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Third Quarterly Report 31st March 2023



Arif Habib Corp

CONTENT

02 Company Information

04 Directors' Review Report

07 Condensed Interim Unconsolidated Financial Statements

- 08** Condensed Interim Unconsolidated Statement of Financial Position
- 10** Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)
- 11** Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)
- 12** Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)
- 13** Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)
- 14** Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

27 Condensed Interim Consolidated Financial Statements

- 28** Condensed Interim Consolidated Statement of Financial Position
- 30** Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)
- 31** Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
- 32** Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
- 33** Condensed Interim Consolidated Statement of Cash Flow (Unaudited)
- 34** Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)



COMPANY

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

Khawaja Jalaluddin Roomi
Independent Director

Zeba Bakhtiar
Independent Director

Nasim Beg
Non-Executive Director

Samad A. Habib
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Kashif A. Habib
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 Operating & 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

National Bank Of Pakistan

Standard Chartered Bank
(Pakistan) Limited

Sindh Bank Limited

Summit Bank Limited

Soneri Bank Limited

The Bank Of Khyber

The Bank Of Punjab

United Bank Limited

INFORMATION

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

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

Registrar & Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahrah-e-Faisal, Karachi
Phone: (021) 111-111-500
Fax: (021) 34326053
URL: www.cdcrsl.com
Email: info@cdcrsl.com

DIRECTORS' REVIEW REPORT

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) present herewith the Directors' report of the Company together with interim condensed consolidated and unconsolidated financial statements for the nine months and third quarter ended 31st March 2023.

The Economy

The nine-month period under review has been difficult for Pakistan's economy due to several negative factors, including devastating floods at the beginning of the period, a highly volatile political situation, and a sharp decline in the value of the rupee resulting in high inflation and interest rates. These factors created an unfavorable business environment that adversely affected GDP growth. The value of Pak Rupee declined by 28% during the period, and inflation rate surged to 27%. Interest rates skyrocketed, and the State Bank of Pakistan's policy rate reached 21%. The Government had to take significant steps to meet IMF conditionalities, and an agreement with the IMF is expected to contribute towards the stabilization of Pakistan's economy.

Financial Results

During the nine-month period ending on 31 March 2023 ('9MFY23'), your company recorded a consolidated profit after tax (attributable to the shareholders) of PKR 1,663 million, as compared to a profit after tax of PKR 3,719 million during the same period last year ('SPLY'). This resulted in earnings of PKR 4.07 per share, compared to earnings of PKR 9.10 per share in SPLY. On an unconsolidated basis, the company recorded a loss after tax of PKR 1,456 million, resulting in loss of PKR 3.57 per share, compared to a profit after tax of PKR 4,764 million, or earnings per share of PKR 11.67 in SPLY. This loss is on account of unrealized remeasurement of investment portfolio. However, owing to cash dividends from investee companies, operating revenue has been significantly higher as compared in the comparative period.

Performance of Subsidiaries and Associates

The Securities brokerage subsidiary- Arif Habib Limited (AHL), has reported after-tax loss due to persistent decline in traded volumes and values in the equity market. Sachal Energy, the Company's wind power project, has performed well with an increase in after-tax profit during 9MFY23 as compared to SPLY. The real estate venture of the Company- Javedan Corporation Limited, has recorded good after-tax profit during the nine months period. Our industrial investees' performance remained under pressure during the period due to macroeconomic challenges such as limited availability of foreign exchange, currency devaluation, higher inflation, high interest rates, and an uncertain political and economic outlook. Fatima Fertilizer Company Limited (FFCL) - a fertilizer manufacturing associate, reported a marginal decline in profitability as compared to the same period last year. Aisha Steel Mills Limited reported a loss; Power Cement reported a marginal profit.

Event after the reporting period:

Subsequent to the Balance Sheet date, the Company completed the transaction of sale of its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited to MCB Bank Limited. The sale was carried out at a price of Rs. 30 per share and all necessary statutory approvals were already obtained prior to its completion.

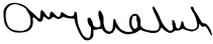
Future Outlook

Despite the challenging business environment characterized by high interest rates, higher taxation rates, inflation, and a depreciating currency value, we expect our diversified portfolio to provide a cushion to Company's earnings. We anticipate that our fertilizer, wind power, and real estate businesses will perform well, while financial services and cement are expected to break even. Our steel business, however, is expected to face a loss.

Acknowledgement

We extend our heartfelt gratitude to the shareholders of the company for their unwavering confidence and support. We would also like to express our sincere appreciation to our bankers, business partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, and the management of Pakistan Stock Exchange for their invaluable support and guidance. The unwavering dedication and commitment of our employees during the period is acknowledged and deeply appreciated.

For and on behalf of the Board



Mr. Arif Habib
Chief Executive



Mr. Asadullah Khawaja
Chairman

Karachi: 28th April 2023

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD
ENDED 31ST MARCH 2023**

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

As at 31st March 2023

	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipments	4	26,111,650	37,430,437
Intangible assets		335,300	451,355
Long term investments	5	15,674,804,205	19,184,747,220
Long term loan to related party	6	78,103,657	106,537,149
Long term deposits and other receivable		5,880,378	5,087,578
		15,785,235,190	19,334,253,739
CURRENT ASSETS			
Loans and advances	7	2,534,138,182	1,145,638,900
Mark-up receivable	8	107,094,084	56,655,241
Prepayments and other receivables	9	8,413,640	7,901,910
Short term investments	10	5,706,235,733	5,478,335,260
Cash and bank balances		39,965,629	41,034,791
		8,395,847,268	6,729,566,102
TOTAL ASSETS		24,181,082,458	26,063,819,841



Chief Executive Officer



Director



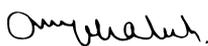
Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2023

	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid up share capital		4,083,750,000	4,083,750,000
Revenue reserves			
General reserve		4,000,000,000	4,000,000,000
Unappropriated profit		12,634,785,756	15,793,296,784
Fair value reserve		(757,134,001)	(43,327,588)
TOTAL EQUITY		19,961,401,755	23,833,719,196
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation - net		40,152,676	132,728,896
CURRENT LIABILITIES			
Other payables		166,686,378	51,376,407
Short term borrowings	11	3,942,012,457	1,990,793,918
Current portion of lease liability		-	5,762,209
Taxation - net		48,543,647	30,232,789
Unclaimed dividend		22,285,545	19,206,426
TOTAL LIABILITIES		4,219,680,703	2,097,371,749
Contingencies and commitments	12		2,230,100,645
TOTAL EQUITY AND LIABILITIES		24,181,082,458	26,063,819,841

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the nine months period ended 31st March 2023

	Note	Nine months period ended		Three months period ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
				(Rupees)	
Revenue	13	1,925,568,248	644,230,368	111,616,466	61,734,892
Gain / (loss) on sale of securities - net		28,121,336	865,565,031	(4,411,904)	7,673,691
(Loss) / gain on remeasurement of investments - net		(2,856,459,891)	3,523,916,159	(1,535,901,934)	1,420,018,535
		(902,770,307)	5,033,711,558	(1,428,697,372)	1,489,427,118
Administrative expenses		(104,139,729)	(93,565,754)	(32,316,750)	(30,583,354)
Finance cost	14	(331,251,163)	(30,765,839)	(158,695,822)	(9,259,471)
Operating Profit		(1,338,161,199)	4,909,379,965	(1,619,709,944)	1,449,584,293
Other income		903,862	1,140,304	-	380,443
Other charges		(48,295)	(35,250)	(2,250)	(14,464)
(Loss) / profit before income tax		(1,337,305,632)	4,910,485,019	(1,619,712,194)	1,449,950,272
Income tax expense	15	(118,709,881)	(146,196,515)	98,205,623	19,916,980
(Loss) / profit for the period		(1,456,015,513)	4,764,288,504	(1,521,506,571)	1,469,867,252
(Loss) / earnings per share - basic and diluted	16	(3.57)	11.67	(3.73)	3.60

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 31st March 2023

	Issued, subscribed and paid up share capital	Reserves			Sub total	Total
		Revenue Reserves				
		General reserve	Unappropriated profit	Fair value reserve *		
----- (Rupees) -----						
Balance as at 1 July 2021	4,083,750,000	4,000,000,000	13,260,702,933	20,085,153	17,280,788,086	21,364,538,086
Total comprehensive income for the nine months period ended 31 March 2022						
Profit for the period	-	-	4,764,288,504	-	4,764,288,504	4,764,288,504
Other comprehensive loss for the period	-	-	-	(112,795,515)	(112,795,515)	(112,795,515)
	-	-	4,764,288,504	(112,795,515)	4,651,492,989	4,651,492,989
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 3 per share for the year ended 30 June 2021	-	-	(1,225,125,000)	-	(1,225,125,000)	(1,225,125,000)
Balance as at 31 March 2022	4,083,750,000	4,000,000,000	16,799,866,437	(92,710,362)	20,707,156,075	24,790,906,075
Total comprehensive income for the three months period ended 30 June 2022						
Loss for the period	-	-	(1,006,569,653)	-	(1,006,569,653)	(1,006,569,653)
Other comprehensive income for the period	-	-	-	49,382,774	49,382,774	49,382,774
	-	-	(1,006,569,653)	49,382,774	(957,186,879)	(957,186,879)
Balance as at 30 June 2022	4,083,750,000	4,000,000,000	15,793,296,784	(43,327,588)	19,749,969,196	23,833,719,196
Total comprehensive income for the nine months period ended 31 March 2023						
Loss for the period	-	-	(1,456,015,513)	-	(1,456,015,513)	(1,456,015,513)
Other comprehensive loss for the period	-	-	-	(782,801,928)	(782,801,928)	(782,801,928)
	-	-	(1,456,015,513)	(782,801,928)	(2,238,817,441)	(2,238,817,441)
Loss realized on disposal of investment in equity instruments at FVOCI			(68,995,515)	68,995,515	-	-
Transactions with owners of the Company recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2022	-	-	(1,633,500,000)	-	(1,633,500,000)	(1,633,500,000)
Balance as at 31 March 2023	4,083,750,000	4,000,000,000	12,634,785,756	(757,134,001)	15,877,651,755	19,961,401,755

* Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

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



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 31st March 2023

	Note	Nine months period ended	
		31 March 2023	31 March 2022
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operations	17	(1,532,012,302)	(193,518,412)
Income tax paid		(192,975,243)	(93,733,373)
Finance cost paid		(216,695,092)	(21,200,505)
Mark-up received		188,784,645	33,150,004
Net cash used in operating activities		(1,752,897,992)	(275,302,286)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(663,822)	(2,780,690)
Acquisition of long term investments		(233,339,361)	-
Dividends received		1,674,182,859	601,480,539
Proceeds from sale of properties and equipment		127,773	44,497
Long term deposits (paid) / recovered		(792,800)	(2,122,850)
Net cash generated from investing activities		1,439,514,649	596,621,496
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(6,308,220)	(12,643,836)
Dividend		(1,633,500,000)	(1,225,125,000)
Net cash used in financing activities		(1,639,808,220)	(1,237,768,836)
Net decrease in cash and cash equivalents		(1,953,191,563)	(916,449,626)
Cash and cash equivalents at beginning of the period		(1,949,759,127)	(806,554,957)
Effect of exchange rate fluctuations on cash held		903,862	1,023,585
Cash and cash equivalents at end of the period	18	(3,902,046,828)	(1,721,980,998)

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

These condensed interim unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. Investments in associates are carried at fair value through profit and loss and fair value through other comprehensive income based on their classification. The condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared separately.

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

Name of Companies	Note	% of Shareholding
Subsidiaries		
- Arif Habib Limited, a brokerage house (AHL)	1.3	<u>72.92%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company		<u>85.83%</u>
- Black Gold Power Limited, a coal power generation company		<u>100.00%</u>
Associates		
- MCB - Arif Habib Savings and Investments Limited, a pension fund manager, asset management company and investment advisor	1.4	<u>30.09%</u>
- Pakarab Fertilizers Limited, a fertilizer company	1.6	<u>30.00%</u>
- Fatima Fertilizer Company Limited, a fertilizer company		<u>15.19%</u>

1.3 During the period, the Company has purchased 6,478,050 ordinary shares of AHL, the Company's shareholding in AHL has increased from 63.01% to 72.92%.

1.4 During the period, the Company has agreed to sell its entire shareholding of 21,664,167 shares (30.09%) in MCB-Arif Habib Savings and Investments Limited (MCB-AH), an associated company, at a price of Rs. 30 per share to MCB Bank Limited. Accordingly, investment in MCB-AH has been classified from long term investment to short term investment (refer note 10) in these condensed interim unconsolidated financial statements. Subsequent to the period end, this divestment was completed as all required statutory approvals were obtained.

1.5 There is no other change of shareholding in Company's long term investment from preceding annual audited unconsolidated financial statements for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

1.6 During the period, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) have entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the "Scheme"), with effect from 01 July 2022, subject to the requisite approvals, sanctions, consents, observations, no objection from the Creditors, Securities and Exchange Commission of Pakistan (SECP), the High Court of Lahore or such other competent authority as may be applicable. Once sanctioned by the Court, all the business, assets and liabilities of PFL shall stand transferred and vested in FFCL on the effective date and PFL will be dissolved without winding up. Accordingly, the Company's loan receivable from PFL (refer note 7) will be transferred to FFCL. Also the Company will be compensated in lieu of its relinquishment of its contribution in PFL's paid-up capital by way of issuance of Redeemable Class A share of FFCL for each ordinary share held by the Company in PFL. The Scheme has been approved by the respective shareholders of FFCL and PFL on 31 December 2022. However, the approval from High Court of Lahore is pending. These condensed interim unconsolidated financial statements do not incorporate the impact of the Scheme. However, valuation of Company's investment in PFL has been reassessed while considering the valuation of Redeemable Class A shares as per the Scheme (refer note 19).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 These condensed interim unconsolidated financial statements 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 2022.

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

2.4 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2022.

2.5 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

a) New standards, interpretations and amendments adopted by the Company

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 July 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim unconsolidated financial statements.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3.2 Accounting estimates, judgements and financial risk management

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year 30 June 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2022.

4. PROPERTY AND EQUIPMENTS

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

	(Unaudited)		Nine months period ended	
	Nine months period ended 31 March 2023		Nine months period ended 31 March 2022	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Office equipment	60,733	30,295	111,990	16,036
Computer equipment	603,089	112,774	2,176,900	16,897
Vehicle	-	-	491,800	-
	663,822	143,069	2,780,690	32,933

5. LONG TERM INVESTMENTS

	Note	Unaudited 31 March 2023	Audited 30 June 2022
		(Rupees)	
Subsidiaries - at cost (net of impairment)	5.1	4,937,599,953	4,704,260,592
Associates - designated at fair value through profit and loss	5.2	9,570,006,180	12,530,486,628
Associates - designated at fair value through other comprehensive income	5.3	567,198,072	1,350,000,000
Other equity securities - designated at fair value through other comprehensive income	5.4	600,000,000	600,000,000
		15,674,804,205	19,184,747,220

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

5.1 Subsidiaries - at cost (net of impairment)

	Unaudited 31 March 2023	Audited 30 June 2022
	(Rupees)	
Quoted Entity		
Arif Habib Limited (AHL)		
47,648,522 (30 June 2022: 41,170,472) fully paid ordinary shares of Rs. 10 each	2,191,134,893	1,957,795,532
Unquoted Entities		
Sachal Energy Development (Private) Limited (SEDPL)		
274,646,506 (30 June 2022: 274,646,506) fully paid ordinary shares of Rs. 10 each	2,746,465,060	2,746,465,060
Black Gold Power Limited (BGPL)		
5,000,000 (30 June 2022: 5,000,000) fully paid ordinary shares of Rs. 10 each	50,000,000	50,000,000
Impairment recognised	(50,000,000)	(50,000,000)
	-	-
	4,937,599,953	4,704,260,592

5.2 Associates - designated at fair value through profit and loss

	Cost	Appreciation on remeasurement of investments	Carrying amount (at fair value)	
Note			Unaudited 31 March 2023	Audited 30 June 2022
	(Rupees)			
Quoted Entities				
MCB - Arif Habib Savings and Investments Limited (MCB-AH)				
21,664,167 (30 June 2022: 21,664,167) fully paid ordinary shares of Rs. 10 each	1.4	-	-	472,278,841
Fatima Fertilizer Company Limited (FFCL)				
319,000,206 (30 June 2022: 319,000,206) fully paid ordinary shares of Rs. 10 each		6,057,223,955	9,570,006,180	12,058,207,787
		6,057,223,955	9,570,006,180	12,530,486,628

5.3 Associates - designated at fair value through other comprehensive income

	Cost	Diminution on remeasurement of investments	Carrying amount	
Note			Unaudited 31 March 2023	Audited 30 June 2022
	(Rupees)			
Un-Quoted Entity				
Pakarab Fertilizers Limited (PFL)				
135,000,000 (30 June 2022: 135,000,000) fully paid ordinary shares of Rs. 10 each	1.6 & 19	(757,134,001)	567,198,072	1,350,000,000
		(757,134,001)	567,198,072	1,350,000,000

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

5.4 Other equity securities - designated at fair value through other comprehensive income

	Cost	Appreciation / (diminution) on remeasurement of investments	Carrying amount	
			Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)				
Un-Quoted Entities				
Silk Islamic Development REIT (SIDR) 60,000,000 (30 June 2022: 60,000,000) units of Rs. 10 each	600,000,000	-	600,000,000	600,000,000
Sun Biz (Private) Limited (SBL) 10,000 (30 June 2022: 10,000) fully paid ordinary shares of Rs. 100 each	-	-	-	-
Al-Khabeer Financial Services (Private) Limited (AKFS) 5,000 (30 June 2022: 5,000) fully paid ordinary shares of Rs. 200 each	-	-	-	-
	600,000,000	-	600,000,000	600,000,000

5.5 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 4,470.41 million (30 June 2022: Rs. 6,354.01 million).

6. LONG TERM LOAN TO RELATED PARTY

	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)		
At amortised cost		
Secured - Considered good		
Aisha Steel Mills Limited, a related company	106,537,149	134,970,641
Less: Current portion of long term loan	(28,433,492)	(28,433,492)
	78,103,657	106,537,149

6.1 This represents long term loan secured against first charge on all present and future fixed assets, account receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate on the said loan is 6 month KIBOR + 3.25% per annum (30 June 2022: 6 month KIBOR + 3.25% per annum). The rate of mark-up on the loan during the period ranged between 18.60% to 20.29% (30 June 2022: 10.94% to 14.71%) per annum. Mark-up is payable on semi-annual basis.

6.2 The maximum amount outstanding from the above related party at the end of any month during the period was Rs. 120.75 million (30 June 2022: Rs.149.19 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

7. LOANS AND ADVANCES	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
At amortised cost			
<i>Unsecured</i>			
Loans to related parties			
- Black Gold Power Limited		5,500,000	5,500,000
- Safe Mix Concrete Limited		-	18,118,274
- Pakarab Fertilizers Limited	7.1	813,153,536	813,153,536
- Aisha Steel Mills Limited	7.2	1,195,000,000	-
- Javedan Corporation Limited		200,000,000	-
Advance for investment in Pakistan Corporate CBD REIT	7.3	279,026,250	279,026,250
Advance for purchase of Immovable Property		12,000,000	-
<i>Secured</i>			
- Current portion of long term loan to Aisha Steel Mills Limited	6	28,433,492	28,433,492
- Advance against salaries to employees		1,024,904	1,407,348
		2,534,138,182	1,145,638,900

7.1 The Company entered into a loan agreement with Pakarab Fertilizers Limited, an associated company (PFL). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on half-yearly basis. The rate of mark-up on the loan during the period ranged between 17.12% to 18.86% (30 June 2022: 13.73% to 13.69%) per annum.

7.2 The Company entered into a loan agreement with Aisha Steel Mills Limited, an associated company (ASML). The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR + 1.80% per annum. Mark-up is payable on quarterly basis. The rate of mark-up on the loan during the period ranged between 17.56% to 18.80% (30 June 2022: Nil) per annum.

7.3 This represent advance paid for equity investment in a shariah compliant development REIT Scheme (the Scheme). The Scheme is managed by Arif Habib Dolmen REIT Management Company Limited (RMC) - a related party. The Scheme is in process of acquiring two immovable properties from the Lahore Central Business District Development Authority against the agreed consideration payable as per payment plan.

7.4 The carrying values of the loans and advances are neither past due nor impaired. The maximum amount outstanding from above related parties in respect of loans and advances at end of any month during the period was Rs. 2,668.65 million (30 June 2022: Rs. 1,855.07 million).

8. MARK-UP RECEIVABLE	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)		
- Considered good		
From related parties:		
- Aisha Steel Mills Limited	61,783,211	9,948,630
- Power Cement Limited	-	16,179,794
- Pakarab Fertilizers Limited	37,814,983	28,365,692
- Safe Mix Concrete Limited	-	2,161,125
- Javedan Corporation Limited	7,495,890	-
	107,094,084	56,655,241

8.1 The maximum amount outstanding from related parties in respect of mark-up receivable as at the end of any month during the period was Rs. 130.03 million (30 June 2022: Rs. 56.66 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

9. PREPAYMENTS AND OTHER RECEIVABLES	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
Prepayments		1,691,203	2,192,469
Guarantee commission receivable	9.1 & 9.2	4,609,062	3,989,441
Others		2,113,375	1,720,000
		8,413,640	7,901,910

9.1 Guarantee commission receivable

Aisha Steel Mills Limited	367,944	325,614
Power Cement Limited	239,470	211,920
Arif Habib Limited	688,307	904,262
Sachal Energy Development (Private) Limited	3,313,341	2,547,645
	4,609,062	3,989,441

9.2 The maximum amount due in respect of guarantee commission receivable as at the end of any month during the period was Rs. 4.61 million (30 June 2022: Rs. 3.99 million).

10. SHORT TERM INVESTMENTS	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
Equity securities at fair value through profit or loss			
Investment in ordinary shares of related parties	10.1	3,614,083,160	2,639,628,987
Investment in preference shares of related parties	10.2	605,300,199	605,168,208
Investment in ordinary shares of other companies		1,486,852,374	2,202,540,080
		5,706,235,733	5,447,337,275
Equity securities at fair value through other comprehensive income			
Investment in ordinary shares of related parties		-	30,997,985
		5,706,235,733	5,478,335,260

10.1 This includes investment in MCB-Arif Habib Savings and Investments Limited, Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited.

10.2 This comprises of investment in Aisha Steel Mills Limited and Power Cement Limited.

10.3 Fair value of short term investments pledged with banking companies against various financing facilities availed by the Company amounts to Rs. 1,982.68 million (30 June 2022: Rs. 1,103 million).

11. SHORT TERM BORROWINGS

11.1 Running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,450 million (30 June 2022: Rs. 2,950 million). These facilities have various maturity dates up to 28 February, 2026 and are generally renewable. These arrangements are secured against the pledge of marketable securities having margin ranging from 30% to 50%.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

11.2 These running finance facilities carry mark-up ranging from 3-month KIBOR plus 0.7% to 3-month KIBOR plus 1.75% per annum (30 June 2022: 1-month KIBOR plus 1% to 3-month KIBOR plus 1.75% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 2,508 million (30 June 2022: Rs. 959 million).

12. CONTINGENCIES AND COMMITMENTS

12.1 There is no other change in the status of contingencies and commitments as disclosed in the preceding audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2022 except for the following:

- 10.4 million shares of Fatima Fertilizers Company Limited which were pledged with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company, has been released. The exposure of guarantee at the reporting date stood at Rs. 2.43 billion (30 June 2022: 2.87 billion).
- The exposure against corporate guarantee on behalf of the subsidiary company, Sachal Energy Development (Private) Limited, has been reduced by USD 5 million. The total exposure has been reduced to USD 45 million (equivalent to Rs. 12,760 millions) out of USD 100 million due to timely repayment of loan.

	Unaudited			
	Nine months period ended		Three months period ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees)			
13. REVENUE				
Dividend income	1,674,182,859	601,480,539	-	43,328,334
Mark-up income on loans and advances	237,698,965	28,448,900	107,094,084	14,054,515
Guarantee commission income	12,161,901	11,304,530	4,078,815	3,824,804
Mark-up income on bank deposits	1,524,523	2,996,399	443,567	527,239
	1,925,568,248	644,230,368	111,616,466	61,734,892
14. FINANCE COST				
Mark-up on running finance	330,639,484	29,028,420	158,687,421	8,774,253
Bank charges	65,668	56,069	8,401	6,368
Interest expense - Lease Liability	546,011	1,681,350	-	478,850
	331,251,163	30,765,839	158,695,822	9,259,471
15. INCOME TAX EXPENSE				
Current	211,216,940	219,951,236	147,034,138	7,942,823
Prior	69,161	(1,164,963)	-	-
Deferred	(92,576,220)	(72,589,758)	(245,239,761)	(27,859,803)
	118,709,881	146,196,515	(98,205,623)	(19,916,980)

15.1 The provision for current year tax represents tax on taxable income under final tax regime as per the applicable rate, minimum tax per annum under normal tax regime and super tax at the rate of 4% as levied under Finance Act, 2022. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that sufficient provision for the purpose of taxation is available. According to management, the tax provision made in these condensed interim financial statements is sufficient.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

- 15.2** Deferred tax assets have not been recognised in respect of unused tax losses and the deductible temporary differences as it is not probable that future taxable profits under normal tax regime will be available against which the Company can use the benefits therefrom.

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

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

	Nine months period ended		Three months period ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Loss) / profit for the period	(1,456,015,513)	4,764,288,504	(1,521,506,571)	1,469,867,252
	(Number)			
Weighted average number of ordinary shares	408,375,000	408,375,000	408,375,000	408,375,000
	(Rupees)			
(Loss) / earnings per share - basic and diluted	(3.57)	11.67	(3.73)	3.60

17. NET CASH USED IN OPERATIONS

	Nine months period ended	
	31 March 2023	31 March 2022
(Loss) / profit before income tax	(1,337,305,632)	4,910,485,019
Adjustments for:		
Depreciation	11,839,541	16,362,782
Amortisation	116,055	116,695
Dividend income	(1,674,182,859)	(601,480,539)
Mark-up on loans and advances	(237,698,965)	(28,448,900)
Mark-up on bank deposits	(1,524,523)	(2,996,399)
Loss / (gain) on remeasurement of long term investments	2,310,555,438	(3,924,944,967)
Loss on remeasurement of short term investments - net	545,904,453	401,028,808
Loss / (gain) on disposal of assets	15,295	(11,564)
Exchange gain on foreign currency translation	(903,862)	(1,023,585)
Finance cost	331,251,163	30,765,839
	1,285,371,736	(4,110,631,830)
	(51,933,896)	799,853,189
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Loans and advances	(1,360,065,790)	(1,956,257,296)
Prepayments and other receivables	(511,730)	7,244,893
Short term investments	(123,879,916)	954,526,162
	(1,484,457,436)	(994,486,241)
Increase / (decrease) in current liabilities		
Other payables	1,299,911	(933,890)
Unclaimed dividend	3,079,119	2,048,530
	4,379,030	1,114,640
Net cash used in operations	(1,532,012,302)	(193,518,412)

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

	Note	Nine months period ended	
		31 March 2023	31 March 2022
18. CASH AND CASH EQUIVALENTS			
Cash and bank balances		39,965,629	32,781,286
Short term borrowings	11	(3,942,012,457)	(1,754,762,284)
		(3,902,046,828)	(1,721,980,998)

19. FAIR VALUE MEASUREMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	Level 1	Level 2	Level 3	Total
As at 31 March 2023				
				(Rupees)
Financial assets measured at fair value				
Long term investments - associates	9,570,006,180	-	1,167,198,072	10,737,204,252
Short term investments	5,706,235,733	-	-	5,706,235,733
Financial assets not measured at fair value				
Long term investments - subsidiaries*	1,548,576,965	-	-	1,548,576,965
	16,824,818,878	-	1,167,198,072	17,992,016,950

As at 30 June 2022

Financial assets measured at fair value

Long term investments - associates	12,530,486,628	-	1,950,000,000	14,480,486,628
Short term investments	5,447,337,275	-	30,997,958	5,478,335,260

Financial assets not measured at fair value

Long term investments - subsidiaries*	1,827,557,252	-	-	1,827,557,252
	19,805,381,155	-	1,980,992,985	21,786,379,140

* 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.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period except valuation of investment in Pakarab Fertilizers Limited. As per the terms of the Scheme of Arrangement for Amalgamation / Merger of Pakarab Fertilizers Limited (PFL) with and into Fatima Fertilizer Company Limited (FFCL), the aggregate redemption value of entire set of Class A shares would be lower of (i) value as determined by FFCL's Board of Directors with unanimous vote; (ii) aggregate face value of entire set of Class A Shares; or (iii) the amount computable according to the formula defined in the Scheme. In the best case scenario, the management believes that the shares will be redeemed at Rs. 10 per share at the redemption date. Based thereon, valuation of Company's investment in PFL has been reassessed by discounting the aggregate face value of redeemable Class A shares over the period of 5 years at 20%.

20. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of group companies (including subsidiaries and associates), directors, 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 terms. Remuneration and benefits to key management personnel of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

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

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

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
		(Rupees)	
Subsidiaries			
Arif Habib Limited	Services availed	3,184,849	4,629,654
	Dividend income / received	247,022,832	412,458,840
	Guarantee commission income	2,192,609	2,251,672
	Guarantee commission received	2,487,750	1,871,560
	Loan extended	-	650,000,000
	Loan repaid	-	650,000,000
	Mark-up income on loan	-	3,099,721
	Mark-up received	-	7,546,853
Sachal Energy Development (Private) Limited	Guarantee commission income	8,356,690	7,415,471
	Guarantee commission received	7,972,175	7,387,851
	Dividend income / received	1,235,909,277	-
Associates			
MCB-Arif Habib Savings and Investment Limited	Dividend income / received	21,664,167	102,904,793
Pakarab Fertilizers Limited	Mark-up income on loan	108,792,370	611,759
	Mark-up received	99,343,079	-
	Loan extended	-	813,153,536

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
(Rupees)			
Associated companies by virtue of common directorship			
Aisha Steel Mills Limited	Mark-up income on loan	120,830,846	19,512,160
	Mark-up received	68,996,265	19,883,903
	Loan extended	5,745,000,000	1,725,000,000
	Loan repayment	4,578,433,492	1,753,433,492
	Guarantee commission income	976,842	976,842
	Guarantee commission received	976,842	1,702,851
	Dividend income	-	58,143,232
Javedan Corporation Limited	Mark-up income on loan	7,495,890	-
	Mark-up received	-	2,722,849
	Loan extended	200,000,000	-
	Dividend income / received	152,244,468	-
Power Cement Limited	Mark-up income on loan	-	3,406,987
	Mark-up received	16,179,794	-
	Loan extended	-	750,000,000
	Guarantee commission income	635,760	976,842
	Guarantee commission received	635,760	825,200
Safe Mix Concrete Limited	Mark-up income on loan	579,859	1,818,274
	Mark-up received	2,740,984	-
	Loan extended	-	167,100,000
	Loan repayment	18,118,274	25,000,000
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	16,536,220	22,335,238
Arif Habib Dolmen REIT Management Limited	Bank charges recovered	-	8,814,000

Above are considered as associated companies under the Companies Act, 2017 by virtue of common directorship.

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
(Rupees)			
Others			
Employees retirement benefit fund - Provident fund	Company's Contribution	2,498,456	2,134,268
Key management employees compensation	Salaries and other benefits	34,739,032	31,028,500
	Contribution to provident fund	1,864,220	1,619,253
Mr. Arif Habib	Dividend paid	1,315,683,868	986,762,901

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
		(Rupees)	
Mr. Asadullah Khawaja	Meeting fee paid	150,000	150,000
	Dividend paid	324,024	243,018
Mr. Sirajuddin Cassim (ex-Director)	Meeting fee paid	-	225,000
	Dividend paid	-	689,679
Ms. Zeba Bakhtiar	Meeting fee paid	150,000	150,000
	Dividend paid	400	300
Mr. Khawaja Jallaluddin	Meeting fee paid	225,000	-
	Dividend paid	12,946,000	-
Mr. Nasim Beg	Dividend paid	8,312	15,234
Mr. Abdus Samad	Dividend paid	4,024	3,018
Mr. Muhammad Ejaz	Dividend paid	484	363
Mr. Muhammad Kashif	Dividend paid	141,160	105,870
		Unaudited 31 March 2023	Audited 30 June 2022
		(Rupees)	
Balances as at:			
Arif Habib Limited	CDC charges payable	40,031	41,224
Rotocast Engineering Company (Private) Limited	Payable against monthly expense contribution	1,214,603	1,093,096

21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorised for issue on 28th April 2023 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD
ENDED 31ST MARCH 2023**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2023

	Note	Unaudited 31 March 2023	Audited 30 June 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	18,417,051,873	15,670,619,559
Intangible assets		1,659,594	1,941,485
Goodwill		910,206,117	910,206,117
Trading right entitlement certificate, membership cards and offices		5,600,000	5,600,000
Investment properties		430,342,567	1,657,331,341
Equity accounted investees	6	17,049,075,088	15,574,980,504
Other long term investments		642,745,423	642,745,423
Long term loan to related party		78,103,657	106,537,149
Long term deposits and other receivables		20,334,327	20,499,190
		37,555,118,646	34,590,460,768
CURRENT ASSETS			
Inventory property		1,565,794,998	-
Trade debts		4,847,379,288	4,179,622,743
Loans and advances		2,541,186,545	1,149,316,418
Deposits and prepayments		32,383,399	82,241,103
Receivable under margin trading system		9,831,053	9,233,629
Receivable against sale of securities		17,051,406	-
Accrued mark-up and other receivables		807,176,461	862,366,406
Short term investments	7	9,883,009,655	10,710,609,048
Cash and bank balances		2,074,251,178	2,586,858,066
		21,778,063,983	19,580,247,413
Assets classified as held for sale	8	484,219,988	80,673,277
TOTAL ASSETS		59,817,402,617	54,251,381,458



Chief Executive Officer



Director



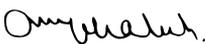
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2023

	Note	Unaudited 31 March 2023	Audited 30 June 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		10,000,000,000	10,000,000,000
Share capital			
Issued, subscribed and paid-up share capital		4,083,750,000	4,083,750,000
Capital reserve			
Surplus on revaluation		15,432,500	15,432,500
Fair value reserve		-	-
Revenue reserves			
General reserve		4,019,567,665	4,019,567,665
Unappropriated profit		24,198,667,236	23,920,777,173
Equity attributable to owners of the Parent Company		32,317,417,401	32,039,527,338
Non-controlling interest		2,752,664,615	3,570,144,157
TOTAL EQUITY		35,070,082,016	35,609,671,495
NON-CURRENT LIABILITIES			
Long term loans - secured		9,702,552,157	7,914,826,418
Land lease liability		11,044,259	11,094,657
Lease liability against right-of-use assets		1,557,949	3,683,389
Staff retirement benefits		38,918,662	33,327,829
Deferred taxation - net		2,604,069,631	2,369,239,920
		12,358,142,658	10,332,172,213
CURRENT LIABILITIES			
Trade and other payables		1,469,869,712	1,267,311,521
Accrued mark-up		742,629,527	204,691,207
Sales tax payable		113,278,211	134,898,204
Short term borrowings		7,021,869,344	4,422,763,535
Current portion of long term loans - secured		2,841,000,000	2,060,000,000
Current portion of lease liability against right-of-use assets		2,722,327	21,656,279
Current portion of loan under State Bank of Pakistan scheme		-	9,654,142
Current portion of land lease liability		1,360,000	1,360,000
Payable against purchase of investment - net		-	21,078,278
Taxation - net		152,675,604	127,134,106
Unclaimed dividend		43,773,218	38,371,131
		12,389,177,943	8,308,918,403
Liabilities directly associated with assets classified as held for sale	8	-	619,347
TOTAL LIABILITIES		24,747,320,601	18,641,709,963
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		59,817,402,617	54,251,381,458

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the nine months period ended 31st March 2023

	Note	Nine months period ended		Three months period ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
				(Rupees)	
Revenue	10	5,036,096,715	3,510,487,163	1,236,941,369	915,860,167
(Loss) on remeasurement of investments - net		(599,500,154)	(781,415,807)	(505,863,053)	(487,200,858)
Gain / (loss) on remeasurement of investment properties		-	196,500,000	(233,700,000)	98,817,810
(Loss) / gain on sale of investments - net		(426,744,917)	1,171,939,823	(192,741,968)	148,805,659
(Loss) / gain on sale of investments property		(2,500,000)	355,500,000	(2,500,000)	-
		4,007,351,644	4,453,011,179	302,136,348	676,282,778
Cost of energy sales		(1,459,013,749)	(955,239,653)	(701,913,442)	(295,320,630)
Administrative expenses		(677,969,897)	(582,401,953)	(249,467,442)	(188,741,128)
Other income		18,134,990	90,387,137	8,218,919	53,137,999
Finance cost		(1,564,845,178)	(571,513,329)	(643,371,157)	(182,968,623)
Other charges		(19,298,016)	(6,958,132)	(2,248)	(200,199)
		304,359,794	2,427,285,249	(1,284,399,022)	62,190,197
Share of profit of equity-accounted associates investees - net of tax		1,987,954,552	2,286,758,644	689,293,383	887,992,497
Profit before tax		2,292,314,346	4,714,043,893	(595,105,639)	950,182,694
Income tax expense	11	(610,556,405)	(606,029,039)	(151,100,146)	(135,723,206)
Profit from continuing operations		1,681,757,941	4,108,014,854	(746,205,785)	814,459,488
Discontinued operation					
Profit from discontinued operation, net of tax		2,575,645	2,016,855	(4,379)	748,993
Profit / (loss) for the period		1,684,333,586	4,110,031,709	(746,210,164)	815,208,481
Profit attributable to:					
Equity holders of the Parent Company - continuing operations		1,661,387,638	3,718,051,652	(586,754,423)	770,913,376
Equity holders of the Parent Company - discontinued operation		1,671,654	1,400,504	37,650	520,101
		1,663,059,292	3,719,452,156	(586,716,773)	771,433,477
Non-controlling interests - continuing operations		20,370,303	389,963,202	(159,451,362)	43,546,112
Non-controlling interests - discontinued operation		903,991	616,351	(42,029)	228,892
		21,274,294	390,579,553	(159,493,391)	43,775,004
		1,684,333,586	4,110,031,709	(746,210,164)	815,208,481
Earnings per share - basic & diluted					
For continuing operations		4.07	9.10	(1.44)	1.88
For discontinued operation		0.00	0.00	0.00	0.00
	14	4.07	9.10	(1.44)	1.88

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



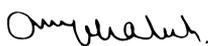
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the nine months period ended 31st March 2023

	Nine months period ended		Three months period ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees)			
Profit / (loss) for the period	1,684,333,586	4,110,031,709	(746,210,164)	815,208,481
Other comprehensive income				
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>				
Loss on investment in equity securities at FVOCI - net	-	(43,800,000)	-	12,117,640
Share of other comprehensive income of equity-accounted associates - net of tax	(7,975,813)	(9,642,916)	-	-
Other comprehensive loss for the period - net of tax	(7,975,813)	(53,442,916)	-	12,117,640
Total comprehensive income / (loss) for the period	1,676,357,773	4,056,588,793	(746,210,164)	827,326,121
Total comprehensive income attributable to:				
Equity holders of the Parent Company - continuing operations	1,653,411,825	3,664,608,736	(586,754,423)	783,031,016
Equity holders of the Parent Company - discontinued operation	1,671,654	1,400,504	37,650	520,101
	1,655,083,479	3,666,009,240	(586,716,773)	783,551,117
Non-controlling interests - continuing operations	20,370,303	389,963,202	(159,451,362)	43,546,112
Non-controlling interests - discontinued operation	903,991	616,351	(42,029)	228,892
	21,274,294	390,579,553	(159,493,391)	43,775,004
	1,676,357,773	4,056,588,793	(746,210,164)	827,326,121

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 31st March 2023

	Equity attributable to owners of the Parent					Non-controlling interests	Total equity	
	Issued, subscribed and paid up share capital	Capital reserve Surplus on revaluation	Fair value reserve *	Revenue Reserves General reserve	Unappropriated profit			Total
----- (Rupees) -----								
Balance as at 1 July 2021	4,083,750,000	15,432,500	19,404,859	4,019,567,665	21,867,169,830	30,005,324,854	2,885,565,940	32,890,890,794
Total comprehensive income for the nine months period 31 March 2022								
Profit for the period	-	-	-	-	3,719,452,156	3,719,452,156	390,579,553	4,110,031,709
Other comprehensive loss	-	-	(53,442,916)	-	(53,442,916)	(53,442,916)	-	(53,442,916)
	-	-	(53,442,916)	-	3,719,452,156	3,666,009,240	390,579,553	4,056,588,793
Gain realised on disposal of equity securities at FVOCI	-	-	(19,404,859)	-	29,078,865	9,674,006	4,257,454	13,931,460
Distribution by subsidiary	-	-	-	-	-	-	(181,541,160)	(181,541,160)
Transactions with owners recorded directly in equity								
Final cash dividend at the rate of Rs 3 per share for the year ended 30 June 2021	-	-	-	-	(1,225,125,000)	(1,225,125,000)	-	(1,225,125,000)
Balance as at 31 March 2022	4,083,750,000	15,432,500	(53,442,916)	4,019,567,665	24,390,575,851	32,455,883,100	3,098,861,787	35,554,744,887
Total comprehensive income for the three months period ended 30 June 2022								
Loss for the period	-	-	-	-	(245,924,217)	(245,924,217)	146,586,396	(99,337,821)
Other comprehensive income / (loss)	-	-	35,169,793	-	(20,842,047)	14,327,746	(8,041,857)	6,285,889
	-	-	35,169,793	-	(266,766,264)	(231,596,471)	138,544,539	(93,051,932)
Gain / (loss) realised on disposal of equity securities at FVOCI	-	-	18,273,123	-	(27,449,060)	(9,175,937)	(4,755,523)	(13,931,460)
	4,083,750,000	15,432,500	-	4,019,567,665	24,096,360,527	32,215,110,692	3,232,650,803	35,447,761,495
Disposal of equity interest in subsidiary without change in control	-	-	-	-	(175,583,354)	(175,583,354)	337,493,354	161,910,000
Balance as at 30 June 2022	4,083,750,000	15,432,500	-	4,019,567,665	23,920,777,173	32,039,527,338	3,570,144,157	35,609,671,495
Total comprehensive income for the nine months period 31 March 2023								
Profit for the period	-	-	-	-	1,663,059,292	1,663,059,292	21,274,294	1,684,333,586
Other comprehensive loss	-	-	-	-	(7,975,813)	(7,975,813)	-	(7,975,813)
	-	-	-	-	1,655,083,479	1,655,083,479	21,274,294	1,676,357,773
Distribution by subsidiary	-	-	-	-	-	-	(349,107,891)	(349,107,891)
Transactions with owners recorded directly in equity								
Final cash dividend at the rate of Rs 4 per share for the year ended 30 June 2022	-	-	-	-	(1,633,500,000)	(1,633,500,000)	-	(1,633,500,000)
Acquisition of equity interest in subsidiary without change in control	-	-	-	-	256,306,584	256,306,584	(489,645,945)	(233,339,361)
Balance as at 31 March 2023	4,083,750,000	15,432,500	-	4,019,567,665	24,198,667,236	32,317,417,401	2,752,664,615	35,070,082,016

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

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 31st March 2023

	Note	Nine months period ended	
		31 March 2023	31 March 2022
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	12	(691,944,567)	(573,888,010)
Income taxes paid		(350,185,196)	(319,991,760)
Finance cost paid		(939,969,088)	(352,878,558)
Mark-up received		608,370,554	23,611,699
Dividend received		379,064,366	190,377,951
Gratuity paid		(921,246)	(818,225)
Net cash used in operating activities		(995,585,177)	(1,033,586,903)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(3,337,507)	(35,795,417)
Proceeds from sale of property, plant and equipment		15,000	44,497
Proceeds from sale of investment property		-	-
Long term deposit and other receivable paid		164,863	(42,685,350)
Acquisition of equity interest in subsidiary		(233,339,361)	-
Dividend from equity accounted investee		21,664,167	102,904,793
Net change in investment properties		1,226,988,774	1,419,000,000
Net cash generated from investing activities		1,012,155,936	1,443,468,523
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan under State Bank of Pakistan scheme		(9,654,142)	(11,527,307)
Lease rentals paid		(23,771,423)	(25,804,529)
Repayment of long term loan		(1,112,250,000)	(890,000,000)
Land lease liability		-	(1,360,000)
Dividend paid		(1,633,500,000)	(1,225,125,000)
Distribution by subsidiary to non-controlling interest		(349,107,891)	(181,541,160)
Net cash used in financing activities		(3,128,283,456)	(2,335,357,996)
Net decrease in cash and cash equivalents		(3,111,712,697)	(1,925,476,376)
Cash and cash equivalents at beginning of the period		(1,835,905,469)	476,691,413
Cash and cash equivalents at end of the period	13	(4,947,618,166)	(1,448,784,963)

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

1. STATUS AND NATURE OF BUSINESS

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

1.1 These condensed interim consolidated financial statements of Arif Habib Corporation Limited for the nine months period ended 31 March 2023 comprise of the Parent Company and following subsidiary and associated companies (here-in-after referred to as "the Group").

Name of Companies	Note	% of effective holding	
		31 March 2023	30 June 2022
Subsidiaries			
- Arif Habib Limited, a brokerage house	1.1.1	<u>72.92%</u>	63.01%
- Rayaan Commodities (Private) Limited (formerly Arif Habib Commodities (Private) Limited), investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	1.1.2	<u>72.92%</u>	63.01%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	1.1.3	<u>-</u>	63.01%
- Rahat Residency REIT, Closed-end, Shariah Compliant, Developmental REIT [wholly owned subsidiary of Arif Habib Limited]	1.1.4	<u>72.92%</u>	-
- Sachal Energy Development (Private) Limited, a wind power generation company	1.1.5	<u>85.83%</u>	85.83%
- Black Gold Power Limited, a coal power generation company	1.1.6	<u>100.00%</u>	100.00%
Associates			
- MCB-Arif Habib Savings and Investments Limited - a pension fund manager, asset management company and investment advisor	1.1.7	<u>-</u>	30.09%
- Fatima Fertilizer Company Limited, a fertilizer company	1.1.8	<u>15.19%</u>	15.19%
- Pakarab Fertilizers Limited, a fertilizer company	1.1.9	<u>30.00%</u>	30.00%

1.1.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited company. The shares of AHL are quoted on Pakistan Stock Exchange Limited. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificate of Pakistan Stock Exchange Limited. The principal activities of AHL are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

During the period, the Parent Company has purchased 6,478,050 ordinary shares of AHL, the Parent Company's shareholding in AHL has increased from 63.01% to 72.92%.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

1.1.2 Rayaan Commodities (Private) Limited (RCPL) (formerly Arif Habib Commodities (Private) Limited) 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 RCPL is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The principal activity of RCPL is to effectively manage investment portfolios in commodities. RCPL is a wholly owned subsidiary of Arif Habib Limited. RCPL holds license of Pakistan Mercantile Exchange (PMEX).

1.1.3 Arif Habib 1857 (Private) Limited (AH1857) was disposed off during the period after obtaining the required approval.

AH1857 was not previously classified as Assets held for sale. The comparative condensed interim consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

1.1.4 Rahat Residency REIT (Scheme) was established under Trust Deed, dated 24 June 2022, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the Real Estate Investment Trust Regulations, 2022 (REIT Regulations, 2022), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (SECP).

The Scheme is a limited life (5 years), Closed-end, Shariah Compliant, Developmental REIT. During the quarter, AHL sold land to the Scheme against issuance of the unit. Accordingly, the Scheme became a wholly owned subsidiary of AHL.

1.1.5 Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan on 20 November 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). SEDPL's registered office is located at Plot no 1, Ranjha Plaza, sector F-10/2, Tariq Market, Islamabad, Pakistan. The principal activity of SEDPL upon commencement of commercial operation is to generate and sell electricity upto 49.5 MW. SEDPL has achieved Commercial Operation Date ("COD") for its 49.5 MW wind power generation facility on 11 April 2017. The wind power plant is located in Jhampir, district Thatta, Sindh for which Alternative Energy Development Board ("AEDB") has allocated 680 acres of land to SEDPL under a sublease agreement.

1.1.6 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. BGPL intends 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.

1.1.7 MCB - Arif Habib Savings and Investments Limited (MCB-AH) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). MCB-AH is listed on the Pakistan Stock Exchange Limited. MCB-AH is registered as a pension fund manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. MCB-AH's registered office is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM1 (2022: AM1) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on October 6, 2022.

During the period, the Parent Company has agreed to sell its entire shareholding of 21,664,167 shares (30.09%) in MCB-AH at a price of Rs. 30 per share to MCB Bank Limited. Accordingly, the investment has been classified from equity accounted associates to the Assets held for sale in these condensed interim consolidated financial statements (refer note 8). The asset held for sale has been carried at lower of carrying amount and fair value. Subsequent to the period end, this divestment was completed after obtaining all the required approvals.

1.1.8 Fatima Fertilizer Company Limited (FFCL), was incorporated in Pakistan on 24 December 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). FFCL is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited and PanAfrica Fertilizers Limited are wholly owned subsidiaries of the FFCL. Fatimafert Limited and Fatima Cement Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan-Africa Fertilizers Limited is incorporated in Kenya. The principal activity of FFCL is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the FFCL is situated at E-110, "Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the FFCL is located at Mukhtargarh, Sadiqabad and near Chichoki Mallian, at" Sheikhpura road, Pakistan.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

During the period, the shareholders of Pakarab Fertilizers Limited (PFL) and Fatima Fertilizer Company Limited (FFCL) has entered into the Scheme of Arrangement for Amalgamation / Merger of PFL with and into FFCL (the "Scheme"), with effect from 01 July 2022, subject to the requisite approvals, sanctions, consents, observations, no objection from the Creditors, Securities and Exchange Commission of Pakistan (SECP), the High Court of Lahore or such other competent authority as may be applicable. Once sanctioned by the Court, all the business, assets and liabilities of PFL shall stand transferred and vested in FFCL for the effective date and PFL will be dissolved without winding up. Accordingly, the Parent Company's loan receivable from PFL will be transfer to FFCL. Also the parent Company will be compensated in lieu of its relinquishment of its contribution in PFL's paid-up capital by way of issuance of Redeemable Class A share of FFCL for each ordinary share held by the Parent Company in PFL. These condensed interim consolidated financial statements do not incorporates the impact of the Scheme.

1.1.9 Pakarab Fertilizers Limited (PFL) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Act, 2017). PFL changed to a non-listed public company from 7 June 2007. PFL Term Finance Certificates were listed at the Karachi Stock Exchange Limited (now merged as Pakistan Stock Exchange Limited) during the period from March 2008 to March 2013. Thereafter PFL is a non-listed public company. PFL on 12 April 2011 incorporated a wholly owned subsidiary company, Fatima Packaging Limited (FPL) (formerly Reliance Sacks Limited). PFL is principally engaged in buying and selling of chemical fertilizers while the FPL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth, liners and cement bags. PFL and FPL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt. Manufacturing facility of PFL is located in Multan while manufacturing facility of FPL is located in Sadiqabad, Rahim Yar Khan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 These condensed interim consolidated financial statements are unaudited and do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

2.3 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except as stated otherwise and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2022.

2.4 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

a) New standards, interpretations and amendments adopted by the Group

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 July 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore are not detailed in these condensed interim consolidated financial statements.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2023. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2** 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 2022.
- 4.3** 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 2022.

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 2.60 million (30 June 2022: 32.84 million). The exchange loss of Rs. 3,597 million (30 June 2022: 2,650 million) has also been recognised. Further, assets having written down value of Rs. 0.143 million (30 June 2022: 0.032 million) were disposed off during the period.

	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
6. EQUITY ACCOUNTED INVESTEEES			
Fatima Fertilizer Company Limited (FFCL)	6.1	17,049,075,088	15,143,342,092
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	1.1.7	-	431,638,412
		17,049,075,088	15,574,980,504

- 6.1** Investment in FFCL (quoted) represents 319 million (30 June 2022: 319 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (30 June 2022: 15.19%) of FFCL's paid up share capital as at 31 March 2023. Fair value per share as at 31 March 2023 is Rs. 30 (30 June 2022: Rs. 37.80) which is based on quoted share price on stock exchange at reporting date.

	Note	Unaudited 31 March 2023	Audited 30 June 2022
(Rupees)			
7. SHORT TERM INVESTMENTS			
Equity securities - at FVTPL	7.1	8,141,567,160	9,688,906,755
Corporate debt securities - mandatorily at FVTPL		1,741,442,495	1,021,702,293
		9,883,009,655	10,710,609,048

- 7.1** These includes investments in related parties, namely, Aisha Steel Mills Limited, Power Cement Limited and Javedan

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

Corporation Limited.

- 7.2 Fair value of short term investments pledged with various banking companies against various finance facilities availed by the Group amounts of Rs. 8,183.61 million (30 June 2022: Rs. 7,747.22 million).

8. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

ASSETS CLASSIFIED AS HELD FOR SALE

	Unaudited 31 March 2023	Audited 30 June 2022
	(Rupees)	
National Resources (Private) Limited	-	30,997,985
Arif Habib 1857 (Private) Limited	-	49,675,292
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	484,219,988	-
	484,219,988	80,673,277

LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Arif Habib 1857 (Private) Limited	-	619,347
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9. CONTINGENCIES AND COMMITMENTS

- 9.1 There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidated financial statements as at and in the year ended 30 June 2022 except for the following:

Parent Company

- 9.1.1 10.4 million shares of Fatima Fertilizers Company Limited which were pledged with various banks for running finance facilities obtained by Arif Habib Limited, a subsidiary company, has been released. The exposure of guarantee at the reporting date stood at Rs. 2.43 billion (30 June 2022: 2.87 billion).
- 9.1.2 The exposure against corporate guarantee on behalf of the subsidiary company, Sachal Energy Development (Private) Limited, has been reduced by USD 5 million. The total exposure has been reduced to USD 45 million (equivalent to Rs. 12,760 millions) out of USD 100 million due to timely repayment of loan.

AHL, Subsidiary Company

- 9.2 Following commitments are outstanding:

	Unaudited 31 March 2023	Audited 30 June 2022
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	229,047,587	372,222,968
- Outstanding Settlements against sale / (purchase) of securities in regular market	289,545,188	277,978,515
- Financial guarantee given by a commercial bank on behalf of AHL	750,000,000	750,000,000
- Against purchase of investment property	92,200,014	312,057,120
- Against development cost of investment property	-	110,034,327

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

	Unaudited			
	Nine months period ended		Three months period ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees)			
10. REVENUE				
Revenue from sale of energy - net	3,284,301,386	2,404,283,623	815,369,524	651,035,469
Mark-up income on loans and advances	237,698,965	25,039,130	107,094,084	13,744,466
Mark-up income on corporate debt securities	188,996,306	7,535,481	75,923,562	425,303
Dividend income	379,064,366	190,377,951	30,456,398	49,073,000
Brokerage income	371,865,134	414,584,076	133,291,804	129,636,763
Mark-up income on bank deposits	239,250,449	96,172,772	48,265,431	50,291,316
Guarantee Commission income	1,612,602	1,637,387	537,534	537,534
Underwriting, consultancy and placement commission	294,132,522	332,541,724	16,197,593	9,097,668
Mark-up income on margin financing	39,174,985	38,315,019	9,805,439	12,018,648
	5,036,096,715	3,510,487,163	1,236,941,369	915,860,167
11. TAXATION				
Current	372,691,022	356,413,147	173,310,008	27,094,920
Prior	3,035,672	(9,391,498)	-	-
Deferred	234,829,711	259,007,390	(22,209,862)	108,628,286
	610,556,405	606,029,039	151,100,146	135,723,206

	Note	Unaudited	
		Nine months period ended	
		31 March 2023	31 March 2022
		(Rupees)	
12. CASH USED IN OPERATIONS			
Profit before tax	12.1	2,295,659,340	4,714,043,893
Adjustments for:			
Depreciation		830,461,593	708,849,246
Amortisation of intangible assets		22,086,613	360,702
Dividend income		(379,064,366)	(190,377,951)
Loss / (gain) on sale of property, plant and equipment		15,295	(11,564)
Loss on remeasurement of investments - net		599,500,154	781,415,807
Share of profit of equity-accounted associates - net of tax		(1,987,954,552)	(2,286,758,644)
Mark-up income		(665,945,720)	(32,574,611)
Amortisation of land lease rent		(50,398)	1,309,602
Amortisation of transaction cost		84,225,739	98,357,946
Interest expense on lease		2,712,031	3,958,039
Finance cost		1,480,619,439	469,197,344
Provision for gratuity		6,512,079	9,732,715
Gain on Termination of lease		(229,512)	-
Provision for expected credit losses		19,265,018	-
Exchange gain on foreign currency translation		(903,862)	-
Mark up on reverse repo transactions		(6,441,240)	-
Reversal of Impairment Loss		(6,441,895)	-
Loss / (gain) on sale of investments property		2,500,000	(355,500,000)
Gain on remeasurement of investment properties		-	(196,500,000)
		866,416	(988,541,369)
Operating profit before working capital changes		2,296,525,756	3,725,502,524

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

	Unaudited Nine months period ended	
	31 March 2023	31 March 2022
Changes in working capital:		
<i>(Increase) / decrease in current assets</i>		
Inventory property	(1,565,794,998)	-
Trade debts	(667,756,545)	204,022,428
Loans and advances	(1,363,436,635)	(1,569,063,764)
Deposits and prepayments	49,857,704	(44,662,205)
Accrued mark-up and other receivables	101,949,750	187,817,865
Short term investments	228,099,239	(2,026,793,132)
Receivable under margin trading system	(597,424)	-
Receivable against sale of securities	(17,051,406)	-
Assets held for sale	80,997,985	-
	(3,153,732,330)	(3,248,678,808)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	180,938,198	(1,010,376,355)
Payable against sale of securities - net	(21,078,278)	(46,726,221)
Unclaimed dividend	5,402,087	6,390,850
	165,262,007	(1,050,711,726)
Cash used in operations	(691,944,567)	(573,888,010)
12.1 Profit before tax		
Profit before tax from continuing operations	2,292,314,346	4,714,043,893
Profit before tax from discontinued operations	3,344,994	-
	2,295,659,340	4,714,043,893
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,074,251,178	3,180,219,854
Short term borrowings	(7,021,869,344)	(4,629,004,817)
	(4,947,618,166)	(1,448,784,963)

	Unaudited Nine months period ended		Three months period ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
14. EARNINGS PER SHARE - BASIC & DILUTED				
14.1 Basic earnings per share				
Profit / (Loss) after tax from continuing operations attributable to ordinary shareholders	1,661,387,638	3,718,051,652	(586,754,423)	770,913,376
Profit after tax from discontinued operation attributable to ordinary shareholders	1,671,654	1,400,504	37,650	520,101
Weighted average number of ordinary shares	408,375,000	408,375,000	408,375,000	408,375,000
Earnings / (Loss) per share - continuing operations	4.07	9.10	(1.44)	1.88
Earnings per share - discontinued operation	0.00	0.00	0.00	0.00

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

14.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 31 March 2023 and 31 March 2022 which would have any effect on the earnings per share if the option to convert is exercised.

15. 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 2022.

16. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
Associates		(Rupees)	
Pakarab Fertilizers Limited	Mark-up on loan	108,792,370	-
	Mark-up received	99,343,079	-
	Loan extended	-	813,153,536
MCB-Arif Habib Savings and Investment Limited	Dividend income / received	21,664,167	102,904,793
Associated companies by virtue of common directorship and other related parties			
Aisha Steel Mills Limited	Mark-up on loan	120,830,846	19,512,160
	Mark-up received	68,996,265	19,883,903
	Loan extended	5,745,000,000	1,725,000,000
	Loan repaid	4,578,433,492	1,753,433,492
	Guarantee commission income	976,842	976,842
	Guarantee commission received	976,842	1,702,851
	Dividend income / received	-	58,143,232
Javedan Corporation Limited	Mark-up on loan	7,495,890	-
	Mark-up received	-	2,722,849
	Mark-up paid	164,853,038	17,012,778
	Loan received	750,000,000	880,000,000
	Loan repaid	-	880,000,000
	Sale of plots	-	1,446,000,000
	Dividend income / received	152,244,468	-
	Brokerage commission earned	86,918	322,500
Loan extended	200,000,000	280,000,000	

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
		(Rupees)	
Arif Habib Equity (Private) Limited	Brokerage commission earned	197,716	754,625
Arif Habib Dolmen REIT Management Limited	Advisory and Consultancy fee earned	5,000,000	-
	Formation cost	6,146,000	-
	Management fee	7,534,000	-
	Brokerage commission earned	-	516,000
	Bank charges recovered	-	8,814,000
Power Cement Limited	Guarantee commission income	635,760	976,842
	Guarantee commission received	635,760	825,200
	Mark-up on loan	-	3,406,987
	Mark-up received	16,179,794	-
	Loan extended	-	750,000,000
Safe Mix Concrete Limited	Mark-up on loan	579,859	1,818,274
	Loan extended	18,118,274	167,100,000
	Loan repaid	2,740,984	25,000,000
	Purchases of construction material	17,106,833	-
Rotocast Engineering Company (Private) Limited	Payment of rent and sharing of utilities, insurance and maintenance charges	16,536,220	62,596,683
	Brokerage commission earned	284,286	246,007
Central Depository Company of Pakistan Limited (Trustee of REIT Scheme)	Trustee fee	1,507,000	-
Arif Habib Development & Engineering Consultants (Private) Limited	Expenses incurred on behalf of the REIT	15,255,000	-
Arif Habib Securities Limited - Employees Provident Fund	Company's Contribution	2,498,456	2,134,268
Arif Habib Limited - Employees Provident Fund Trust	Company's Contribution	7,939,555	7,737,645
Key management personnel			
Mr. Arif Habib (CEO of Parent Company)	Dividend paid	1,315,683,868	1,004,867,901
	Brokerage commission earned	2,244,391	4,471,829
Mr. Samad A. Habib (Director of Parent Company)	Brokerage commission earned	663,932	418,300
	Dividend paid	4,024	3,018
Mr. Asadullah Khawaja (Director of Parent Company)	Meeting fee paid	150,000	150,000
	Dividend paid	324,024	243,018
Mr. Sirajuddin Cassim (ex-Director of Parent Company)	Meeting fee paid	-	225,000
	Dividend paid	-	689,679

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

Name of the related party	Transactions during the period	Unaudited Nine months period ended	
		31 March 2023	31 March 2022
		(Rupees)	
Ms. Zeba Bakhtiar (Director of Parent Company)	Meeting fee paid	150,000	150,000
	Dividend paid	400	300
Mr. Nasim Beg (Director of Parent Company)	Dividend paid	8,312	15,234
Mr. Muhammad Ejaz (Director of Parent Company)	Dividend paid	484	363
Mr. Muhammad Kashif (Director of Parent Company)	Dividend paid	141,160	105,870
Mr. Khawaja Jallaluddin (Director of Parent Company)	Meeting fee paid	225,000	-
	Dividend paid	12,946,000	-
Mr. Zafar Alam (Chairman of subsidiary company)	Brokerage Commission earned	75,941	164,692
	Meeting fee paid	100,000	50,000
	Dividend paid	-	651,000
Mr. Muhammad Shahid Ali (CEO of Subsidiary Company)	Brokerage commission earned	7,789,494	4,509,074
Ms. Sharmin Shahid (Director of Subsidiary Company)	Brokerage commission earned	-	366,548
	Meeting fee paid	100,000	25,000
Ms. Nida Ahsan (Director of Subsidiary Company)	Brokerage commission earned	631,778	218,935
	Meeting fee paid	100,000	25,000
Mr. Mohsin Madni (CFO of Parent Company and Director of Subsidiary Company)	Brokerage commission earned	13,713	9,562
Mr. Muhammad Haroon (Director of Subsidiary Company)	Brokerage commission earned	160,732	265,800
	Meeting fee paid	50,000	25,000
Mr. Sohail Salat (Director of Subsidiary Company)	Meeting fee paid	100,000	25,000
Remuneration of chief executive officer, directors, key management personnel and executives			
- Salaries and other benefits		158,155,029	182,940,540
- Contribution to provident funds		5,019,458	5,366,918
- Gratuity (Provision)		3,057,971	6,751,884

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
		(Rupees)	
Balances as at:			
Aisha Steel Mills Limited	Long term loan (LTL)	106,537,149	134,970,641
	Short term loan (STL)	1,195,000,000	-
	Mark-up receivable - LTL	5,472,318	9,948,630
	Mark-up receivable - STL	56,310,893	-
	Commission on guarantee receivable	367,944	325,614
Power Cement Limited	Mark-up receivable	-	16,179,794
	Commission on guarantee receivable	239,470	211,920
Pakarab Fertilizers Limited	Loan and advances	813,153,536	813,153,536
	Mark-up receivable	37,814,983	35,089,023
Safe Mix Concrete Limited	Short term Loan	-	18,118,274
	Mark-up receivable	-	2,161,125
Javedan Corporation Limited	Advance against committed sale of investment property	248,749,014	64,942,880
	Receivable against sale of investment property	5,126,734	5,126,734
	Loan payable	1,550,000,000	800,000,000
	Mark up receivable	7,495,890	10,192,861
	Mark up payable	71,660,959	3,144,411
	Balance receivable	403,199	80,000
	Short term loan	200,000,000	-
Central Depository Company of Pakistan Limited	Trustee fee payable	1,703,000	-
	Security Deposits	75,000	-
Rotocast Engineering Company (Private) Limited	Payable against monthly expense contribution	1,214,603	1,093,096
	Prepaid rent	6,953,888	746,370
	Balance receivable	8,281	4,194
Arif Habib Equity (Private) Limited	Balance receivable	98,672	20,208
Arif Habib Dolmen REIT Management Limited	Payable to REIT management Company	2,826,000	-
	Balance payable	44	-
	Balance receivable	-	10,556
Arif Habib Development & Engineering Consultants (Private) Limited	Prepaid project management fee	7,345,000	-
Key Management Personnel			
Mr. Arif Habib (CEO of the Parent Company)	Trade Receivable	54,228	51,962
Zafar Alam (Chairman of subsidiary company)	Balance payable	2,453	52,721
	Meeting Fee Payable	50,000	25,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months period ended 31st March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
		(Rupees)	
Muhammad Shahid Ali (CEO of Subsidiary Company)	Balance payable	35,429,745	108,175,990
Muhammad Haroon (Director of subsidiary company)	Balance payable	907	24,876
	Meeting Fee Payable	50,000	25,000
Sharmin Shahid (Director of subsidiary company)	Balance receivable	51,678	4,283
	Meeting Fee Payable	50,000	25,000
Nida Ahsan (Director of subsidiary company)	Balance receivable	-	7,928
	Meeting Fee Payable	50,000	25,000
	Balance payable	1,922,776	-
Mohsin Madni (CFO Parent Company & Director Subsidiary Company)	Balance payable	36,959	485
Samad A. Habib (Director of Parent Company)	Balance receivable	849,832	1,667,893
Kashif A. Habib (Director of Parent Company)	Balance receivable	12,666	12,666
Muhammad Sohail Salat (Director of Subsidiary Company)	Balance receivable	1,199	599
	Meeting Fee Payable	50,000	25,000
Ahsan Mehnti (Director of Subsidiary Company)	Balance receivable	-	45,569,134

17. REPORTABLE SEGMENTS

- 17.1** 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.
- 17.2** 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 2022. 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.
- 17.3** 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.
- 17.4** 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 STATEMENTS (UNAUDITED)**

For the nine months period ended 31st March 2023

18. DATE OF AUTHORISATION FOR ISSUE

18.1 These condensed interim consolidated financial statements have been authorised for issue on 28th April 2023 by the Board of Directors of the Parent Company.



Chief Executive Officer



Director



Chief Financial Officer