months period ended 31st December 2020

2. BASIS OF PREPARATION

2.1 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;
- 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.

2.2 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.

2.3 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 six months period ended 31 December 2019.

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

2.5 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.

2.6 Functional and presentation currency

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.



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

3. IMPACT OF COVID-19

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). The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations 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.

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.

4.2 New standards, interpretations and amendments adopted by the Company

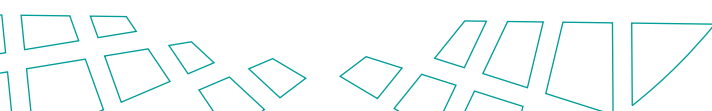
There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim unconsolidated financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

In addition certain IFRS, amendments and interpretations to approved accounting standards are not yet effective. However, these are not likely to have any material effect on the Company's financial statements.

4.4 Accounting estimates and judgments

The preparation of condensed interim unconsolidated financial statements requires management to make judgments, 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 STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2020.

5. SHARE CAPITAL

5.1 Authorised share capital

31 December 2020	30 June 2020		31 December 2020 (Unaudited)	30 June 2020 (Audited)
(Number of shares)			(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

5.2 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. SHORT TERM BORROWINGS

6.1 Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,600 million (30 June 2020: Rs. 3,600 million). This include sub-limit of Rs. 800 million for Standby Letter of Credit (SBLC) availed from National Bank of Pakistan. These facilities have various maturity dates up to 30 September 2021, and need to be renewed after that these arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2020: 30% margin).

6.2 These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 1.75% per annum (30 June 2020: 1 month KIBOR + 1% to 3 month KIBOR + 1.75% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 3,188 million (30 June 2020: Rs. 2,929 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

7. LOAN FROM A SPONSOR - unsecured

This represents interest bearing loan from Sponsor (Mr. Arif Habib) to meet the working capital needs of the Company and is payable within 30 days of the demand notice. This loan carries a markup rate of 3 Months KIBOR+1.75% payable quarterly. The agreement is valid up to 30 June 2021. During the period, Rs. 541 million was borrowed from him and of which Rs. 526 million since then has been repaid.

8. CONTINGENCIES AND COMMITMENTS

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

- The Company has pledged further shares for running finance facilities of Rs. 323.3 million obtained by Arif Habib Limited (related party).
- The Company has issued further Guarantee in the form of pledge shares of Rs. 290 million in favour of Habib Metropolitan Bank Limited to secure payment obligations of Aisha Steel Mills Limited, associated concern. The Company has also obtained letter of indemnity from the said associated concern.
- The Company had issued corporate guarantee on behalf of subsidiary company, Sachal Energy Development (Private) Limited, amounting to USD 100 million. During the period, the exposure against this guarantee was reduced to USD 65 million.
- The Company had issued corporate guarantee on behalf of associated concern, Power Cement Limited to the extent of USD 10.127 million. During the period, the exposure against this guarantee was reduced to USD 4.264 million.

8.2 During financial year 2020, Silkbank Limited's sponsor has exercised the option granted to him to purchase the Company's entire investment in Silkbank Limited. Accordingly, the Company has already derecognised its investment in Silkbank Limited and has also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.

The legal advisor of the Company also agrees with the above point of view.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

9. OPERATING FIXED ASSETS

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

	Six months period ended December 2020		Six months period ended December 2019	
	Additions (Unaudited)	Disposals	Additions (Unaudited)	Disposals (Unaudited)
	----- (Rupees) -----			
Office equipment	32,000	-	-	-
Vehicle	463,900	396,600	-	57,626
Computer equipment	313,848	-	72,263	-
Right-of-use asset - Building	-	-	38,482,259	-
	809,748	396,600	38,554,522	57,626

10. LONG TERM INVESTMENTS

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		----- (Rupees) -----	
Subsidiaries - at cost	10.1	4,903,984,832	4,953,984,832
Associates - designated at FVTPL	10.2	9,891,452,446	9,021,685,080
Associates - at FVOCI	10.3	1,350,000,000	1,350,000,000
Other equity securities - at FVOCI	10.4	-	-
		16,145,437,278	15,325,669,912

10.1 Subsidiaries - at cost

	Note	Cost	Provision for Impairment	Carrying amount	
				31 December 2020 (Unaudited)	30 June 2020 (Audited)
		----- (Rupees) -----			
<i>Listed</i>					
Arif Habib Limited (AHL)	10.1.1	2,157,519,772	-	2,157,519,772	2,157,519,772
<i>Unlisted</i>					
Sachal Energy Development (Private) Limited (SEDPL)		2,746,465,060	-	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	10.1.2	50,000,000	(50,000,000)	-	50,000,000
		4,953,984,832	(50,000,000)	4,903,984,832	4,953,984,832

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

10.1.1 Market value of these shares as at 31st December 2020 was Rs. 2.91 billion.

10.1.2 Investment in BGPL (unquoted) represents 5 million (30 June 2020: 5 million) fully paid ordinary shares of Rs. 10 each, representing 100% (30 June 2020: 100%) of BGPL's paid up share capital as at 31 December 2020. 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.

During the period, the Company has reassessed the indicator of impairment against its investment. Management has recognized impairment of Rs. 50 million against the said investment (30 June 2020: Rs. Nil in aggregate). Consequently the investment is carried at Nil value in these condensed interim unconsolidated financial statements.

10.1.3 Movement in provision for impairment

	31 December 2020 (Unaudited)	30 June 2020 (Audited)
	----- (Rupees) -----	
Balance as at 1 July 2020	-	-
Provision made during the year	50,000,000	-
Balance as at 31 December 2020	50,000,000	-

10.2 Associates - designated at FVTPL

	Cost at the beginning and the end of the period	Unrealised appreciation on remeasurement of investments to date	Carrying amount 31 December 2020 (Unaudited)	30 June 2020 (Audited)
	----- (Rupees) -----			
<i>Listed entities</i>				
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	477,694,882	130,851,569	608,546,451	494,809,574
Fatima Fertilizer Company Limited (FFCL)	3,512,782,225	5,770,123,770	9,282,905,995	8,526,875,506
	3,990,477,107	5,900,975,339	9,891,452,446	9,021,685,080

10.3 Associates - at FVOCI

	Cost at the beginning and the end of the period to date	Unrealised appreciation on remeasurement of investments to date	Carrying amount 31 December 2020 (Unaudited)	30 June 2020 (Audited)
	----- (Rupees) -----			
Pakarab Fertilizers Limited (PFL)	1,324,332,073	25,667,927	1,350,000,000	1,350,000,000

10.4 Other equity securities - at FVOCI

The Company has designated below investment as equity securities at FVOCI.

	Note	31 December 2020		
		Shares (Number)	Cost	Fair value
			----- (Rupees) -----	
Sun Biz (Private) Limited (SBL)	10.4.1	10,000	1,000,000	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	10.4.1	5,000	1,000,000	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

10.4.1 Investment in SBL (unquoted) and AKFS (unquoted) were fully impaired in previous years and no change in fair value has been recognised in current period.

10.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,340 million (30 June 2020: Rs. 4,120 million).

11. LONG TERM LOAN TO RELATED PARTY

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

11.1 The Company entered into loan agreement with ASML. The loan is a syndicate loan and 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). At the period end the applicable markup rate was 10.49%. The rate of mark-up on the loan during the period was 10.49% per annum (30 June 2020: ranged between 16.38% to 16.74% per annum). Mark-up is payable on semi-annual basis.

The repayment terms of the above loan has been rescheduled under the State Bank of Pakistan's deferment scheme vide BPRD Circular letter No. 13 of 2020 dated 26 March 2020 and now the balance is repayable in semi-annually instalments of Rs. 14.216 million. The loan is repayable by January, 2025. The repayment period due to above deferment has been extended by one year and has been approved by the shareholders in their Annual General Meeting. No other terms have been revised.

11.2 Maximum balance due from related party in respect of long term loan as at the end of any month during the period was Rs. 163.40 million (30 June 2020: Rs. 163.40 million) including the short term portion.

12. LOANS AND ADVANCES - considered good

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		----- (Rupees) -----	
At amortised cost			
<i>Unsecured</i>			
Loans to related parties			
- Black Gold Power Limited (BGPL)	12.1	5,500,000	5,500,000
<i>Secured</i>			
Current portion of long term loan to Aisha Steel Mills Limited (ASML)	11	14,216,746	28,433,492
Advance against salaries to employees		1,487,999	628,164
		21,204,745	34,561,656

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

- 12.1** The Company entered into an interest free financing agreement with BGPL, a wholly owned subsidiary, 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.

Maximum balance due from related parties in respect of loans and advances as at the end of any month during the period was Rs. 205.5 million (30 June 2020: Rs. 762 million).

13. MARK-UP RECEIVABLE

		31 December 2020 (Unaudited)	30 June 2020 (Audited)
	Note	------(Rupees)-----	
From related parties:			
- Aisha Steel Mills Limited		8,617,380	21,441,982
- Javedan Corporation Limited	13.1	1,245,902	147,616
Others:			
Banks saving account		-	46,764
		9,863,282	21,636,362

- 13.1** Represents the markup receivable on a loan of Rs. 200 million given to the borrower, which was also repaid during the period. The markup balance since then has also been received.

- 13.2** The maximum amount due from related parties in respect of mark-up receivable as at the end of any month during the period was Rs. 9.86 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.

14. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

		31 December 2020 (Unaudited)	30 June 2020 (Audited)
	Note	------(Rupees)-----	
Prepayments		5,771,936	4,427,879
Trade receivable	14.1	3,460,611	-
Guarantee commission receivable from related parties:			
- Arif Habib Limited		476,462	454,370
- Sachal Energy Development (Private) Limited		2,705,601	3,045,845
- Aisha Steel Mills Limited		1,170,481	1,095,427
- Power Cement Limited		575,636	445,884
		4,928,180	5,041,526
Dividend receivable		-	638,000,412
Others		10,534,000	1,720,000
		24,694,727	649,189,817

- 14.1** This represents amount receivable from Arif Habib Limited, a related brokerage house, against the sale of equity securities under T+2 mechanism.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

14.2 The maximum amount due from related party as at the end of any month during the period was Rs. 5.16 million (30 June 2020: Rs. 5.39 million).

15. SHORT TERM INVESTMENTS

	31 December 2020 (Unaudited)	30 June 2020 (Audited)
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	Note	------(Rupees)-----
Equity securities - at FVTPL	15.1	4,192,567,397 2,712,628,138

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

15.2 Fair value of short term investments pledged with banking companies against various financing facilities amounts to Rs. 334.53 million (30 June 2020: Rs. 288.07 million).

16. OPERATING REVENUE

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(Unaudited)		
		------(Rupees)-----		
Dividend income	167,348,086	76,985,000	64,233,376	76,985,000
Mark-up on loans and advances	13,353,751	51,762,143	5,541,211	16,740,906
Mark-up on bank deposits	799,467	277,787	505,580	149,787
Mark-up on term finance certificates	-	3,734,387	-	1,412,055
	181,501,304	132,759,317	70,280,167	95,287,748

17. GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS - NET

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(Unaudited)		
		------(Rupees)-----		
Long Term Investment - at FVTPL	869,767,366	(1,061,604,837)	(226,831,961)	(217,802,628)
Short Term Investment - at FVTPL	1,626,729,953	(570,809,025)	868,850,376	765,985,548
	2,496,497,319	(1,632,413,862)	642,018,415	548,182,920

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For the six months period ended 31st December 2020

18. FINANCE COST

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Unaudited)			
	----- (Rupees) -----			
Bank charges	14,978	39,356	(2,422)	6,125
Mark-up on running finance	12,079,569	134,987,561	1,479,170	98,303,984
Mark-up on loan from Sponsor	4,329,658	-	4,329,658	-
Interest expense - Lease Liability	1,510,070	2,288,498	703,117	2,288,498
	17,934,275	137,315,415	6,509,523	100,598,607

19. TAXATION

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Unaudited)			
	----- (Rupees) -----			
Current	122,163,195	12,544,759	5,593,487	12,011,809
Prior	-	1,813,573	-	1,813,573
Deferred	91,812,402	-	172,045,257	-
	213,975,597	14,358,332	177,638,744	13,825,382

19.1 The provision for current year tax represents tax on taxable income at the rate of 29% (30 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 unconsolidated interim financial statements is sufficient.

19.2 During the period, the petition filed by the Company against the imposition of super tax for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 for the tax years 2015 to 2019 in the Honourable High Court of Sindh was rejected vide order dated 21 July 2020. The Company, in consultation with its legal and tax advisors, has filed an appeal against the decision of the Honourable High Court of Sindh in the Supreme Court of Pakistan.

Consequent to the High Court judgement, the tax authorities issued notices to the Company and subsequently framed orders for the recovery of super tax for the relevant tax years. An appeal has been filed against these orders with the Commissioner Inland Revenue (Appeals) along with stay against recovery of demand based on certain contentious and factual grounds. Further, through an interim order dated 26 November 2020, the Honourable Supreme Court of Pakistan has ordered for no coercive action against the petitioners who deposit 50% of outstanding tax demand. The management has assessed the sufficiency of tax provision on account of super tax and considers that these sufficient for the purpose.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

19.3 DEFERRED TAXATION - NET

Net deferred tax liability / (asset) comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
------(Rupees)-----			
<i>Taxable temporary differences</i>			
- Unrealised gain on investment in equity securities at FVTPL		187,512,464	-
- Accelerated accounting depreciation		1,299,521	-
- Associates - at FVOCI		5,582,774	5,582,774
- Dividend receivable		-	95,700,062
		194,394,759	101,282,836
<i>Deductible temporary differences</i>			
- Impairment loss on long term investment - unquoted		(11,310,000)	(435,000)
- Right of use asset / lease liability		(563,334)	(487,687)
- Accelerated accounting depreciation		-	(264,692)
- Unrealised loss on investment in equity securities at FVTPL		-	(90,789,262)
		(11,873,334)	(91,976,641)
- Unused tax losses		(196,706,850)	(145,086,693)
		(14,185,425)	(135,780,498)
Deferred tax asset not recognised (including on losses)	19.3.1	207,280,663	237,063,334
Deferred tax liability		193,095,238	101,282,836

19.3.1 Deferred tax assets have not been recognised in respect of the above items, as it is not probable that future taxable profits under normal tax regime will be available against which the Company can use the benefits therefrom.

20. 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 period. There is no dilutive effect on the basic earnings per share of the Company:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees)			
Profit / (loss) for the period	2,490,102,356	(1,006,446,371)	455,791,171	340,218,528
	(Numbers)			
Weighted average number of ordinary shares	408,375,000	417,992,527	408,375,000	408,375,000
	(Rupees)			
Earnings / (loss) per share - basic and diluted	6.10	(2.41)	1.12	0.83

21. NET CASH GENERATED FROM OPERATIONS

	Note	Six months period ended	
		31 December 2020	31 December 2019
		(Rupees)	
Profit / (loss) before tax		2,704,077,953	(992,088,039)
Adjustments for:			
Depreciation		9,790,362	8,661,239
Dividend income		(167,348,086)	(76,985,000)
Mark-up on loans and advances		(13,353,751)	(51,762,143)
Mark-up on term finance certificates		-	(3,734,387)
(Gain) / loss on remeasurement of long term investments		(869,767,366)	1,962,142,835
Gain on remeasurement of short term investments		(1,626,729,953)	(329,728,973)
Gain on disposal of assets		(969,400)	-
Exchange (gain) / loss		(340,392)	374,175
Interest expense on lease		1,510,070	-
Impairment loss on investments		50,000,000	-
Finance cost		16,424,205	137,315,415
		(2,600,784,311)	1,646,283,161
		103,293,642	654,195,122
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Loans and advances		(859,835)	19,511,715
Prepayments, trade and other receivables		(13,505,322)	(19,082,585)
Short term investments		146,790,694	6,126,310,698
		132,425,537	6,126,739,828
(Decrease) / increase in current liabilities			
Trade and other payables		(1,347,607)	(4,908,662,602)
Unclaimed dividend		1,125,998	(453,237)
		(221,609)	(4,909,115,839)
Net cash generated from operations		235,497,570	1,871,819,111
22. CASH AND CASH EQUIVALENTS			
Cash and bank balances		37,114,988	41,047,436
Short term borrowings	6	(411,899,322)	(900,140,822)
		(374,784,334)	(859,093,386)

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For the six months period ended 31st December 2020

23. 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. These condensed interim unconsolidated financial statements do not include all financial risk management statements and disclosures required in the audited annual unconsolidated financial statements; they should be read in conjunction with the Company's audited annual unconsolidated financial statements as at and for the year ended 30 June 2020 as financial risk management objectives and policies are consistent with the prior year.

24. FAIR VALUE MEASUREMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management engage 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 instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model 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 reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of 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, the 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.

24.1 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.

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For the six months period ended 31st December 2020

31 December 2020 (Unaudited)							
	Carrying amount				Fair value		
	Financial Assets at fair value through profit or loss	Financial Assets at fair value through other comprehensive	Financial assets at amortized cost	Other financial liabilities income	Level 1	Level 2	Level 3
<i>Note</i>	(Rupees)						
Financial assets measured at fair value							
Associates	9,891,452,446	1,350,000,000	-	-	9,891,452,446	-	1,350,000,000
Short term investments	4,192,567,397	-	-	-	4,192,567,397	-	-
Financial assets not measured at fair value							
24.1.1 Subsidiaries*	-	-	4,903,984,832	-	2,907,422,363	-	-
Long term loan to related party	-	-	149,187,387	-	-	-	-
Long term deposits and other receivables	-	-	2,580,930	-	-	-	-
Trade receivable	-	-	3,460,611	-	-	-	-
Other receivables	-	-	4,928,180	-	-	-	-
Loans and advances	-	-	19,716,746	-	-	-	-
Mark-up receivable	-	-	9,863,282	-	-	-	-
Cash and bank balances	-	-	16,926,544	-	-	-	-
	<u>14,084,019,843</u>	<u>1,350,000,000</u>	<u>5,110,648,512</u>	<u>-</u>			
Financial liabilities not measured at fair value							
24.1.1 Lease liability	-	-	-	5,857,800	-	-	-
Trade and other payables	-	-	-	3,299,536	-	-	-
Mark-up accrued on short term borrowings	-	-	-	5,808,829	-	-	-
Short term borrowings	-	-	-	411,899,322	-	-	-
Current portion of lease liability	-	-	-	15,325,860	-	-	-
Loan from a sponsor	-	-	-	15,000,000	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,191,347</u>			
30 June 2020 (Audited)							
	Carrying amount				Fair value		
	Financial Assets at fair value through profit or loss	Financial Assets at fair value through other comprehensive	Financial assets at amortized cost	Other financial liabilities income	Level 1	Level 2	Level 3
<i>Note</i>	(Rupees)						
Financial assets measured at fair value							
Associates	9,021,685,080	1,350,000,000	-	-	9,021,685,080	-	1,350,000,000
Short term investments	2,712,628,138	-	-	-	2,712,628,138	-	-
Financial assets not measured at fair value							
24.1.1 Subsidiaries*	-	-	4,953,984,832	-	1,341,728,607	-	-
Long term loan to related party	-	-	134,970,641	-	-	-	-
Long term deposits and other receivables	-	-	2,537,030	-	-	-	-
Other receivables	-	-	644,761,938	-	-	-	-
Loans and advances	-	-	33,933,492	-	-	-	-
Mark-up receivable	-	-	21,636,362	-	-	-	-
Cash and bank balances	-	-	35,243,437	-	-	-	-
	<u>11,734,313,218</u>	<u>1,350,000,000</u>	<u>5,827,067,732</u>	<u>-</u>			
Financial liabilities not measured at fair value							
24.1.1 Lease liability	-	-	-	14,582,113	-	-	-
Trade and other payables	-	-	-	4,647,143	-	-	-
Mark-up accrued on borrowings	-	-	-	24,059,455	-	-	-
Short term borrowings	-	-	-	670,828,552	-	-	-
Current portion of lease liability	-	-	-	12,754,406	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>726,871,669</u>			

* 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.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

24.1.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their 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.

25. 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.

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

Name of the related party	Transactions during the period	Six months period ended	
		31 December 2020	31 December 2019
------(Rupees)-----			
Subsidiaries			
Arif Habib Limited	Services availed	3,455,693	2,383,558
	Dividend income / received	103,114,710	-
	Guarantee commission income	954,566	1,077,611
	Guarantee commission received	932,474	887,842
Sachal Energy Development (Private) Limited	Guarantee commission income	5,631,076	6,135,463
	Guarantee commission received	5,971,320	6,521,164
Associates			
MCB-Arif Habib Savings and Investment Limited	Dividend income / received	48,744,376	29,246,625
Fatima Fertilizer Company Limited	Dividend received	638,000,412	-
Associated companies by virtue of common directorship and related concern			
Aisha Steel Mills Limited	Mark-up on loan	11,914,876	36,696,118
	Mark-up received	24,739,478	53,234,251
	Loan extended	1,630,000,000	1,060,000,000
	Loan repayment	1,630,000,000	1,060,000,000
	Guarantee commission income	2,281,794	2,689,806
	Guarantee commission received	2,206,740	2,281,983
Javedan Corporation Limited	Mark-up on loan	1,245,902	624,487
	Mark-up received	147,616	41,192,368
	Loan extended	200,000,000	73,000,000
	Loan repaid	200,000,000	83,067,474
	Advance paid for purchase of property	-	153,868,060

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

Name of the related party	Transactions during the period	Six months period ended	
		31 December 2020	31 December 2019
------(Rupees)-----			
Power Cement Limited	Mark-up on loan	206,354	14,441,538
	Mark-up received	206,354	9,300,462
	Loan extended	232,000,000	416,000,000
	Loan repaid	232,000,000	416,000,000
	Guarantee commission income	1,210,810	790,072
	Guarantee commission received	1,081,058	817,283
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of 'utilities, insurance and maintenance charges	13,696,643	12,732,479
	Others		
Mr. Arif Habib	Dividend paid	482,924,951	-
	Loan received from sponsor	541,000,000	-
	Loan repaid to sponsor	526,000,000	-
	Markup on loan	4,329,658	-
Employees retirement benefit fund - Provident fund	Company's Contribution	1,376,658	1,093,944
<i>Remuneration of chief executive officer, directors, key management personnel and executives</i>			
- Managerial Remuneration		15,160,626	12,340,944
- Contribution to provident fund		1,062,954	826,710
- Bonus		2,196,771	1,726,824
- Other perquisites and benefits		2,042,556	1,914,942
Name of the related party	Transactions during the period		
Dr. Shamshad Akhtar	Meeting fee paid	50,000	100,000
Mr. Sirajuddin Cassim	Meeting fee paid	75,000	-
Mr. Asadullah Khawaja	Meeting fee paid	50,000	100,000
Khawaja Jalaluddin Roomi	Meeting fee paid	-	50,000

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorised for issue on 27 February 2021 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director





Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTHS PERIOD ENDED 31ST DECEMBER 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2020

		31 December 2020 (Unaudited)	30 June 2020 (Audited)
	Note	(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital	5	10,000,000,000	10,000,000,000
<i>Share capital</i>	5		
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
Revenue reserves		22,481,138,187	19,172,874,845
Equity attributable to owners of the Parent Company		26,580,320,687	23,272,057,345
Non-controlling interest		2,491,799,993	2,085,339,281
Total Equity		29,072,120,680	25,357,396,626
Non-current liabilities			
Long term loans - secured		8,594,518,795	9,834,371,868
Land lease liability		9,845,012	10,325,571
Lease liability		23,426,532	39,690,700
Loan under State Bank of Pakistan scheme		30,739,487	14,985,323
Deferred liability - gratuity		20,449,772	19,043,769
Deferred taxation - net		1,632,896,144	1,508,687,660
		10,311,875,742	11,427,104,891
Current liabilities			
Trade and other payables		1,363,984,007	1,009,462,430
Mark-up accrued on borrowings		106,755,583	180,310,125
Short term borrowings	6	2,671,614,186	3,436,903,268
Loan from a sponsor	7	15,000,000	-
Subordinated loan		-	300,000,000
Current portion of long term loans		1,774,551,282	1,854,166,667
Current portion of land lease liability		1,360,000	1,360,000
Current portion of lease liability		30,718,032	26,029,805
Payable against purchase of investment - net		332,250	28,513,698
Taxation - net		68,101,026	90,390,071
Unclaimed dividend		35,267,081	32,889,754
		6,067,683,447	6,960,025,818
Contingencies and commitments	8		
		45,451,679,869	43,744,527,335



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2020

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	14,574,755,330	15,599,224,795
Intangible assets - others		2,185,187	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	10	1,830,915,232	1,678,415,232
Equity accounted investees	11	13,631,192,121	13,404,127,610
Other long term investments		58,992,656	45,056,656
Long term loan to related party		149,187,387	134,970,641
Long term deposits and other receivables		33,950,650	34,136,280
		31,199,484,680	31,816,639,137
Current assets			
Trade debts		3,875,359,919	3,642,791,553
Loans and advances		195,966,528	56,148,802
Deposits and prepayments		526,877,870	135,448,245
Accrued mark-up and other receivables		266,421,486	162,207,359
Advance sales tax		15,968,834	-
Short term investments	12	7,221,604,065	6,563,712,710
Cash and bank balances		2,149,996,487	1,367,579,529
		14,252,195,189	11,927,888,198
		45,451,679,869	43,744,527,335

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months period and quarter ended 31st December 2020

	Note	Six months period ended		Quarter ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
(Rupees)					
Operating revenue	13	2,569,989,263	2,447,917,240	816,699,133	686,719,880
Gain / (loss) on remeasurement of investments - net		2,327,204,526	(11,560,584)	1,192,807,013	1,486,414,329
Gain on sale of investments - net		595,134,578	396,745,475	115,418,559	(362,469,821)
Unrealised gain on remeasurement of investment property		-	132,500,000	-	-
Gain on sale of investments property		-	775,000	-	-
		5,492,328,367	2,966,377,131	2,124,924,705	1,810,664,388
Operating and administrative expenses		(986,180,345)	(801,728,161)	(513,403,329)	(394,208,407)
Other income		59,444,426	73,740,091	30,357,931	35,872,962
Finance cost		(461,838,750)	(901,459,488)	(215,714,662)	(476,608,241)
Other charges		(23,075,519)	(824,788)	(23,065,817)	(824,788)
		4,080,678,179	1,336,104,785	1,403,098,828	974,895,914
Share of profit of equity-accounted associates investees - net of tax		913,809,299	777,193,932	569,882,679	445,027,350
Profit before tax		4,994,487,478	2,113,298,717	1,972,981,507	1,419,923,264
Taxation	14	(346,780,174)	(156,462,945)	(335,155,564)	(92,865,297)
Profit after tax		4,647,707,304	1,956,835,772	1,637,825,943	1,327,057,967
Profit attributable to:					
Equity holders of the Parent Company		4,111,810,465	1,730,865,739	1,477,122,658	1,191,673,892
Non-controlling interests		535,896,839	225,970,033	160,703,285	135,384,075
		4,647,707,304	1,956,835,772	1,637,825,943	1,327,057,967
Earnings per share - basic & diluted	17	10.07	4.14	3.62	2.92

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months period and quarter ended 31st December 2020

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees)			
Profit after tax	4,647,707,304	1,956,835,772	1,637,825,943	1,327,057,967
Other comprehensive income				
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>				
Share of other comprehensive income of equity-accounted associates - net of tax	(275,035,460)	-	(79,047,054)	-
Other comprehensive income for the period	(275,035,460)	-	(79,047,054)	-
Total comprehensive income for the period	4,372,671,844	1,956,835,772	1,558,778,889	1,327,057,967
Total comprehensive income attributable to:				
Equity holders of the Parent Company	3,920,825,842	1,730,865,739	1,422,232,384	1,191,673,892
Non-controlling interests	451,846,002	225,970,033	136,546,505	135,384,075
	4,372,671,844	1,956,835,772	1,558,778,889	1,327,057,967

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 31st December 2020

	Issued, subscribed and paid up share capital	Equity attributable to owners of the Parent				Total	Non-controlling interests	Total equity
		Capital Reserve Surplus on revaluation	Fair value reserve	General reserve	Unappropriated profit			
(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 six months period 31 December 2019								
Profit for the period	-	-	-	-	1,730,865,739	1,730,865,739	225,970,033	1,956,835,772
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	1,730,865,739	1,730,865,739	225,970,033	1,956,835,772
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 31 December 2019	4,083,750,000	15,432,500	(924,160)	4,019,567,665	13,916,696,167	22,034,522,172	1,772,191,943	23,806,714,115
Total comprehensive income for the six months period 30 June 2020								
Profit for the period	-	-	-	-	907,652,889	907,652,889	52,225,287	959,878,176
Other comprehensive income	-	-	376,877,889	-	470,738	377,348,627	146,095,708	523,444,335
	-	-	376,877,889	-	908,123,627	1,285,001,516	198,320,995	1,483,322,511
Gain realised on disposal of equity securities at FVOCI	-	-	(36,245,185)	-	36,245,185	-	-	-
<i>Distributions</i>								
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 six months period 31 December 2020								
Profit for the period	-	-	-	-	4,111,810,465	4,111,810,465	535,896,839	4,647,707,304
Other comprehensive income	-	-	(190,984,623)	-	-	(190,984,623)	(84,050,837)	(275,035,460)
	-	-	(190,984,623)	-	4,111,810,465	3,920,825,842	451,846,002	4,372,671,844
Transactions with owners recorded directly in equity								
Final cash dividend at the rate of Rs. 1.5 per share for the year ended 30 June 2020	-	-	-	-	(612,562,500)	(612,562,500)	-	(612,562,500)
Gain realised on disposal of equity securities at FVOCI	-	-	(222,038,755)	-	222,038,755	-	-	-
Distribution by subsidiary	-	-	-	-	-	-	(45,385,290)	(45,385,290)
Balance as at 31 December 2020	4,083,750,000	15,432,500	(73,314,834)	4,019,567,665	18,534,885,356	26,580,320,687	2,491,799,993	29,072,120,680

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

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months period ended 31st December 2020

	Note	Six months period ended	
		31 December 2020	31 December 2019
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	3,450,681,711	4,673,773,990
Income tax paid		(244,860,735)	(63,117,474)
Finance cost paid		(447,298,461)	(886,195,734)
Mark-up received		35,787,429	165,379,842
Dividend received		17,081,201	94,568,503
Gratuity paid		(1,523,242)	-
Net cash generated from operating activities		2,809,867,903	3,984,409,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(16,515,425)	(4,870,537)
Proceeds from sale of property, plant and equipment		1,366,000	57,626
Acquisition of investment properties		(152,500,000)	-
Dividend from equity accounted investee		686,744,788	29,246,625
Change in long term deposits - net		185,630	1,243,578
Proceeds from disposal of investment property		-	156,480,000
Acquisition of intangible assets		-	(489,433)
Advances paid for investment properties		-	(153,868,060)
Net cash generated from investing activities		519,280,993	27,799,799
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(836,653,928)	(777,500,000)
Land lease liability		(1,360,000)	(15,924,663)
Lease rental paid		(16,235,302)	-
Repayment of subordinated loan		(300,000,000)	-
Loan under State Bank of Pakistan scheme		15,754,164	-
Loan from sponsor - net		15,000,000	-
Dividend paid		(612,562,500)	-
Distribution by subsidiary to non-controlling interest		(45,385,290)	-
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		(1,781,442,856)	(2,249,549,663)
Net increase in cash and cash equivalents		1,547,706,040	1,762,659,263
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	16	(521,617,699)	(1,480,018,004)

The annexed notes 1 to 22 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 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.

These condensed interim consolidated financial statements of Arif Habib Corporation Limited for the six months period ended 31 December 2020 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as “the Group”).

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

- 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 AHL. AHCPL holds license of Pakistan Mercantile Exchange.
- 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.
- 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 up to 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.
- 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. 135.89 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 Chichok Mallian, at Sheikhpura road, Pakistan.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

- 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.
- 1.1.7.2** Further, during the period, the Board of the FFCL has considered and accorded in principle approval to the proposal to demerge FFCL and transfer its Sheikhpura plant and related operations to Fatimafert Limited, an unlisted public limited company incorporated by the FFCL as wholly owned subsidiary, implemented, effective 1 October 2020, by way of scheme of arrangement. The proposed restructuring would be subject to receipt of all requisite corporate and regulatory authorization and approvals.
- 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 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. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

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.

2.2 These condensed interim consolidated 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 consolidated financial statements of the Group as at and for the year ended 30 June 2020.

2.3 The comparative statement of financial position presented in these condensed interim consolidated financial statements has 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 and other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial statements for the six months period ended 31 December 2019.

2.4 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.

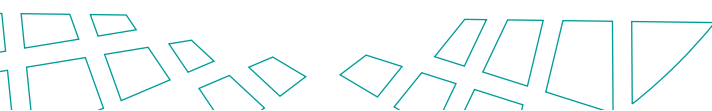
2.5 Functional and presentation currency

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

3. IMPACT OF COVID-19

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). The Group is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Group will continue to actively monitor the situation and may take further actions that alter its business operations 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.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

4. ACCOUNTING POLICIES

4.1 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.

4.2 New standards, interpretations and amendments adopted by the Group

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore are not detailed in these condensed interim consolidated financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective. In addition certain IFRS, amendments and interpretations to approved accounting standards are not yet effective. However, these are not likely to have any material effect on the Group's financial statements.

4.4 Accounting estimates and judgments

The preparation of condensed interim consolidated financial statements requires management to make judgments, 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 30 June 2020.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

5. SHARE CAPITAL

5.1 Authorised share capital

31 December 2020 (Number of shares)	30 June 2020		31 December 2020 (Unaudited) (Rupees)	30 June 2020 (Audited)
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>

5.2 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	<u>408,375,000</u>		4,083,750,000	<u>4,083,750,000</u>

6. SHORT TERM BORROWINGS

	Note	31 December 2020 (Unaudited) (Rupees)	30 June 2020 (Audited)
Running finance	6.1	881,731,811	2,506,903,268
Term finance	6.2	960,000,000	930,000,000
Loan from related party	6.3	830,000,000	-
		2,671,731,811	<u>3,436,903,268</u>

- 6.1** Running finance facilities are available to Parent Company and AHL from various commercial banks, under mark-up arrangements, amounting to Rs. 7,700 million (30 June 2020: Rs. 8,600 million). This include sub-limit of Rs. 800 million for Standby Letter of Credit (SBLC) availed from National Bank of Pakistan by Parent Company. These facilities have various maturity dates up to 30 September 2021, and need to be renewed after that these arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2020: 30% margin).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.75% to 1.50% and 3 month KIBOR 0.75% to 1.75% (30 June 2020: 1 month KIBOR + 0.75% to 1.50% and 3 month KIBOR + 0.55% to 1.75%) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 6,818 million (30 June 2020: Rs. 6,093 million).

6.2 This represent short term finance facility of Rs. 1,000 million (30 June 2020: 1,000 million) obtained from Faysal Bank by SEDPL, subsidiary company it carries mark-up at 3 months KIBOR + 2.5% (30 June 2020: 3 months KIBOR + 2.5%) payable quarterly in arrears. The facility is repayable on demand over a period of one year and the facility is secured against;

- ranking charge over all present and future current and fixed assets of SEDPL
- personal guarantee of director Mr. Arif Habib.

6.3 The subsidiary company, AHL obtained a short term, unsecured loan from Mr. Arif Habib, the controlling shareholder of the Parent Company. The loan is repayable on demand and carries interest at the rate of 6 month KIBOR + 2% (payable on the settlement of loan). During the period, Rs. 1,410 million was borrowed from him and of which Rs. 580 million since then has been repaid.

6.4 The fair value of shares of associated companies, shares held for trading and other securities / assets pledged as collateral against short term borrowings amounts to Rs. 8,621 million (30 June 2020: Rs. 8,785 million).

7. LOAN FROM A SPONSOR - unsecured

This represents interest bearing loan from Sponsor (Mr. Arif Habib) to meet the working capital needs of the Parent Company and is payable within 30 days of the demand notice. This loan carries a markup rate of 3 Months KIBOR+1.75% payable quarterly. The agreement is valid up to 30 June 2021. During the period, Rs. 541 million was borrowed from him and of which Rs. 526 million since then has been repaid.

8. 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. 323.3 million obtained by Subsidiary Company, AHL.
- The Parent Company has issued further Guarantee in the form of pledge shares of Rs. 290 million in favour of Habib Metropolitan Bank Limited to secure payment obligations of Aisha Steel Mills Limited, associated concern. The Parent Company has also obtained letter of indemnity from the said associated concern.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

- The Parent Company had issued corporate guarantee on behalf of subsidiary company, Sachal Energy Development (Private) Limited, amounting to USD 100 million. During the period, the exposure against this guarantee was reduced to USD 65 million.
- The Parent Company had issued corporate guarantee on behalf of associated concern, Power Cement Limited to the extent of USD 10.127 million. During the period, the exposure against this guarantee was reduced to USD 4.264 million.

During financial year 2020, Silkbank Limited's sponsor has exercised the option granted to him to purchase the Parent Company's entire investment in Silkbank Limited. Accordingly, the Parent Company has already derecognised its investment in Silkbank Limited and has also set off relevant deposits and margin against this investment. However, shares will be transferred as per the option agreement in due course in line with regulatory approvals.

The legal advisor of the Parent Company also agrees with the above point of view.

AHL, Subsidiary Company

31 December 2020 (Unaudited)	30 June 2020 (Audited)
---	------------------------------

(Rupees)

Following commitments are outstanding as at the year end:

- Outstanding Settlements against Marginal Trading contracts
- Outstanding Settlements against sale / (purchase) of securities in regular market
- Financial guarantee given by a commercial bank on behalf of AHL

706,544,443	112,323,212
46,864,370	53,073,167
500,000,000	250,000,000

9. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 11.98 million (30 June 2020: 20.19 million). The exchange loss of Rs. 566.25 million (30 June 2020: exchange gain of Rs. 231 million) has also been recognised. Further, assets having written down value of Rs. 0.4 million (30 June 2020: 13.14 million) were disposed off.

10. INVESTMENT PROPERTIES

31 December 2020 (Unaudited)	30 June 2020 (Audited)
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(Rupees)

Opening balance	1,678,415,232	1,726,419,800
Development charges / additions during the year	152,500,000	11,943,765
Disposal during the year	-	(159,475,000)
Transfer to property, plant and equipment	-	(32,473,333)
	1,830,915,232	1,546,415,232
Changes in fair value - net	-	132,000,000
	1,830,915,232	1,678,415,232

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

10.1 This represents investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Mangohpir, Gadap Town, Karachi owned by, a subsidiary company, AHL. Further, this includes investment in offices located in the building complex of Pakistan Stock Exchange Limited and LSE Financial Services Limited owned by AHL. The Naya Nazimabad Project is owned and managed by Javedan Corporation Limited (a related party of the Group).

11. EQUITY ACCOUNTED INVESTEEES

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		(Rupees)	
Fatima Fertilizer Company Limited (FFCL)	11.1	13,150,018,183	12,937,523,356
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	11.2	601,156,543	586,586,859
Pakarab Fertilizers Limited (PFL)	11.3	-	-
		13,751,174,726	13,524,110,215
		(119,982,605)	(119,982,605)
Less: Provision for impairment		13,631,192,121	13,404,127,610

11.1 Investment in FFCL (quoted) represents 319 million (30 June 2020: 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 31 December 2020. Fair value per share as at 31 December 2020 is Rs. 29.10 (30 June 2020: Rs. 26.73) which is based on quoted share price on stock exchange at reporting date.

11.2 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 31 December 2020. Market value per share as at 31 December 2020 was Rs. 28.09 (30 June 2020: Rs. 22.84) which is based on quoted share price on stock exchange at reporting date.

11.3 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 31 December 2020, having cost of Rs. 1,324.33 million (30 June 2020: Rs. 1,324.33 million). Fair value per share as at 31 December 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. 1.1 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.

12. SHORT TERM INVESTMENTS

	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		(Rupees)	
Equity securities - at FVTPL	12.1	7,057,617,650	5,483,967,779
Equity securities - at FVOCI		140,346,415	827,578,375
Corporate debt securities - mandatorily at FVTPL		23,640,000	252,166,556
		7,221,604,065	6,563,712,710

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

12.1 Equity securities - at FVTPL	Note	31 December 2020 (Unaudited)	30 June 2020 (Audited)
		(Rupees)	
Investment in quoted equity securities			
- Related parties	12.1.1	3,317,629,787	2,424,528,620
- Others		3,739,987,863	3,059,439,159
		7,057,617,650	5,483,967,779

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

12.2 Fair value of short term investments pledged with various finance facilities amounts of Rs. 4,281 million (30 June 2020: Rs. 4,665 million).

13. OPERATING REVENUE

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees)			
Revenue from sale of energy - net	1,910,207,954	2,013,343,592	367,332,118	400,196,803
Mark-up income on loans and advances	13,494,579	74,328,472	5,564,039	29,259,454
Mark-up income on term finance certificates	10,325,666	3,734,387	10,325,666	1,412,055
Dividend income	17,081,201	94,568,503	17,081,201	89,712,778
Brokerage income	308,631,595	165,020,710	143,950,024	113,084,876
Mark-up on bank deposits	27,941,268	38,389,649	8,739,926	23,650,862
Underwriting, consultancy and placement commission	282,307,000	58,531,927	263,706,159	29,403,052
	2,569,989,263	2,447,917,240	816,699,133	686,719,880

14. TAXATION

Current	222,571,690	44,111,189	84,939,562	30,467,233
Prior	-	1,809,246	-	1,809,246
Deferred	124,208,484	110,542,510	250,216,002	60,588,818
	346,780,174	156,462,945	335,155,564	92,865,297

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

15. CASH GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2020	31 December 2019
	(Rupees)	
Profit before tax	4,994,487,478	2,113,298,717
Adjustments for:		
Depreciation	474,338,290	406,009,325
Amortisation	216,619	294,028
Dividend income	(17,081,201)	(94,568,503)
Gain on sale of property, plant and equipment	(969,400)	-
Unrealised gain on remeasurement of other long term investment	(13,936,000)	(35,481,768)
Unrealised gain on short term investments	(2,313,268,526)	(11,560,584)
Share of profit of equity-accounted associates - net of tax	(913,809,299)	(777,193,932)
Mark-up on loans and advances	(13,494,579)	(74,328,472)
Mark-up income on term finance certificates	(10,325,666)	(3,734,387)
Amortisation of land lease rent	879,441	879,441
Amortization of transaction cost	83,435,470	83,435,470
Interest expense on lease	4,659,361	-
Finance cost	373,743,919	901,459,488
Provision for gratuity	2,929,245	2,898,270
Unrealised gain on re-measurement of investment property	-	(132,500,000)
Gain on sale of investment property	-	(775,000)
Adjustment and written off from property, plant and equipment	-	12,993,897
	(2,342,682,326)	277,827,273
Operating profit before working capital changes	2,651,805,152	2,391,125,990
Changes in working capital:		
<i>Decrease / (increase) in current assets</i>		
Trade debts	(232,568,366)	152,024,452
Loans and advances	(154,034,472)	(40,517,521)
Deposits and prepayments	(391,429,625)	299,214,239
Accrued mark-up and other receivables	(116,181,311)	(183,722,432)
Advance sales tax	(15,968,834)	(5,109,532)
Short term investments	1,380,341,711	6,609,508,090
Stores and spares	-	(1,175,312)
Receivable against sale of securities	-	(385,620)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	354,521,577	(4,515,764,808)
Payable against sale of securities - net	(28,181,448)	(30,970,319)
Unclaimed dividend	2,377,327	(453,237)
	798,876,559	2,282,648,000
Cash generated from operations	3,450,681,711	4,673,773,990
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,149,996,487	2,277,408,925
Short term borrowings	(2,671,614,186)	(3,757,426,929)
	(521,617,699)	(1,480,018,004)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

17. 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:

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees)			
Profit after tax attributable to ordinary shareholders	4,111,810,465	1,730,865,739	1,477,122,658	1,191,673,892
	(Numbers)			
Weighted average number of ordinary shares	408,375,000	417,992,527	408,375,000	408,375,000
	(Rupees)			
Earnings per share - basic & diluted	10.07	4.14	3.62	2.92

18. 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.

19. 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.

20. 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

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:

Name of the related party	Transactions during the period	Six months period ended	
		31 December 2020	31 December 2019
		------(Rupees)-----	
Fatima Fertilizer Company Limited	Dividend received	638,000,412	-
MCB-Arif Habib Savings and Investment Limited	Dividend income / received	48,744,376	29,246,625
<i>Associated companies by virtue of common directorship and related concern</i>			
Aisha Steel Mills Limited	Mark-up on loan and advance	11,914,876	59,262,447
	Mark-up received	24,739,478	75,800,580
	Loan extended	1,630,000,000	1,360,000,000
	Loan repayment	1,630,000,000	1,360,000,000
	Guarantee commission income	2,281,794	2,689,806
	Guarantee commission received	2,206,740	2,281,983
Javedan Corporation Limited	Mark-up on loan and advance	1,245,902	624,487
	Mark-up received	147,616	41,192,368
	Loan extended	200,000,000	73,000,000
	Loan repaid	200,000,000	83,067,474
	Advance paid for purchase of property	152,500,000	153,868,060
Power Cement Limited	Mark-up on loan and advance	206,354	14,441,538
	Mark-up received	206,354	9,300,462
	Loan extended	232,000,000	416,000,000
	Loan repaid	232,000,000	416,000,000
	Guarantee commission income	1,210,810	790,072
	Guarantee commission received	1,081,058	817,283
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	39,981,745	25,734,441
Arif Habib Securities Limited - Employees Provident fund	Company's Contribution	1,376,658	1,093,944
Arif Habib Limited - Provident fund	Company's Contribution	3,494,491	2,919,804
<i>Remuneration of chief executive officer, directors, key management personnel and executives</i>			
- Managerial Remuneration		50,209,330	58,308,791
- Contribution to provident fund		2,158,974	2,820,742
- Gratuity		1,654,071	2,208,676
- Bonus		5,130,773	4,137,155
- Other perquisites and benefits		9,050,351	24,284,050

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

Name of the related party	Transactions during the period	Six months period ended	
		31 December 2020	31 December 2019
		------(Rupees)-----	
Mr. Arif Habib (CEO of Parent Company)	Dividend paid	482,924,951	-
	Loan received	1,951,000,000	-
	Loan repaid	1,106,000,000	-
	Markup on loan	4,329,658	-
	Markup paid	16,745,906	-
	Brokerage commission earned	3,950,860	4,607,829
	Purchase consideration against shares bought by AHL	-	130,070,292
Mr. Samad A. Habib (Director of Parent Company)	Brokerage commission earned	1,083,783	187,350
Mr. Kashif A. Habib (Director of Parent Company)	Brokerage commission earned	-	6,363
Dr. Shamshad Akhtar (Director of Parent Company)	Meeting fee paid	50,000	100,000
Mr. Sirajuddin Cassim (Director of Parent Company)	Meeting fee paid	75,000	-
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	50,000	100,000
Khawaja Jalaluddin Roomi (Director of Parent Company)	Meeting fee paid	-	50,000
Mr. Mohsin Madni (CFO of Parent Company and Director of Subsidiary Company)	Brokerage commission earned	7,599	-
Mr. Zafar Alam (Chairman of subsidiary company)	Brokerage commission earned	49,734	-
	Meeting fee paid	-	50,000
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	7,427,705	3,092,229
Ms. Sharmin Shahid (Director of Subsidiary Company)	Brokerage commission earned	1,796,058	301,533
	Meeting fee paid	-	50,000
Ms. Nida Ahsan (Director of Subsidiary Company)	Brokerage commission earned	125,000	1,340,170
Mr. Muhammad Haroon (Director of Subsidiary Company)	Brokerage commission earned	140,375	97,160
	Meeting fee paid	-	50,000
Mr. Muhammad Sohail Salat (Director of Subsidiary Company)	Meeting fee paid	-	50,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

Name of the related party	Transactions during the period	31 December	30 June
		2020 (Unaudited)	2020 (Audited)
Balances as at:		------(Rupees)-----	
Aisha Steel Mills Limited	Loan (long-term and short-term)	163,404,133	163,404,133
	Mark-up receivable	8,617,380	21,441,982
	Commission on guarantee receivable	1,170,481	1,095,427
Javedan Corporation Limited	Mark-up receivable	1,245,902	147,616
Power Cement Limited	Commission on guarantee receivable	575,636	445,884
Rotocast Engineering Company (Private) Limited	Prepaid rent	15,325,497	9,759,824
	Payable against sharing of utilities, insurance and maintenance charges	739,653	980,879
Key Management Personnel			
Mr. Arif Habib (CEO of Parent Company)	Balance receivable	46,403	42,574
	Loan payable	845,000,000	300,000,000
	Markup payable	4,329,658	-
Mr. Samad A. Habib (Director of Parent Company)	Balance payable	54,373	-
	Balance receivable	-	1,451,078
Mr. Kashif A. Habib (Director of Parent Company)	Balance receivable	10,584	19,630
Mr. Mohsin Madni (CFO of Parent Company and Director of Subsidiary Company)	Balance payable	401,718	175
Mr. Zafar Alam (Chairman of Subsidiary Company)	Balance payable	913,508	2,148,473
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Balance payable	18,824,598	3,150,901
Ms. Sharmin Shahid (Director of Subsidiary Company)	Balance receivable	4,948,605	50,302
Ms. Nida Ahsan (Director of Subsidiary Company)	Balance receivable	25,981	65,419
Mr. Muhammad Haroon (Director of Subsidiary Company)	Balance payable	750,753	700,697

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months period ended 31st December 2020

21. REPORTABLE SEGMENTS

- 21.1** 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.
- 21.2** 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 2020. 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.
- 21.3** 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.
- 21.4** 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.

22. DATE OF AUTHORISATION FOR ISSUE

- 22.1** These condensed interim consolidated financial statements have been authorised for issue on 27 February 2021 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director



Arif Habib Corp

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