ESCALATING GROWTH

QUARTERLY REPORT
31ST MARCH 2019

Arif Habib Corp

CONTENTS

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Management

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

Bankers

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

Auditors

KPMG Taseer Hadi& Co.
Chartered Accountants

Legal Advisors

Bawaney& Partners
Akhund Forbes

Registrar & Share Transfer Agent

Central Depository Company of Pakistan Limited

Registered & Corporate Office

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

Share Registrar Department

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

DIRECTORS' REVIEW REPORT

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with condensed interim unconsolidated and consolidated financial statements for the nine months period ended 31st March 2019.

The Economy

The economy has started to show signs of stabilization as the country's foreign exchange reserves have gradually risen due to the help of friendly countries (Saudi Arabia, UAE and China) settling at USD 17.4 billion, close to last year's level. Remittances have grown by 9% (Year on Year) to USD 16.1 billion during the period under review. The Current Account Deficit recorded a substantial reduction of 23% Year on Year to USD 8.8 billion during the 8 months of Fiscal Year 2019, lessening the pressure on the reserves of the country. Meanwhile, inflationary pressure in the economy aggravated with the CPI settling at 6.78% during the period under review vis-à-vis 3.78% the corresponding period. To curtail aggregate demand in the economy and to deal with the ailing external account position & inflationary pressure, the SBP raised policy rate by 75bps to 10.75% during the third quarter of the current financial year.

Financial Results

During the nine months under review, on an unconsolidated basis, AHCL recorded operating revenue of PKR 266.03 million which includes dividend income, realised capital gain on sale of securities and unrealised loss on re-measurement of investments. After accounting for operating, administrative, financial and other expenses of PKR 214.69 million, the Company earned a profit before tax of PKR 64.39 million. The Company has reported an after-tax profit of PKR 98.24 million for the period under review as compared with a profit after tax of PKR 857.35 million (restated) for the corresponding period. Earnings per share during the nine months ended 31st March 2019 was PKR 0.22 as compared to Earnings per Share of PKR 1.89 (restated) in the corresponding period.

During the period, on a consolidated basis, your Company recorded a loss-after-tax (attributable to AHCL's ownership) of PKR 91.4 million as opposed to a profit amounting to PKR 1.42 billion (restated) during corresponding period in 2017-18. This translates to loss per share of PKR 0.20 as compared with Earnings of PKR 3.12 per share in the corresponding period.

During the third quarter of the current financial year, on an unconsolidated basis, AHCL recorded a loss of PKR 891 million as compared to a profit after tax of PKR 870.25 million in the corresponding quarter, mainly on account of unrealized diminution on re-measurement of equity investments. On a consolidated basis, your Company has recorded a profit after tax for the third quarter amounting to PKR 89.06 million (profit after tax for the corresponding period – PKR 709.75 million (restated)).

Restatement in previous period's results are made due to change in accounting policy as explained in respective Note Nos. 3.4 of the unconsolidated and consolidated financial information.

Performance of Subsidiaries and Associates

Securities brokerage subsidiary, Arif Habib Limited and asset management company, MCB-Arif Habib Savings & Investments Limited, an associate, have posted profits despite pressure on the market in terms of value and turnover. Sachal Energy's, a wind energy project, total production, during the period under review, stood at 93,665 MWh as compared to Benchmark production of 85,130 MWh. Fatima Fertilizer, an associate, has done well, whereas Pakarab Fertilizers Limited (an associate) has been a loss making entity due to non-supply of its raw material i.e. natural gas. While financial performance of Aisha Steel and Power Cement remained under pressure, their expansions are nearing completion. Javedan Corporation Limited has performed satisfactorily, remaining on track with its development progress.

Future Outlook

Financial services businesses are expected to face continuing challenges amid higher interest rate environment. Cement and steel businesses are also expected to remain under pressure amid slowdown in the economy and higher leverage. Power, fertilizers and real estate sectors are expected to perform better. On an overall basis, your Company is geared to sail through the prevalent challenging business environment.

For and on behalf of the Board

Arif Habib
Chief Executive

Asadullah Khawaja
Chairman

Karachi
24th April, 2019

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CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31ST MARCH 2019

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2019

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited) (Restated)	1 July 2017 (Audited) (Restated)
		----------(Rupees)----------		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital 1,000,000,000 ordinary shares of Rs. 10 each (30 June 2018: 1,000,000,000 shares)		**10,000,000,000**	10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		**4,537,500,000**	4,537,500,000	4,537,500,000
Reserves		**24,556,704,108**	25,365,964,987	25,931,978,512
		29,094,204,108	29,903,464,987	30,469,478,512
Non-current liabilities				
Deferred taxation		**2,266,026,309**	2,353,368,460	2,435,632,968
Long term loans - secured	5	**-**	325,000,000	455,179,583
		2,266,026,309	2,678,368,460	2,890,812,551
Current liabilities				
Trade and other payables		**4,904,449,127**	4,904,954,300	2,652,011,288
Mark-up accrued on borrowings		**52,356,078**	22,397,069	144,389,340
Short term borrowings	6	**2,036,185,472**	1,267,483,663	1,193,616,235
Current maturity of long term loan	5	**-**	130,179,583	65,431,028
Provision for taxation		**199,579,956**	320,328,300	289,478,206
Unclaimed dividend		**32,230,414**	31,100,331	29,792,519
		7,224,801,047	6,676,443,246	4,374,718,616
Contingencies and commitments	7			
		38,585,031,464	39,258,276,693	37,735,009,679

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

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2019

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited) (Restated)	1 July 2017 (Audited) (Restated)
		(Rupees)		
ASSETS				
Non-current assets				
Operating fixed assets	8	**26,367,572**	30,323,605	36,592,671
Intangible assets		**-**	-	133,326
Investment properties		**-**	-	1,993,162,500
Long term investments	9	**27,991,700,207**	27,572,492,303	28,128,147,990
Long term loan to related party - secured	10	**163,404,133**	182,359,745	-
Long term deposits and other receivables		**2,487,030**	2,487,030	2,487,030
		28,183,958,942	27,787,662,683	30,160,523,517
Current assets				
Loans and advances	11	**1,621,490,242**	2,201,165,333	643,736,475
Prepayments		**1,132,868**	1,617,460	1,880,003
Advance tax		**174,857,756**	312,567,502	311,410,531
Mark-up receivable		**49,391,695**	45,182,417	9,913,724
Trade receivable		**-**	-	183,073,309
Other receivables		**6,320,216**	5,405,326	1,786,964
Short term investments		**8,505,184,310**	8,860,191,941	6,383,805,496
Cash and bank balances		**42,695,435**	44,484,031	38,879,660
		10,401,072,522	11,470,614,010	7,574,486,162
		38,585,031,464	39,258,276,693	37,735,009,679

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

Chief Executive Officer

Chief Financial Officer

Director

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

For the nine months period and quarter ended 31st March 2019

	Note	Nine months period ended		Quarter ended	
		31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
		(Rupees)			
Operating revenue	12	**266,030,155**	1,169,041,566	**(805,171,207)**	975,035,121
Operating and administrative expenses		**(74,720,028)**	(77,638,563)	**(23,818,319)**	(24,022,010)
Finance cost		**(116,513,093)**	(92,060,947)	**(52,292,865)**	(18,001,611)
Other charges	13	**(23,458,761)**	(2,237,287)	**(6,658,761)**	(858,235)
Other income		**13,051,125**	6,309,664	**4,595,395**	3,766,265
Profit / (loss) before tax		**64,389,398**	1,003,414,433	**(883,345,757)**	935,919,530
Taxation	14	**33,849,723**	(146,064,339)	**(7,660,495)**	(65,669,001)
Profit / (loss) after tax		**98,239,121**	857,350,094	**(891,006,252)**	870,250,529
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**98,239,121**	857,350,094	**(891,006,252)**	870,250,529
Earnings / (loss) per share - basic and diluted		**0.22**	1.89	**(1.96)**	1.92

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

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGE IN EQUITY (UNAUDITED)

For the nine months period ended 31st March 2019

	Issued, subscribed and paid up share capital	(Reserves) Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	Sub total	Total
	---------- (Rupees) ----------					
Balance as at 1 July 2017 - as previously reported	4,537,500,000	89,788,814	4,000,000,000	21,842,189,698	25,931,978,512	30,469,478,512
Restatement due to change in accounting policy (refer note 3.4) - net of tax	-	(89,788,814)	-	89,788,814	-	-
Balance as at 1 July 2017 - restated	4,537,500,000	-	4,000,000,000	21,931,978,512	25,931,978,512	30,469,478,512
Total comprehensive income for the nine months period ended 31 March 2018						
Profit for the nine months period ended 31 March 2018	-	-	-	857,350,094	857,350,094	857,350,094
Transactions with owners - Distribution:						
Final cash dividend for the year ended 30 June 2017 at the rate of Rs. 3 per share	-	-	-	(1,361,250,000)	(1,361,250,000)	(1,361,250,000)
Balance as at 31 March 2018 - restated	4,537,500,000	-	4,000,000,000	21,428,078,606	25,428,078,606	29,965,578,606
Total comprehensive income for the three months period ended 30 June 2018						
Profit for the three months period ended 30 June 2018	-	-	-	(62,113,619)	(62,113,619)	(62,113,619)
Balance as at 30 June 2018 - restated	4,537,500,000	-	4,000,000,000	21,365,964,987	25,365,964,987	29,903,464,987
Total comprehensive income for the nine months period ended 31 March 2019						
Profit for the period	-	-	-	98,239,121	98,239,121	98,239,121
Transactions with owners - Distribution:						
Final cash dividend for the year ended 30 June 2018 at the rate of Rs. 2 per share	-	-	-	(907,500,000)	(907,500,000)	(907,500,000)
Balance as at 31 March 2019	**4,537,500,000**	-	**4,000,000,000**	**20,556,704,108**	**24,556,704,108**	**29,094,204,108**

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

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 31st March 2019

	Note	Nine months period ended 31 March 2019	31 March 2018 (Restated)
		----------------- (Rupees)	-----------------
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	**347,170,044**	695,340,900
Income tax paid		**(36,531,026)**	(68,126,444)
Finance cost paid		**(86,554,084)**	(209,759,149)
Dividend received		**202,413,246**	432,124,278
Interest received		**145,705,534**	21,547,916
Net cash generated from operating activities		**572,203,714**	871,127,501
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(142,911)**	(336,505)
Proceeds from sale of operating fixed assets		**42,680**	188,027
Proceeds from sale of long term investments		**-**	19,170,000
Loans recovered - net		**18,955,612**	-
Proceeds from sale of investment property		**-**	2,167,586,914
Net cash generated from investing activities		**18,855,381**	2,186,608,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		**(455,179,583)**	(323,271)
Dividend paid		**(907,500,000)**	(1,361,250,000)
Unclaimed dividend		**1,130,083**	1,307,812
Net cash used in financing activities		**(1,361,549,500)**	(1,360,265,459)
Net (decrease) / increase in cash and cash equivalents		**(770,490,405)**	1,697,470,478
Cash and cash equivalents at beginning of the period		**(1,222,999,632)**	(1,154,736,575)
Cash and cash equivalents at end of the period	16	**(1,993,490,037)**	542,733,903

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

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

Name of Company	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	65.52%
- Sachal Energy Development (Private) Limited, a wind power generation company	85.83%
- Black Gold Power Limited, a coal power generation company	100.00%
Associates	
- MCB-Arif Habib Savings and Investments Limited	30.09%
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	15.19%
Others	
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim unconsolidated financial information for the nine months period ended 31 March 2019 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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; and

- Provisions for and directives issued under the Companies Act, 2017.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

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

The condensed interim unconsolidated financial information is unaudited and does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2018.

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

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

2.2 Basis of measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of the condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2018 except for the adoption of IFRS 9 'Financial Instruments' as of 1 July 2018 as referred to in note 3.4 to the condensed interim financial information.

The adoption of IFRS 15 'Revenue from contracts with customers', as of 1 July 2018, did not impact the timing or amount of the operating revenue and related assets and liabilities recognised by the Company. Accordingly there is no change on comparative information.

3.2 New standards, interpretations and amendments adopted by the Company

International Accounting Standards Board (IASB) introduced IFRS 9 'Financial Instruments' which had a mandatory effective date for annual period beginning on or after 1 January 2018, However, by virtue of SRO 1007(1)/2017, SECP made mandatory for all classes of companies to adopt IFRS 9 for annual period beginning on or after 1 July 2018. Subsequent to the year end, certain companies approached SECP to defer the applicability of IFRS 9 in view of the complexities involved in the implementation of the standard. Consequently, SECP, vide its notification dated 14 February 2019, has modified the effective date for applicability IFRS 9 to reporting periods ending on or after 30 June 2019 permitting earlier application.

The Company has early adopted IFRS 9 'Financial Instruments' from 1 July 2018. The impact of the adoption of IFRS 9 and the new accounting policies are disclosed in note 3.4 below. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Company's condensed interim unconsolidated financial information.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's condensed interim unconsolidated financial information.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of this standard is not likely to have an impact on Company's condensed interim unconsolidated financial information.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's condensed interim unconsolidated financial information.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's condensed interim unconsolidated financial information.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's condensed interim unconsolidated financial information.

3.4 Change in accounting policy

The impact of the adoption of IFRS 9 'Financial Instruments' on the Company's condensed interim unconsolidated financial information is explained below. It also discloses the new accounting policy that has been applied from 1 July 2018, as this is different from that applied in prior periods.

3.4.1 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and

- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018:

		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
				---------------(Rupees)	-----------------
Financial assets					
Long term investments in associates	(a)	Designated at FVTPL	Mandatorily at FVTPL	22,513,890,013	22,513,890,013
Short term investments	(a)	Designated at FVTPL	Mandatorily at FVTPL	7,967,518,010	7,967,518,010
Short term investments	(b)	Available-for-sale	Mandatorily at FVTPL	892,673,931	892,673,931
Long term loan to related party,					
deposits and other receivables	(c)	Loans and receivables	Amortised cost	184,846,775	184,846,775
Loans and advances	(c)	Loans and receivables	Amortised cost	2,201,165,333	2,201,165,333
Markup and other receivable	(c)	Loans and receivables	Amortised cost	50,587,743	50,587,743
Cash and bank balances	(c)	Loans and receivables	Amortised cost	44,484,031	44,484,031
				33,855,165,836	33,855,165,836

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

(a) Long term investments in associates and short term investments classified as financial assets at fair value through profit or loss - designated at fair value through profit or loss have been measured mandatorily at fair value through profit or loss with value changes continue to be recognised in condensed interim unconsolidated statement of profit or loss and other comprehensive income.

(b) In accordance with the transitional provisions of IFRS 9, short term investments classified as financial assets at 'available-for-sale' have been retrospectively reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cashflows nor both collecting contractual cashflows and selling of financial assets. The change of policy has been accounted in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of prior periods. The effect of change in the accounting policy in the condensed interim unconsolidated statement of financial position is given below:

	30 June 2018		
	As previously reported	**Impact due to change in accounting policy**	**As restated**
	----------------------- **(Rupees)**	-----------------------	
Effect on unconsolidated statement of financial position			
Increase in short term investments classified at fair value through profit or loss	**7,967,518,010**	892,673,931	8,860,191,941
Decrease in short term investments classified at fair value through other comprehensive income	**892,673,931**	(892,673,931)	-
Short term investments	**8,860,191,941**	-	8,860,191,941
Decrease in unrealised appreciation / diminution on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'	**64,036,984**	(64,036,984)	-
Increase in unappropriated profits	**21,301,928,003**	64,036,984	21,365,964,987

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

	Three months period ended on 30 June 2018	Nine months period ended on 31 March 2018	Prior to 1 July 2017
	(Rupees)		
Effect on statement of comprehensive income			
Revenue	**165,373,478**	132,821,666	115,033,293
Deferred tax (expense) / income - statement of profit or loss and other comprehensive income	**(14,262,819)**	(11,892,568)	(25,244,479)
Unrealised (diminution) / appreciation during the period on remeasurement of investments classified as 'available for sale'	**(151,110,659)**	(120,929,098)	(89,788,814)

(c) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

Besides above reclassification, IFRS 9 does not have impact on Company's other accounting policies.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments classified as at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and advances. Loans and advances are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience with its related parties having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual unconsolidated financial statements as at and for the year ended 30 June 2018.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

5. LONG TERM LOANS - secured

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited)
		(Rupees)	
From related party:			
Term Musharaka Finance	5.1	-	455,000,000
Less: Current portion		-	(130,000,000)
		-	325,000,000
Diminishing Musharaka Financing		-	179,583
Less: Current portion		-	(179,583)
		-	-
		-	325,000,000

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

During the period, the Company has early repaid the entire outstanding term musharaka finance of Rs. 455 million along-with the profit till the date of repayment.

6. SHORT TERM BORROWINGS

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2018: Rs. 2,800 million). These facilities have various maturity dates up to 30 September 2019. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2018: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% (30 June 2018: 1 month KIBOR + 1% to 3 month KIBOR + 2.25% 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 date of condensed interim unconsolidated statement of financial position amounts to Rs. 763.81 million (30 June 2018: Rs. 1,532.52 million).

The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 5,703.89 million (30 June 2018: Rs. 4,882.68 million).

7. CONTINGENCIES AND COMMITMENTS

There are no other changes in the status of contingencies and commitments from the preceding audited annual unconsolidated financial statements for the year ended 30 June 2018 except for the following:

- The Company has issued Corporate Guarantee on behalf of its associated concern, Power Cement Limited, amounting to USD 10.127 million. The Company has also obtained deed of indemnity from the said associated company.

- The guarantee issued to Sachal Energy Development (Private) Limited has been reduced to USD 85 million.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

8. OPERATING FIXED ASSETS

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

	Nine months period ended March 2019		Nine months period ended March 2018	
	Additions	Disposals	Additions	Disposals
	(Unaudited)		(Unaudited)	
	(Rupees)			
Office equipment	-	-	15,500	-
Vehicle	50,500	-	63,500	118,093
Computer and allied equipment	92,411	42,680	257,505	93,151
	142,911	42,680	336,505	211,244

9. LONG TERM INVESTMENTS

		31 March 2019 (Unaudited)	30 June 2018 (Audited)
		(Rupees)	
Subsidiaries - at cost	9.1	5,058,602,290	5,058,602,290
At fair value through profit or loss	9.2	22,933,097,917	22,513,890,013
At fair value through other comprehensive income	9.3	-	-
		27,991,700,207	27,572,492,303

9.1 Subsidiaries - at cost

	Cost	Provision for Impairment	Carrying amount 31 March 2019 (Unaudited)	Carrying amount 30 June 2018 (Audited)
	(Rupees)			
Arif Habib Limited (AHL)	2,262,137,230	-	2,262,137,230	2,262,137,230
Sachal Energy Development (Private) Limited (SEDPL)	2,746,465,060	-	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)	50,000,000	-	50,000,000	50,000,000
	5,058,602,290	-	5,058,602,290	5,058,602,290

9.2 At fair value through profit or loss

	Cost	Unrealised appreciation on remeasurement of investments	Carrying amount 31 March 2019 (Unaudited)	Carrying amount 30 June 2018 (Audited)
	(Rupees)			
Associates:				
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	477,694,882	62,176,160	539,871,042	433,283,340
Pakarab Fertilizers Limited (PFL)	1,324,332,073	10,420,667,927	11,745,000,000	11,745,000,000
Fatima Fertilizer Company Limited (FFCL)	3,512,782,225	7,135,444,650	10,648,226,875	10,335,606,673
	5,314,809,180	17,618,288,737	22,933,097,917	22,513,890,013

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

9.3 At fair value through other comprehensive income

	Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for impairment	Carrying amount 31 March 2019 (Unaudited)	Carrying amount 30 June 2018 (Audited)
	(Rupees)				
Other investments:					
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(1,000,000)	-	-
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
	2,000,000	-	(2,000,000)	-	-

9.4 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,696.57 million (30 June 2018: Rs. 4,882.68 million).

9.5 Movement in provision for impairment

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited)
		(Rupees)	
Balance as at 1 July		(2,000,000)	(32,000,000)
Reversal on sale of investment		-	30,000,000
Balance as at		(2,000,000)	(2,000,000)

10. LONG TERM LOAN TO RELATED PARTY

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited)
Secured			
Aisha Steel Mills Limited (ASML)	10.1	182,359,793	201,315,405
Less: Current maturity of long term loan		(18,955,660)	(18,955,660)
		163,404,133	182,359,745

10.1 The Company entered into a loan agreement with ASML. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2018: 6 months KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period was 10.29% (30 June 2018: ranged between 9.40% to 9.46%) per annum. Mark-up is payable on semi-annual basis.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

11. LOANS AND ADVANCES - considered good	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited)
		(Rupees)	
Unsecured			
Advance against salaries to employees		634,582	209,673
Bid margin in initial public offer		-	14,000,000
Loans to related parties:			
Sachal Energy Development (Private) Limited (SEDPL)	11.1	-	525,000,000
Javedan Corporation Limited (JCL)	11.2	499,900,000	1,468,000,000
Aisha Steel Mills Limited (ASML)	11.3	1,102,000,000	175,000,000
Secured			
Current portion of long term loan to Aisha Steel Mills Limited (ASML)	10	18,955,660	18,955,660
		1,621,490,242	2,201,165,333

11.1 The Company entered into a loan agreement with SEDPL. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. The effective mark-up charged during the period was 9.17%. Markup is payable on quarterly basis.

11.2 The Company entered into a loan agreement with JCL. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 2.25% per annum. The markup is payable on quarterly basis. The effective mark-up charged during the period ranged between 9.17% to 12.80% per annum (30 June 2018: ranged between 8.59% to 8.75%).

11.3 The Company entered into a loan agreement with ASML. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 months KIBOR + 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was ranged between 9.92% to 13.55% (30 June 2018: ranged between 9.16% to 9.50%).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

12. OPERATING REVENUE

	Note	Nine months period ended		Quarter ended	
		31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
		----- (Rupees) -----			
Dividend income		**202,413,246**	432,124,278	**-**	-
Mark-up on loans and advances		**149,914,812**	38,003,721	**49,815,195**	26,369,529
Profit on bank accounts		**236,999**	2,090,295	**51,611**	1,935,330
Gain on sale of securities - net		**65,632,203**	157,003,203	**47,969,176**	33,103,734
(Loss) / gain on remeasurement of investments-net	12.1	**(152,167,105)**	365,395,655	**(903,007,189)**	913,626,528
Gain on disposal of investment property		**-**	174,424,414	**-**	-
		266,030,155	1,169,041,566	**(805,171,207)**	975,035,121

12.1 The gain / loss is netted off with transaction cost.

13. OTHER CHARGES

This includes donation paid to 'Prime Minister and Chief Justice of Pakistan Fund for Diamer-Bhasha and Mohmand Dams', 'Usman Memorial Hospital Foundation', 'Shaukat Khanum Memorial Trust', 'World Memon Organization', 'Patients Aid Foundation' and 'Safi Benevolent Trust' amounting to Rs. 10 million, Rs. 10 million, Rs. 1 million, Rs. 1 million, Rs. 0.5 million and Rs. 0.5 million, respectively. Further, there are no donations to any person, institution or organisation in which a director or his spouse had any interest, except for donation made to Safi Benevolent Trust in which Mr. Nasim Beg, Director, who is a honorary consultant of donee.

14. TAXATION

	Nine months period ended		Quarter ended	
	31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
	----- (Rupees) -----			
For the period				
- Current	**52,356,981**	86,285,417	**8,203,148**	8,625,238
- Prior	**1,135,447**	-	**-**	-
- Deferred	**(87,342,151)**	59,778,922	**(542,653)**	57,043,763
	(33,849,723)	146,064,339	**7,660,495**	65,669,001

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

14.1 Under section 5A of the Income Tax Ordinance, 2001 as amendment by the Finance Act 2018, tax shall be imposed at the rate of 5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash dividend.

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

15. CASH GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2019	31 March 2018 (Restated)
	------------------ (Rupees) ------------------	
Profit before tax	**64,389,398**	1,003,414,433
Adjustments for:		
Depreciation	**4,056,264**	4,861,228
Amortisation	**-**	133,326
Dividend income	**(202,413,246)**	(432,124,278)
Mark-up on loans and advances	**(149,914,812)**	(38,003,721)
Gain on disposal of long term investments	**-**	(19,170,000)
Gain on disposal of investment property	**-**	(174,424,414)
Loss on disposal of asset	**-**	23,217
Unrealised loss / (gain) on remeasurement of investment	**152,167,105**	(365,395,655)
Finance cost	**116,513,093**	92,060,947
	(79,591,596)	(932,039,350)
	(15,202,198)	71,375,083
Changes in working capital		
Decrease / (increase) in current assets		
Loans and advances	**579,675,091**	(809,556,133)
Prepayments	**484,592**	(2,917,645)
Trade receivable	**-**	183,073,309
Other receivables	**(914,890)**	(3,585,415)
Short term investments	**(216,367,378)**	(1,836,154,439)
	362,877,415	(2,469,140,323)
(Decrease) / increase in current liabilities		
Trade and other payables	**(505,173)**	3,093,106,140
Cash generated from operations	**347,170,044**	695,340,900

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

16. CASH AND CASH EQUIVALENTS

	Note	Nine months period ended 31 March 2019	31 March 2018
		---------- (Rupees) ----------	
Cash and bank balances		**42,695,435**	586,163,257
Short term borrowings	6	**(2,036,185,472)**	(43,429,354)
		(1,993,490,037)	542,733,903

17. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited unconsolidated financial statements for the year ended 30 June 2018.

18. FAIR VALUE MEASUREMENTS

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

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 determine fair values using valuation techniques unless the fair value cannot be reliably measured.

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

18.1 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.

	31 March 2019 (Unaudited)							
	Carrying amount					Fair value		
	At fair value through profit and loss	At amortised cost	At fair value through other comprehensive income	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Long term investments	22,933,097,917	-	-	-	-	11,188,097,917	-	11,745,000,000
Short term investments	8,505,184,310	-	-	-	-	8,455,184,310	-	50,000,000
Markup receivable	937,644	-	-	-	-	-	-	937,644
Financial assets not measured at fair value								
Long term investments*	-	-	-	5,058,602,290	-	1,729,330,262	-	-
Long term deposits	-	2,487,030	-	-	-	-	-	-
Long term loans	-	163,404,133	-	-	-	-	-	-
Loans and advances	-	1,621,490,242	-	-	-	-	-	-
Mark-up receivables	-	48,454,051	-	-	-	-	-	-
Other receivables	-	6,320,216	-	-	-	-	-	-
Cash and bank balances	-	42,695,435	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	4,904,449,127	-	-	-
Unclaimed dividend	-	-	-	-	32,230,414	-	-	-
Mark-up accrued on borrowings	-	-	-	-	52,356,078	-	-	-
Short term borrowings	-	-	-	-	2,036,185,472	-	-	-
Current maturity of long term loan	-	-	-	-	-	-	-	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

	30 June 2018 (Audited)							
	Carrying amount					Fair value		
	At fair value through profit and loss	At amortised cost	At fair value through other comprehensive income	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Long term investments	22,513,890,013	-	-	-	-	10,768,890,013	-	11,745,000,000
Short term investments	8,860,191,941	-	-	-	-	8,860,191,941	-	-
Financial assets not measured at fair value								
Long term investments*	-	-	-	5,058,602,290	-	2,198,332,457	-	-
Long term loans	-	182,359,745	-	-	-	-	-	-
Long term deposits	-	2,487,030	-	-	-	-	-	-
Other receivables	-	3,672,178	-	-	-	-	-	-
Loans and advances	-	2,201,165,333	-	-	-	-	-	-
Mark-up receivables	-	45,182,417	-	-	-	-	-	-
Cash and bank balances	-	44,484,031	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	325,000,000	-	-	-
Trade and other payables	-	-	-	-	4,901,754,885	-	-	-
Unclaimed dividend	-	-	-	-	31,100,331	-	-	-
Mark-up accrued on borrowings	-	-	-	-	22,397,069	-	-	-
Short term borrowings	-	-	-	-	1,267,483,663	-	-	-
Current maturity of long term loan	-	-	-	-	130,179,583	-	-	-

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

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

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

19. 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.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

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.

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

Name of the related party	Transactions during the period	Nine months period ended	
		31 March 2019	31 March 2018
Transactions with:		------------- (Rupees) -------------	
Subsidiaries			
Arif Habib Limited	- Services availed	**4,964,384**	2,548,823
	- Dividend income / received	**108,114,711**	360,382,370
	- Guarantee commission income	**264,829**	-
	- Guarantee commission received	**16,304**	-
Sachal Energy Development (Private) Limited	- Loan extended	**-**	168,000,000
	- Loan recoveries	**525,000,000**	600,000,000
	- Mark-up income on loan and advance	**8,585,884**	4,871,233
	- Mark-up received on loans and advances	**15,130,405**	1,645,480
	- Guarantee commission income	**8,827,806**	3,510,947
	- Guarantee commission received	**8,636,707**	770,197
Associates			
MCB -Arif Habib Savings and Investments Limited	- Dividend income / received	**37,912,292**	37,912,292
Associated companies by virtue of common directorship and related concern			
Aisha Steel Mills Limited	- Loan extended	**1,927,000,000**	250,000,000
	- Loan recoveries	**1,018,955,612**	259,477,830
	- Mark-up income on loan and advance	**71,049,209**	15,105,255
	- Mark-up received on loans and advances	**47,432,994**	19,902,436
	- Guarantee commission income	**2,853,592**	2,339,070
	- Guarantee commission received	**1,896,564**	971,004
	- Subscription on right issue	**-**	155,127,056
Power Cement Limited	- Guarantee commission income	**474,689**	40,761
	- Guarantee commission received	**122,499**	107,725
Javedan Corporation Limited	- Dividend income / received	**17,672,218**	33,333,833
	- Loan extended	**1,082,000,000**	1,250,000,000
	- Loan recoveries	**1,710,100,000**	-
	- Mark-up income on loan and advance	**67,239,938**	18,027,233
	- Mark-up received on loans and advances	**81,039,998**	-
	- Receipts from sale of investment property	**-**	2,167,586,914
	- Subscription on right issue	**-**	386,172,255

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

		Nine months period ended	
		31 March 2019	31 March 2018
		------------- (Rupees) -------------	
Rotocast Engineering Company (Private) Limited	- Payment of rent and sharing of utilities, insurance and maintenance charges	**18,630,345**	22,316,412
Summit Bank Limited	- Principal repayment of loan	**455,000,000**	-
	- Mark-up expense on loan	**1,165,548**	31,926,148
	- Mark-up paid on loan	**9,006,507**	21,300,198
Others			
Mr. Arif Habib	- Dividend paid	**631,341,934**	785,318,901
Employees post retirement benefit fund - Provident fund	- Company's contribution	**3,055,506**	1,462,491
Remuneration of chief executive officer, directors and other key management personnel	- Managerial remuneration	**15,747,930**	12,226,737
	- Contribution to provident fund	**1,160,922**	1,022,214
	- Bonus	**3,192,486**	1,334,170
	- Other perquisites and benefits	**2,838,699**	2,069,910
	- Meeting fee paid to directors	**185,000**	385,000

Balances with :		**31 March 2019 (Unaudited)**	30 June 2018 (Audited)
Subsidiaries		------------- (Rupees) -------------	
Sachal Energy Development (Private) Limited	- Guarantee commission receivable	**2,993,913**	2,802,814
	- Markup receivable	**-**	6,544,521
Arif Habib Limited	- Guarantee commission receivable	**248,525**	-
Associates			
Silkbank Limited	- Short term investment	**4,900,225,000**	4,900,225,000
Associated companies by virtue of common directorship and related concern			
Aisha Steel Mills Limited	- Markup receivable	**33,286,577**	9,670,362
	- Guarantee commission receivable	**957,028**	869,364
	- Short term investment	**829,008,221**	940,045,221
Power Cement Limited	- Guarantee commission receivable	**352,190**	-
	- Short term investment	**790,570,107**	647,117,919
Javedan Corporation Limited	- Markup receivable	**15,167,474**	28,967,534
	- Short term investment	**758,490,300**	892,673,931
Arif Habib Dolmen REIT Management Limited	- Receivable against transfer of asset	**42,680**	-
Summit Bank Limited	- Markup accrued on borrowings	**-**	8,613,195

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

20. DATE OF AUTHORISATION FOR ISSUE

The condensed interim unconsolidated financial information has been authorised for issue on 24 April 2019 by the Board of Directors of the Company.

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31ST MARCH 2019

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2019

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited) (Restated)	1 July 2017 (Audited) (Restated)
		------(Rupees)------		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000	10,000,000,000
Share capital				
Issued, subscribed and paid-up share capital		**4,537,500,000**	4,537,500,000	4,537,500,000
Capital reserves				
Surplus on revaluation of fixed assets		**15,432,500**	15,432,500	15,432,500
Revenue reserves		**16,765,523,193**	17,782,829,088	17,656,329,854
Equity attributable to owners of the Parent		**21,318,455,693**	22,335,761,588	22,209,262,354
Non-controlling interest		**1,741,309,580**	1,743,177,429	1,130,836,818
Total Equity		**23,059,765,273**	24,078,939,017	23,340,099,172
Non-current liabilities				
Long term loans - secured		**9,723,251,449**	9,089,040,050	8,801,426,130
Liabilities against assets subject to finance lease		**-**	-	470,480
Land lease liability		**9,501,307**	9,551,705	9,167,163
Deferred liability - Gratuity		**13,751,331**	10,154,032	6,857,337
Deferred taxation - net		**1,325,900,527**	1,177,271,760	986,504,840
		11,072,404,614	10,286,017,547	9,804,425,950
Current liabilities				
Trade and other payables		**5,655,654,754**	5,772,561,951	3,665,382,678
Mark-up accrued on borrowings		**443,386,062**	164,980,400	392,013,599
Short term borrowings		**5,638,517,738**	2,769,332,887	2,952,849,499
Current portion of long term loans		**1,407,000,000**	1,346,179,583	1,115,431,028
Current portion of liabilities against assets subject to finance lease		**-**	1,345,933	1,345,933
Current portion of land lease liability		**1,360,000**	1,360,000	1,360,000
Payable against purchase of investment - net		**33,596,424**	115,245,044	-
Provision for taxation		**255,902,181**	396,065,810	457,522,632
Unclaimed dividend		**48,028,633**	43,856,170	49,689,655
		13,483,445,792	10,610,927,778	8,635,595,024
Contingencies and commitments	5			
		47,615,615,679	44,975,884,342	41,780,120,146

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

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2019

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited) (Restated)	1 July 2017 (Audited) (Restated)
		(Rupees)		
ASSETS				
Non-current assets				
Property, plant and equipment	6	**14,398,229,927**	13,304,578,704	12,456,140,468
Intangible assets - others		**2,558,450**	2,989,616	3,761,009
Goodwill		**910,206,117**	910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		**17,100,000**	17,100,000	17,100,000
Investment properties		**1,743,648,000**	1,373,500,000	2,362,374,219
Equity accounted associates	7	**17,402,860,396**	17,034,078,604	16,786,341,661
Other long term investments		**69,043,956**	72,390,122	84,314,338
Long term loan to related party		**163,404,133**	182,359,745	-
Long term deposits and other receivables		**46,826,661**	46,076,859	49,535,059
		34,753,877,640	32,943,279,767	32,669,772,871
Current assets				
Trade debts		**2,362,587,206**	1,400,735,099	1,479,383,278
Loans and advances		**1,626,864,530**	1,750,769,161	346,324,959
Deposits and prepayments		**88,956,313**	69,742,548	45,749,075
Advance tax		**180,197,072**	315,582,252	577,036,715
Accrued mark-up and other receivables		**980,781,226**	768,675,981	199,067,812
Receivable against sale of investment - net		**-**	-	148,659,303
Short term investments		**6,639,261,076**	6,638,752,545	5,340,218,228
Cash and bank balances		**983,090,616**	1,088,346,989	973,907,905
		12,861,738,039	12,032,604,575	9,110,347,275
		47,615,615,679	44,975,884,342	41,780,120,146

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

Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the nine months period and quarter ended 31st March 2019

	Note	Nine months period ended		Quarter ended	
		31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
		---- (Rupees) ----			
Operating revenue	8	**1,707,723,076**	2,580,916,016	**708,283,004**	1,206,100,889
Operating and administrative expenses		**(1,287,377,399)**	(1,077,758,956)	**(424,700,634)**	(385,043,697)
Unrealised gain on remeasurement of investment property		**356,400,000**	344,580,000	**114,701,640**	-
Other income		**57,647,970**	84,164,322	**3,247,477**	39,916,432
Finance cost		**(1,027,934,634)**	(771,428,766)	**(376,653,886)**	(265,455,797)
Other charges	9	**(23,458,761)**	(2,257,682)	**(6,658,761)**	(865,430)
		(216,999,748)	1,158,214,934	**18,218,840**	594,652,397
Share of profit of equity-accounted associates investees - net of tax		**425,087,126**	848,226,498	**299,924,586**	396,505,262
Profit before tax		**208,087,378**	2,006,441,432	**318,143,426**	991,157,659
Taxation	10	**(244,482,791)**	(474,437,465)	**(242,365,876)**	(148,973,291)
(Loss) / profit after tax		**(36,395,413)**	1,532,003,967	**75,777,550**	842,184,368
(Loss) / profit attributable to:					
Equity holders of the Parent Company		**(91,412,853)**	1,415,544,203	**89,055,724**	709,752,986
Non-controlling interests		**55,017,440**	116,459,764	**(13,278,174)**	132,431,382
		(36,395,413)	1,532,003,967	**75,777,550**	842,184,368
(Loss) / earnings per share - basic & diluted		**(0.20)**	3.12	**0.20**	1.56

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

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 31st March 2019

	Nine months period ended		Quarter ended	
	31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
	---------------------------- (Rupees)		-------------------------	
(Loss) / profit after tax	**(36,395,413)**	1,532,003,967	**75,777,550**	842,184,368
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Share of other comprehensive income of equity-accounted associates - net of tax	**(1,230,679)**	(8,013,206)	**14,472,823**	10,115,366
Items that will never be reclassified subsequently to profit or loss				
Share of other comprehensive income of equity-accounted associates - net of tax	**(17,162,363)**	(7,697,545)	**(17,162,363)**	(1,131,212)
Other comprehensive income for the period	**(18,393,042)**	(15,710,751)	**(2,689,540)**	8,984,154
Total comprehensive income for the period	**(54,788,455)**	1,516,293,216	**73,088,010**	851,168,522
Total comprehensive income attributable to:				
Equity holders of the Parent Company	**(109,805,895)**	1,399,833,452	**86,366,184**	718,737,140
Non-controlling interests	**55,017,440**	116,459,764	**(13,278,174)**	132,431,382
	(54,788,455)	1,516,293,216	**73,088,010**	851,168,522

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 31st March 2019

	Equity attributable to owners of the Parent							
		Capital Reserve	Revenue reserves					Total
	Issued, subscribed and paid up share capital	Surplus on revaluation	Unrealised appreciation / (diminution) on remeasurement of investment classified as 'fair value through other comprehensive income	General reserve	Unappropriated profit	Total	Non-controlling interests	
	(Rupees)							
Balance as at 1 July 2017 - as previously reported	4,537,500,000	15,432,500	207,898,277	4,019,567,665	13,428,863,912	22,209,262,354	1,130,836,818	23,340,099,172
Restatement due to change in accounting policy (refer note 3.4) - net of tax	-	-	(89,788,814)	-	89,788,814	-	-	-
Balance as at 1 July 2017 - Restated	4,537,500,000	15,432,500	118,109,463	4,019,567,665	13,518,652,726	22,209,262,354	1,130,836,818	23,340,099,172
Total comprehensive income for the nine months period 31 March 2018								
Profit for the nine months period ended 31 March 2018	-	-	-	-	1,415,544,203	1,415,544,203	116,459,764	1,532,003,967
Other comprehensive income	-	-	(8,013,206)	-	(7,697,545)	(15,710,751)	-	(15,710,751)
Transactions with owners recorded directly in equity								
Distributions Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2017	-	-	-	-	(1,361,250,000)	(1,361,250,000)	-	(1,361,250,000)
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(65,675,775)	(65,675,775)	519,210,675	453,534,900
	-	-	(8,013,206)	-	(19,079,117)	(27,092,323)	635,670,439	608,578,116
Distribution by Subsidiaries	-	-	-	-	-	-	(189,617,630)	(189,617,630)
Balance as at 31 March 2018 - Restated	4,537,500,000	15,432,500	110,096,257	4,019,567,665	13,499,573,609	22,182,170,031	1,576,889,627	23,759,059,658

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 31st March 2019

	Equity attributable to owners of the Parent							
		Capital Reserve	Revenue reserves					Total
	Issued, subscribed and paid up share capital	Surplus on revaluation	Unrealised appreciation / (diminution) on remeasurement of investment classified as 'fair value through other comprehensive income	General reserve	Unappropriated profit	Total	Non-controlling interests	
	(Rupees)							
Balance as at 31 March 2018 - Restated	4,537,500,000	15,432,500	110,096,257	4,019,567,665	13,499,573,609	22,182,170,031	1,576,889,627	23,759,059,658
Total comprehensive income for the three months period 30 June 2018								
Profit for the three months period ended 30 June 2018	-	-	-	-	188,099,677	188,099,677	143,234,121	331,333,798
Other comprehensive income	-	-	(5,454,848)	-	(5,999,591)	(11,454,439)	-	(11,454,439)
	-	-	(5,454,848)	-	182,100,086	176,645,238	143,234,121	319,879,359
Transactions with owners recorded directly in equity								
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(23,053,681)	(23,053,681)	23,053,681	-
Balance as at 30 June 2018 - Restated	**4,537,500,000**	**15,432,500**	**104,641,409**	**4,019,567,665**	**13,658,620,014**	**22,335,761,588**	**1,743,177,429**	**24,078,939,017**
Total comprehensive income for the nine months period 31 March 2019								
Profit for the nine months period ended 31 March 2019	-	-	-	-	(91,412,853)	(91,412,853)	55,017,440	(36,395,413)
Other comprehensive income	-	-	(18,393,042)	-	-	(18,393,042)	-	(18,393,042)
Transactions with owners recorded directly in equity								
Distributions Final cash dividend at the rate of Rs. 2 per share for the year ended 30 June 2018	-	-	-	-	(907,500,000)	(907,500,000)	-	(907,500,000)
	-	-	(18,393,042)	-	(998,912,853)	(1,017,305,895)	55,017,440	(962,288,455)
Distribution by Subsidiaries	-	-	-	-	-	-	(56,885,289)	(56,885,289)
Balance as at 31 March 2019	**4,537,500,000**	**15,432,500**	**86,248,367**	**4,019,567,665**	**12,659,707,161**	**21,318,455,693**	**1,741,309,580**	**23,059,765,273**

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

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the nine months period ended 31st March 2019

	Note	Nine months period ended 31 March 2019	31 March 2018 (Restated)
		------------------ (Rupees) ------------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(321,481,855)	2,365,780,731
Taxes paid		(100,632,473)	(235,719,818)
Finance cost paid		(749,528,972)	(860,924,542)
Interest received		124,976,254)	19,876,641
Gratuity paid		(132,936)	(1,028,042)
Net cash (used in) / generated from operating activities		(1,046,799,982)	1,287,984,970
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred including exchange gain		(1,695,292,187)	(1,008,421,861)
Proceeds from sale of property, plant and equipment		808,398	1,051,434
Acquisition of intangible assets		-	(96,000)
Proceeds from sale of investment property		148,655,000	2,431,945,383
Expenditure incurred on investment properties		(151,088,000)	(829,120,000)
Dividend received from equity accounted investee		37,912,292	37,912,292
Long term deposits - net		(749,802)	(19,613,090)
Net cash (used in) / generated from investing activities		(1,659,754,299)	613,658,158
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in long term financing		695,031,816	462,676,729
Land lease rent		(1,360,000)	(1,360,000)
Liability against assets subject to finance lease		(1,345,933)	(405,923)
Dividend paid		(907,500,000)	(1,361,250,000)
Distribution by subsidiary to non-controlling interest		(56,885,289)	(189,617,630)
Unclaimed dividend		4,172,463	(5,833,485)
Net cash used in financing activities		(267,886,943)	(1,095,790,309)
Net (decrease) / increase in cash and cash equivalents		(2,974,441,224)	805,852,819
Cash and cash equivalents at beginning of the period		(1,680,985,898)	(1,978,941,594)
Cash and cash equivalents at end of the period	12	(4,655,427,122)	(1,173,088,775)

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

Chief Executive Officer | Chief Financial Officer | Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

1. LEGAL 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 registered office of the Parent Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the nine months period ended 31 March 2019 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

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

1.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 7 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The 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 Certificates 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 INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

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, Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. AHCPL is a wholly owned subsidiary of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).

1.3 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 Company is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activities of AH1857 are investments and shares brokerage. AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).

1.4 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 House no 638-A, main double road, sector E-11/3, NPF, Islamabad, Pakistan. The principal activity of SEDPL is to generate and sell electricity up to 49.5 MW. The wind power plant is located in Jhampir, district Thatta, Sindh province for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to the SEDPL under a sublease agreement.

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.

1.6 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 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM2++ (30 June 2018: AM2++) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 8 October 2018. The fund under management is Rs. 82.1 billion (30 June 2018: Rs. 82.69 billion).

1.7 Fatima Fertilizer Company Limited (FFCL) and its wholly owned subsidiary - Fatimafert Limited (FF) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies, Act 2017). FFCL is listed on Pakistan Stock Exchange Limited. The control of FF was transferred to FFCL on 1 July 2015. The principal activity of the FFCL and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered offices of the FFCL and FF are located in Lahore, Pakistan. The manufacturing facility of FFCL is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located at Chichoki Mallian at Sheikhupura Road.

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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, Reliance Sacks Limited (RSL). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the RSL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth and liners. PFL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt while its manufacturing facility is located in Multan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial information for the nine months period ended 31 March 2019 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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; and

- Provisions for and directives issued under the Companies Act, 2017.

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

The condensed interim consolidated financial information is unaudited and does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the year ended 30 June 2018. The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2018.

This condensed interim consolidated financial information is presented in Pakistan Rupees which is the Group's functional currency and presentation currency.

2.2 Basis of Measurement

The condensed interim consolidated financial information have been prepared under the historical cost convention unless stated otherwise.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of the condensed interim consolidated financial information are the same as those applied in the preparation of audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2018 except for the adoption of IFRS 9 'Financial Instruments' as of 1 July 2018 as referred to in note 3.4 to the condensed interim consolidated financial information.

The adoption of IFRS 15 'Revenue from contracts with customers', as of 1 July 2018, did not impact the timing or amount of the operating revenue and related assets and liabilities recognised by the Group. Accordingly there is no change on comparative information.

3.2 New standards, interpretations and amendments adopted by the Group

International Accounting Standards Board (IASB) introduced IFRS 9 'Financial Instruments' which had a mandatory effective date for annual period beginning on or after 1 January 2018, However, by virtue of SRO 1007(1)/2017, SECP made mandatory for all classes of companies to adopt IFRS 9 for annual period beginning on or after 1 July 2018. Subsequent to the year end, certain companies approached SECP to defer the applicability of IFRS 9 in view of the complexities involved in the implementation of the standard. Consequently, SECP, vide its notification dated 14 February 2019, has modified the effective date for applicability IFRS 9 to reporting periods ending on or after 30 June 2019 permitting earlier application.

The Group has early adopted IFRS 9 'Financial Instruments' from 1 July 2018. The impact of the adoption of IFRS 9 and the new accounting policies are disclosed in note 3.4 below. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Group's condensed interim consolidated financial information.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's condensed interim consolidated financial information.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of this standard is not likely to have an impact on Group's condensed interim consolidated financial information.

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- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's condensed interim consolidated financial information.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's condensed interim consolidated financial information.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a group increases its interest in a joint operation that meets the definition of a business. A Group remeasures its previously held interest in a joint operation when it obtains control of the business. A Group do not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's condensed interim consolidated financial information.

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For the nine months period ended 31st March 2019

3.4 Change in accounting policy

The impact of the adoption of IFRS 9 'Financial Instruments' on the Group's condensed interim consolidated financial information is explained below. It also discloses the new accounting policy that has been applied from 1 July 2018, as this is different from that applied in prior periods.

3.4.1 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and

- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 July 2018:

		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
				(Rupees)	
Financial assets					
Other long term investments	(a)	Designated at FVTPL	Mandatorily at FVTPL	72,390,122	72,390,122
Short term investments	(a)	Designated at FVTPL	Mandatorily at FVTPL	5,746,078,614	5,746,078,614
Short term investments	(b)	Available-for-sale	Mandatorily at FVTPL	892,673,931	892,673,931
Long term loan to related party, deposits and other receivables	(c)	Loans and receivables	Amortised cost	228,436,604	228,436,604
Loans and advances	(c)	Loans and receivables	Amortised cost	1,750,769,161	1,750,769,161
Markup and other receivable	(c)	Loans and receivables	Amortised cost	768,675,981	768,675,981
Cash and bank balances	(c)	Loans and receivables	Amortised cost	1,088,346,989	1,088,346,989
				10,547,371,402	10,547,371,402

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(a) Long term investments in associates and short term investments classified as financial assets at fair value through profit or loss - designated at fair value through profit or loss have been measured mandatorily at fair value through profit or loss with value changes continue to be recognised in condensed interim consolidated statement of profit or loss and other comprehensive income.

(b) In accordance with the transitional provisions of IFRS 9, short term investments classified as financial assets at 'available-for-sale' have been retrospectively reclassified as 'fair value through profit or loss' based on the business model whose objective is neither to collect the contractual cash flows nor both collecting contractual cash flows and selling of financial assets. The change of policy has been accounted in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of prior periods. The effect of change in the accounting policy in the condensed interim consolidated statement of financial position is given below:

	30 June 2018		
	As previously reported	Impact due to change in accounting policy	As restated
	(Rupees)		
Effect on consolidated statement of financial position			
Increase in short term investments classified at fair value through profit or loss	**5,746,078,614**	892,673,931	6,638,752,545
Decrease in short term investments classified at fair value through other comprehensive income	**892,673,931**	(892,673,931)	-
Short term investments	**6,638,752,545**	-	6,638,752,545

	30 June 2018		
	As previously reported	Impact due to change in accounting policy	As restated
	(Rupees)		
Effect on consolidated statement of profit or loss and other comprehensive income			
Decrease in unrealised appreciation / diminution on remeasurement of investments classified as 'Fair value through Other Comprehensive Income'	**168,678,393**	(64,036,984)	104,641,409
Increase in unappropriated profits	**13,594,583,030**	64,036,984	13,658,620,014

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For the nine months period ended 31st March 2019

	Three months period ended on 30 June 2018	Nine months period ended on 31 March 2018	Prior to 1 July 2017
	---------- (Rupees) ----------		
Effect on statement of comprehensive income			
Revenue	**165,373,478**	132,821,666	115,033,293
Deferred tax (expense) / income - statement of profit or loss and other comprehensive income	**(14,262,819)**	(11,892,568)	(25,244,479)
Unrealised (diminution) / appreciation during the period on remeasurement of investments classified as 'available for sale' - net of tax	**(151,110,659)**	(120,929,098)	(89,788,814)

(c) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

Besides above reclassification, IFRS 9 does not have impact on Group's other accounting policies.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments classified as at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and advances. Loans and advances are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Group's experience with its related parties having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Group.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 30 June 2018.

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5. 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 2018 except for the following outstanding commitments of AHL, Subsidiary Company, as at period end:

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

6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 9.23 million (30 June 2018: 19.99 million). The exchange gain of Rs. 1,686 million (30 June 2018: 1.55 billion) has also been capitalised. Further, assets having written down value of Rs. 0.67 million (30 June 2018: 1.15 million) were disposed off.

7. EQUITY ACCOUNTED ASSOCIATES

	Note	Unaudited 31 March 2019	Audited 30 June 2018
		(Rupees)	(Rupees)
Pakarab Fertilizers Limited (PFL)	7.1	**593,946,956**	1,785,318,300
Fatima Fertilizer Company Limited (FFCL)	7.2	**11,511,974,668**	10,107,412,937
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	7.3	**573,963,546**	592,687,874
Silkbank Limited	7.4	**4,842,957,831**	4,668,642,098
		17,522,843,001	17,154,061,209
Less: Provision for impairment		**(119,982,605)**	(119,982,605)
		17,402,860,396	17,034,078,604

7.1 Investment in PFL (unquoted) represents 135 million (30 June 2018: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (30 June 2018: 30%) of PFL's paid up share capital as at 30 June 2018, having cost of Rs. 1,324.33 million (30 June 2018: Rs. 1,324.33 million).

7.2 Investment in FFCL (quoted) represents 319 million (30 June 2018: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (30 June 2018: 15.19%) of FFCL's paid up share capital as at 31 March 2019. Fair value per share as at 31 March 2019 is Rs. 33.38 (30 June 2018: Rs. 32.40) which is based on quoted share price on stock exchange at reporting date.

7.3 Investment in MCB-AH (quoted) represents 21.66 million (30 June 2018: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (30 June 2018: 30.09%) of MCB-AH's paid up share capital as at 31 March 2019. Fair value per share as at 31 March 2019 was Rs. 24.92 (30 June 2018: Rs. 20.00) which is based on quoted share price on stock exchange at reporting date.

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7.4 Investment in Silkbank (quoted) represent 2.563 billion (30 June 2018: 2.563 billion) ordinary shares issued by Silkbank Limited at a purchase price of Rs. 1.56 per share under an agreement, representing 28.23% shareholding (30 June 2018: 28.23%) in Silkbank and accounted for as associates in accordance with the requirement of IAS 28 'Investments in Associates and Joint Ventures.

8. OPERATING REVENUE

	Nine months period ended		Quarter ended	
	31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
	(Rupees)			
Dividend income	**88,523,197**	97,260,520	**10,175,400**	-
Mark-up income on loans and advances	**141,328,928**	33,132,488	**49,815,195**	23,143,776
Brokerage income	**204,457,928**	222,339,639	**63,507,040**	78,101,739
Mark-up on bank deposits	**36,888,840**	36,223,997	**13,837,456**	12,592,007
Underwriting, consultancy and placement commission	**197,131,448**	131,278,778	**102,989,590**	42,178,543
Revenue from sale of energy - net	**1,893,289,085**	1,703,667,651	**488,763,721**	284,122,386
Income from reverse repo transaction	**-**	3,057,018	**-**	1,019,838
Loss on remeasurement of investments - net	**(1,048,486,179)**	(112,164,592)	**(78,535,371)**	761,161,141
Gain on disposal of investment properties	**-**	218,822,883	**-**	(5,221,453)
Gain on sale of investments - net	**194,589,829**	247,297,634	**57,729,973**	9,002,912
	1,707,723,076	2,580,916,016	**708,283,004**	1,206,100,889

9. OTHER CHARGES

This includes donation paid to 'Prime Minister and Chief Justice of Pakistan Fund for Diamer-Bhasha and Mohmand Dams', 'Usman Memorial Hospital Foundation', 'Shaukat Khanum Memorial Trust', 'World Memon Organization', 'Patients Aid Foundation' and Safi Benevolent Trust' amounting to Rs. 10 million, Rs. 10 million, Rs. 1 million, Rs. 1 million, Rs. 0.5 million and Rs. 0.5 million, respectively. Further, there are no donations to any person, institution or organisation in which a director or his spouse had any interest, except for donation made to Safi Benevolent Trust in which Mr. Nasim Beg, Director, who is a honorary consultant of donee.

10. TAXATION

	Nine months period ended		Quarter ended	
	31 March 2019	31 March 2018 (Restated)	**31 March 2019**	31 March 2018 (Restated)
	(Rupees)			
For the period				
- Current	**94,718,579**	137,751,834	**14,172,313**	31,106,116
- Prior	**1,135,447**	-	**-**	-
- Deferred	**148,628,765**	336,685,631	**228,193,563**	117,867,175
	244,482,791	474,437,465	**242,365,876**	148,973,291

10.1 Under section 5A of the Income Tax Ordinance, 2001 as amendment by the Finance Act 2018, tax shall be imposed at the rate of 5% of the accounting profit before tax on the every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

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

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11. CASH (USED IN) / GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2019	31 March 2018 (Restated)
	---------- (Rupees) ----------	
Profit before tax	**208,087,378**	2,006,441,432
Adjustments for:		
Depreciation	**600,819,653**	520,190,047
Amortisation	**431,166**	723,684
Loss on sale of property, plant and equipment	**12,913**	35,073
Unrealised loss / (gain) on remeasurement of other long term investment	**3,346,166**	(716,818)
Unrealised gain on short term investments	**(1,051,832,345)**	(365,395,655)
Gain on disposal of investment property	**(11,315,000)**	(218,822,883)
Unrealised gain on re-measurement of investment property	**(356,400,000)**	(344,580,000)
Share of profit of equity-accounted associates - net of tax	**(425,087,126)**	(848,226,498)
Mark-up on loans and advances	**(141,328,928)**	(33,132,488)
Amortisation of land lease rent	**1,309,602**	1,309,601
Finance cost	**1,027,934,634**	771,428,766
Provision for gratuity	**3,730,235**	3,465,081
	(348,379,030)	(513,722,090)
Operating (loss) / profit before working capital changes	**(140,291,652)**	1,492,719,342
Changes in working capital:		
Decrease / (increase) in current assets		
Trade debts	**(961,852,107)**	(132,981,421)
Loans and advances	**142,860,243**	(931,476,637)
Deposits and prepayments	**(19,213,765)**	(6,502,273)
Receivable against sale of investment - net	**-**	148,659,303
Accrued mark-up and other receivables	**(195,752,571)**	(4,811,979)
Short term investments	**1,051,323,814**	(1,320,517,740)
(Decrease) / increase in current liabilities		
Trade and other payables	**(116,907,197)**	3,077,328,425
Payable against sale of securities - net	**(81,648,620)**	43,363,711
	(181,190,203)	873,061,389
Cash (used in) / generated from operations	**(321,481,855)**	2,365,780,731

12. CASH AND CASH EQUIVALENTS

Cash and bank balances	**983,090,616**	1,674,589,686
Short term borrowings	**(5,638,517,738)**	(2,847,678,461)
	(4,655,427,122)	(1,173,088,775)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

13. FINANCIAL RISK MANAGEMENT

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 2018.

14. 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 2018.

15. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Name of the related party	Transactions during the period	Nine months period ended	
		31 March 2019	31 March 2018
		------------ (Rupees) ------------	
Associates			
MCB -Arif Habib Savings and Investments Limited		**37,912,292**	37,912,292
Associated companies by virtue of common directorship and related concern			
Aisha Steel Mills Limited	- Loan extended	**1,927,000,000**	250,000,000
	- Loan repayment	**1,018,955,612**	259,477,830
	- Mark-up on loan and advance	**71,049,209**	15,105,255
	- Mark-up received	**47,432,994**	19,902,436
	- Guarantee commission income	**2,853,592**	2,339,070
	- Guarantee commission received	**1,896,564**	971,004
	- Subscription of right shares	**-**	155,127,056
Power Cement Limited	- Guarantee commission income	**474,689**	40,761
	- Guarantee commission received	**122,499**	107,725

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

		Nine months period ended	
		31 March 2019	31 March 2018
		------------ (Rupees) ------------	
Javedan Corporation Limited	- Dividend income / received	**17,672,218**	33,333,833
	- Mark-up on loan and advance	**1,082,000,000**	18,027,233
	- Mark-up received	**1,710,100,000**	-
	- Loan extended	**67,239,938**	1,250,000,000
	- Loan repayment	**81,039,998**	-
	- Receipts from sale of investment property	**-**	2,167,586,914
	- Subscription on right issue	**-**	386,172,255
Rotocast Engineering Company (Private) Limited	- Payment of rent and sharing of utilities, insurance and maintenance charges	**49,129,180**	37,990,092
Summit Bank Limited	- Principal payment of loan	**455,000,000**	-
	- Mark-up expense on loan	**1,165,548**	31,926,148
	- Mark-up paid on loan	**9,006,507**	21,300,198
Arif Habib Securities Limited - Employees Provident fund	- Company's Contribution	**3,055,506**	1,462,491
Arif Habib Limited - Provident fund	- Company's Contribution	**4,714,054**	4,479,946
Mr. Arif Habib	- Dividend paid	**631,341,934**	785,318,901
Remuneration of chief executive officer, directors and other key management personnel	- Managerial Remuneration	**21,076,082**	17,970,007
	- Contribution to provident fund	**1,160,922**	1,022,214
	- Bonus	**3,192,486**	1,334,170
	- Other perquisites and benefits	**2,838,699**	2,069,910
	- Meeting fee paid to Directors	**510,000**	810,000
	- Brokerage commission	**18,369,261**	4,585,669

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

		Unaudited 31 March 2019	Audited 30 June 2018
		------------ (Rupees) -----------	
Balances with:			
Associated companies by virtue of common directorship and related concern			
Aisha Steel Mills Limited	Mark-up receivable	**33,286,577**	9,670,362
	Guarantee commission receivable	**957,028**	869,364
	Short term investment	**829,008,221**	940,045,221
	Loan - unsecured	**1,102,000,000**	175,000,000
	Loan - secured	**182,359,793**	201,315,405
Power Cement Limited	Guarantee commission receivable	**352,190**	-
	Short term investment	**790,570,107**	647,117,919
Javedan Corporation Limited	Mark-up receivable	**15,167,474**	28,967,534
	Short term investment	**758,490,300**	892,673,931
	Loan - unsecured	**499,900,000**	1,468,000,000
Arif Habib Dolmen REIT Management Limited	Receivable against transfer of asset	**42,680**	8,613,195
Summit Bank Limited	Markup accrued on borrowings	**-**	8,613,195
Key management personnel	Balance receivable	**-**	103,235
	Balance payable	**13,600,201**	154,879

16. REPORTABLE SEGMENTS

16.1 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"

16.2 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 2018. 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.

16.3 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.

16.4 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the nine months period ended 31st March 2019

17. DATE OF AUTHORISATION FOR ISSUE

17.1 This condensed interim consolidated financial information has been authorised for issue on 24 April 2019 by the Board of Directors of the Parent Company.

Chief Executive Officer	Chief Financial Officer	Director

Arif Habib Corp

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